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The Role of Emotions in Service Encounters

Abstract

This article advances our understanding of the influence of affect in consumers' responses to brief, non-personal service encounters. This study contributes to the services marketing literature by examining for mundane service transactions the impact of customer-displayed emotion and affect on assessments of the service encounter and the overall experience. Observational and perceptual data from customers were matched with frontline employees in 200 transaction-specific encounters. The results of this study suggest that consumers' evaluations of the service encounter correlate highly with their displayed emotions during the interaction and post-encounter mood states. Finally, the findings indicate that frontline employees' perceptions of the encounter are not aligned with those of their customers. The managerial implications of these findings are briefly discussed.

Keywords

service encounters, emotion, services marketing, consumer perceptions

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Comments

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The Role of Emotions in Service Encounters

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This article advances our understanding of the influence of affect in consumers' responses to brief, non-personal service encounters. This study contributes to the services marketing literature by examining for mundane service transactions the impact of customer-displayed emotion and affect on assessments of the service encounter and the overall experience. Observational and perceptual data from customers were matched with frontline employees in 200 transaction-specific encounters. The results of this study suggest that consumers' evaluations of the service encounter correlate highly with their displayed emotions during the interaction and post-encounter mood states. Finally, the findings indicate that frontline employees' perceptions of the encounter are not aligned with those of their customers. The managerial implications of these findings are briefly discussed.

The behaviors of frontline service providers are crucial to customer evaluations of service (e.g., Hartline, Maxham, and McKee 2000). Accordingly, the quality of the service encounter has been recognized as a key strategic competitive weapon (e.g., Kelley 1992; B. Mittal and Lassar 1996). Prior research suggests that service encounters vary on three basic dimensions: temporal duration of the interaction, emotional content, and the spatial proximity of service provider and customer (Price, Amould, and Deibler 1995). In their empirical investigation of extended, affectively charged and spatially intimate encounters, Price, Amould, and Deibler showed that tour guide performance strongly influenced participants' affective responses and that affect, in turn, had a strong impact on encounter-level satisfaction. In this study, we explore the customer's emotional display and mood state in service interactions characterized by short duration, low affective content, and public encounters. These boundary-closed encounters (Mars and Nicosia 1984) account for the vast majority of our daily interactions with service providers, and therefore, understanding the role of affect in these types of encounters is of great importance to managers of service operations.

The purpose of the present investigation is to extend our understanding of the impact of customer emotion and mood on customers' assessments of both the service provider and the

overall service experience. Our emphasis is on the most common encounter situations characterized by brief, nonpersonal service encounters such as hotel checkouts. In addition, we focus on the affective component of the encounter, an aspect that most previous research in services marketing has ignored (Price, Amould, and Tierney 1995). Because the experiential nature of services and the nature of emotion make investigations through traditional research methodologies difficult (Grove and Fisk 1992; Shostack 1977), multiple methods are applied in the present study. Structured observation by multiple raters is regarded as the most promising method for examining expressed emotions and will be used in this study along with customer and employee self-reports (Rafaeli and Sutton 1987). The use of both customer and employee perceptions in addition to independent observation is one of the strengths of the current investigation because it offers multiple viewpoints from which to examine the service encounter. We argue that the affect that arises during the service encounter influences customer perceptions, including their overall satisfaction with the firm. We further suggest that the customer's displayed emotions during the encounter correlate highly with his or her postencounter evaluation of service. If so, frontline employees could be trained to adjust their service delivery styles according to the real-time emotional feedback provided by each individual customer.

The first part of this article is organized in the following manner: The section will begin by discussing the crucial role of emotions and in particular affect in explaining customer evaluations of services. Next, we will draw from literature in psychology and organizational behavior to introduce the concept of displayed emotions.

Importance of Emotions

The role of emotion is gaining attention as a central element in understanding the consumption experience (Oliver 1997). The popular press is filled with stories of outraged customers and their emotional displays. Despite the importance of the topic for service organizations (Brown and Kirmani 1999; Knowles, Grove, and Pickett 1999) and the media attention on customer emotions, empirical investigations of customers' affective responses to service encounters remain scarce (for notable exceptions, see Menon and Dube 2000; Price, Amould, and Tierney 1995).

In Gardner's (1985) review of mood effects in consumer behavior, she identified service encounters as one of the key areas for fruitful mood research. Mood states can be defined as mild affective states that are easily induced (Schwarz and Clore 1983; Srull 1983). The power of mood in altering our everyday thought processes is well established in the affect literature (e.g., Morris 1989). Moods operate at the automatic level, biasing our memory and thinking processes toward mood congruency (Bower 1981; Clark and Isen 1982; Luomala and Laaksonen 2000; Pieters and van Raaij 1988). Positive mood in general seems to lead to more positive evaluations, including more positive consumer satisfaction judgments (e.g., Gom, Goldberg, and Basu 1993; Mano and Oliver 1993; Miniard, Bhatla, and Sirdeshmukh 1992). For dyadic interactions, mood states of both the customer and the service provider might influence the

service encounter (Gardner 1985; Menon and Dube 2000). Prior work suggests that customer-contact personnel influence the customer's mood state through their presence, message content, attractiveness, status, and interpersonal relationships with customers (Kraiger, Billings, and Isen 1989). However, the display of positive emotion from the employee is part of the work role and may require careful management to mask "true feelings" (Rafaeli and Sutton 1987).

In addition to mood effects, recent research points to the importance of understanding the interpersonal processes that are at the core of consumption emotions (Menon and Dube 2000; Pugh 2001). Research on affect shows that events, persons, or objects typically elicit emotions that then become the object at which the affect is directed (e.g., Schimmack et al. 2000). In other words, emotions are social rather than isolated, individual processes (Domagalski 1999). Previous work postulates that emotional responses are particularly influential in consumer evaluations of high-contact services such as medical or other professional services (Jayanti 1996; Johnson and Zinkhan 1991).

In this study, we propose that even mundane, brief service encounters are likely to generate significant affective responses, which in turn will influence customers' evaluations of the service encounter. Thus, we predict the following:

Hypothesis 1: Customers' self-declared mood state immediately after the service encounter will be positively associated with their evaluation of the service encounter and the overall assessment of the firm.

Displayed Emotions and Customization

Customization of service delivery to meet individual customer needs has become an ultimate goal for many service organizations. To implement this personalization strategy, contact employees use a variety of transaction defining cues. For example, frontline employees at a hotel typically assess the setting (leisure versus business traveler) and then modify their service delivery style accordingly. In this study, we propose that expressed emotions are an additional transaction-defining cue to enhance our understanding of service encounters. Consistent with previous work (e.g., Rafaeli and Sutton 1990), we consider displayed emotions as a form of communication between a sender and receiver. Relying on the interpersonal view of emotions (Parkinson 1995), we suggest that customers' affective states are communicated to frontline employees via nonverbal cues. These customer emotions convey important information about how the customer will ultimately assess the service encounter and indeed the overall organization. If the customer is displaying positive emotion during the encounter and expresses himself or herself as being in a good mood, it is expected that he or she will also evaluate the server positively.

A large body of literature exists to support the notion that the manner in which an individual displays feelings has a strong impact on the quality of service transactions (e.g., Grandey and Brauburger 2002; Kleinke, Peterson, and Rutledge 1998; Rafaeli and Sutton 1987,1989,1990; Van Maanen and Kunda 1989). The content of displayed emotions is

manifested in facial expressions, bodily gestures, tone of voice, and language. These are behaviors that can be studied directly. Considerable empirical evidence exists to suggest that even untrained people can accurately distinguish between the display of pleasant and unpleasant emotions (for a review on this topic, see Ekman and Oster 1979) and that trained raters can reliably distinguish whether expressed pleasant or unpleasant emotions are strong or weak (Rafaeli and Sutton 1989). Prior work in experimental psychology has confirmed that people's facial expressions are consistent with their internal feelings (Ekman and Oster 1979).

Critical incident research shows that unprompted and unsolicited employee actions are highly linked to customer satisfaction (e.g., Bitner, Booms, and Tetrault 1990). Recent conceptual work suggests that one specific form of positive emotion, delight, cannot be achieved without high levels of performance, the result of extraordinary efforts by the firm or its service personnel (Rust and Oliver 2000). Although this is a new and promising line of inquiry, it stresses the role of the employee as the inducer of positive emotion and says nothing about positive, but less extreme emotional states. We argue that in the brief (e.g., less than 4 minutes) and mundane encounters so typical in service exchanges, it is equally plausible that customers who display positive emotion throughout the service experience will trigger their own positive assessment of the service provider and the overall firm. Some empirical support for this view exists in the work that reports a linkage between affect and repurchase intentions (Oliver 1997). To examine the role of expressed emotions on customer evaluations, we put forth the following hypothesis:

Hypothesis 2: Customers' displayed emotions during the service encounter will be positively associated with their evaluation of the service encounter and the overall assessment of the firm.

A prerequisite to providing high-quality service is having service providers who understand the needs, wants, and expectations of the consumer. To respond to customer desires for individualized service, contact employees need to be able to adapt the service in real time (Bitner, Brown, and Meuter 2000).

Realizing the link between individual service encounters and overall assessments of the firm, many services management scholars have stressed the importance of human resource management for service quality (e.g., Bateson 1995; Bowen, Schneider, and Kim 2000). In high-contact services, the physical and psychological closeness of frontline employees to customers (Langeard et al. 1981; Schneider and Bowen 1985) has led to the assumption that frontline employees are able to accurately read and predict the service quality expectations of customers (Schneider and Bowen 1985). Although employees may not always be able to induce positive customer emotion during brief encounters because of their focus on providing the basic "musts" or fundamental tasks that must be performed, we argue that the customers' displayed emotions should enable the employee to accurately gather evidence about the success of his or her performance in the service encounter. A comprehensive body of literature exists to suggest that displayed emotions serve as cues (Rafaeli and Sutton 1990). Recent work has further

developed the idea of emotional contagion in which individuals automatically mimic and synchronize displayed emotions, which lead to emotional convergence (Pugh 2001). Hence, we would expect that if customer mood state and affect shaped their assessments of performance, that through the process of emotional contagion employees' assessments of performance would be aligned or converge with those of the customer. Curiously, the literature focuses on the employee, not the customer, and most often it examines the degree to which employees' displays of emotion can help maintain control over customers. Given this literature, we expect that both parties to the transaction will read the displayed emotional cues, that emotional contagion will help to align the parties' feelings, and hence they will arrive at similar assessments of the same encounter. Hypothesis 3 is offered as follows:

Hypothesis 3: Employee assessments of the service encounter will be positively associated with customer assessments of the same encounter.

Method

Sampling Frame and Context

First-class hotels were chosen as the study site because of the high level of customer-employee interaction in brief and public transactions (Lovelock 1983; McColl-Kennedy and White 1997). Because we relied on both observational and self-report data, it was important to select a context in which our raters would not be viewed with suspicion or be viewed as obtrusive. Observing people in public places is viewed as acceptable because employees and customers are both aware that others can observe their behaviors, and the participants were not at risk of harm or embarrassment during this study. Two hotels in Singapore, each offering services at high prices and quality levels, agreed to participate in our study by allowing access to their customers and frontline employees.

During a 3-month data collection period, a total of 200 customers were observed and surveyed. Two trained research assistants observed every third customer's and the corresponding employee's behaviors at the front desks of the hotels to record displayed emotion. One observer gathered information on the customer, and the other gathered information on the employee during each of the 200 encounters. Once the interaction was finished, one of the research assistants approached the customer and asked him or her to fill out a short survey. The participation rate was relatively high (75%), resulting in a total sample size of 200 customers. The average age of the customer sample was 39 years, with a ratio of 70 men to 30 women. Fifty-three percent of the hotel guests were traveling for business purposes, and the ethnic split between Asian and Caucasian customers was equal. Twenty-one employees were observed during the 3-month data collection period. The average age for the employees was 27 years, and more women (71% of the total employees) than men comprised this sample. In terms of ethnic composition, the employees were 100% Asian.

Measures

To remain consistent with previous research, the measures were selected from previous studies in marketing, management, and psychology.

Customer's mood state. A four-item mood short-form scale was employed (Peterson and Sauber 1983). Customers were asked to indicate their feelings on the following 5-point Likert-type scales: "At this moment, I feel edgy or irritable"; "For some reason, I am not very comfortable right now"; "As I answer these questions, I feel cheerful"; and "Currently, I am in a good mood." Cronbach's alpha coefficient of reliability for this component measure of mood was .79.

Displayed emotions. The measure created by Rafaeli and Sutton (1989) was used to capture displayed emotions. The index measures the mechanics of expressed emotions and is composed of eye contact, smiling, and thanking behaviors (see Rafaeli and Sutton 1989; Sutton and Rafaeli 1988). The reliability coefficient for the displayed-emotions index was .63 and as such consistent with prior studies (Rafaeli and Sutton 1990).

Service encounter evaluation. To measure the customer's evaluation of the service provider's performance, a five-item scale was developed. The dimensions of interest were mutual understanding, provision of extra attention, perceived authenticity in the interaction, service provider competence, and meeting customer expectations. Consistent with prior research (Price, Arnould, and Deibler 1995), item-to-item correlations were all significant, thus resulting in a high alpha coefficient of .93.

Overall assessment of the firm. To gain further insight into the power of emotions in influencing customer evaluations, we developed a scale measure for the customer's overall evaluation of the hotel. This index was composed of the following five items measured on a bipolar, 7-point scale: overall service quality provided by the hotel, value of room for the price paid, global satisfaction with the stay, return intention, and likelihood of word-of-mouth referrals.

We conducted a confirmatory factor analysis (CFA) composed of the five items to determine if these items captured an overall measure. The results of this factor analysis indicate the presence of one distinct factor. The fit of the CFA model is acceptable with a Goodness-of-Fit Index (GFI) of .951 and with an Adjusted Goodness-of-Fit Index (AGF1) of .852. These values are above the threshold level of .85 (see Van Birgelen, de Ruyter, and Wetzels 2001). The standardized root mean square residual (SRMR) index of .05 is below the recommended cutoff value of .08 (Hu and Bentler 1999). The root mean square error of approximation (RMSEA) of .14 exceeds the conventional threshold levels, but this problem might be a function of our sample size. Hu and Bentler (1999) cautioned that RMSEA easily overrejects models with sample sizes below 250. Finally, each of the five indicators had significant loadings on the overall construct ($p < .05$). To measure the degree of internal

reliability, Cronbach's alpha coefficient for this scale was .79, thus suggesting adequate reliability.

Employee's assessment of performance. The employee's own assessment of his or her performance regarding the service encounter was obtained by a single-item question on a 7-point scale. As in many field settings, we were constrained to a single measure due to the management's resistance to long survey instruments. Although far from ideal, there is considerable precedent for using single-item measures in satisfaction research (e.g., V. Mittal, Ross, and Baldasare 1998).

Control variables. Because the sex of the service provider has been shown to influence customers' perceptions of service quality (e.g., Flecher, Gainer, and Bristor 1997), we controlled for gender congruity between the customer and the employee by setting up a dummy independent variable for sex. In a similar vein, we accounted for ethnicity by employing a categorical variable that indicated whether the customer and the employee came from the same ethnic background. This procedure was deemed necessary due to recent research suggesting that customer evaluations of service employees' behaviors might be biased by the customer's cultural background (Winsted 1997). Finally, prior research postulates that transaction time might interact with employee behavior (e.g., Rafaeli and Sutton 1990). Hence, duration of the service encounter was also controlled.

To determine the presence of common method variance bias among the customer self-report variables, a Harman's (1967) one-factor test was performed following the approach outlined by previous researchers (Podsakoff et al. 1984; Schriesheim 1979). All customer self-report variables, including the four mood state items, the five service encounter evaluation items, and the five overall assessment items, were entered into a principal components factor analysis with varimax rotation. According to this technique, if a single factor emerges from the factor analysis or one "general" factor accounts for more than 50% of the covariation in the variables, common method variance is present. Our analysis revealed a three-factor structure, with each factor accounting for less than 50% of the covariation. Thus, no general factor was apparent. Although this analysis does not completely rule out the possibility of common method bias, it does provide some post hoc statistical support for the absence of such bias in the findings presented in the Results section. Finally, the use of three different sources for data gathering—employees, customers, and third-party observations—further reduce the likelihood for common method bias in this study. One strength of the current study is its reliance on multiple sources and types of measurement for the key variables.

Results

Table 1 presents the intercorrelations among the key variables examined in this study. Both customer mood and displayed emotions obtained from independent observations were positively and significantly related to service provider performance in the encounter and the overall assessment of the consumption experience.

Hierarchical regression analyses were used to test the first and second hypotheses, taking into consideration the effects of the three control variables, (i.e., gender, ethnicity, and encounter duration). Hypothesis tests were based on changes in performance of the service provider and the organization overall, due to customer mood state and displayed emotions,

| | <i>Cronbach's α</i> | 1 | 2 | 3 | 4 |
|---------------------------------|---------------------|--------|--------|--------|---|
| 1. Customer mood | .79 | — | | | |
| 2. Displayed emotions | .63 | .192** | — | | |
| 3. Service encounter evaluation | .93 | .429** | .254** | — | |
| 4. Overall assessment | .79 | .395** | .300** | .599** | — |

** $p < .05$.

Table 1 Internal reliabilities and Pearson product-moment correlation coefficients among variables

taking into consideration the effects of the three control variables. Table 2 shows the results for the hierarchical regression when the dependent variable is the customer's evaluations of employee performance during the service encounter. A two-step hierarchical regression analysis was used in which the control variables were entered on the first step. On the second step, the two affect variables were added (customer's displayed emotions and customer's mood state). Overall, the affect variables accounted for a significant increase in R^2 , change in $R^2 = .162$, $F(3,185) = 12.9$, $p < .001$, indicating that customer emotions and mood states explained a significant amount of the variation in service encounter evaluations beyond that explained by the control variables.

As shown in Table 2, the regression coefficients reflecting customer emotions are significant. As expected, the relationship between the customer's self-declared mood state and his or her evaluation of the encounter is positive (standardized beta coefficient of .349, $p < .001$). Similarly, the customer's expressed emotions, as measured by independent observers, predict the customer evaluations of the service encounter (standardized beta coefficient of .189, $p < .05$). The duration of the encounter has a marginally significant but negative correlation with the customer evaluation of the encounter (standardized beta coefficient of $-.12$, $p < .1$), suggesting that the faster the service encounter is, the more positively the customer evaluates the encounter.

Using the customers' overall assessment of the organization, which included their overall satisfaction with the stay and their intentions to return, a second hierarchical regression analysis was performed. As shown in Table 3, the control variables failed to predict customers' overall assessment of the hotel ($F = 1.08$, ns). The affect variables resulted in a significant change in R^2 , $F(3, 185) = 14.9$, $p < .001$. The customer's mood state and displayed emotions are significant predictors of the overall evaluation of the organization; standardized regression coefficients of .302 ($p < .001$) and .238 ($p < .05$), respectively. Encounter

duration, gender, and ethnic congruence between the customer and employee failed to reach statistical significance.

| <i>Independent Variables</i> | B | β | t-Value |
|------------------------------|----------|---------|---------|
| Controls | | | |
| Duration | -5.4E-02 | -.103 | -1.45 |
| Ethnicity | -.378 | -.195 | -2.73** |
| Gender | 9.2E-02 | .046 | 0.647 |
| $R^2 = .062$ | | | |
| Full model | | | |
| Duration | -6.3E-02 | -.120 | -1.80* |
| Ethnicity | -.195 | -.100 | -1.45 |
| Gender | 8.5E-02 | .043 | 0.64 |
| Customer mood | .363 | .349 | 5.11** |
| Displayed emotions | .128 | .189 | 2.36** |
| $R^2 = .24$ | | | |

* $p < .1$. ** $p < .05$.

Table 2 Hierarchical multiple regression analysis for customers' service encounter evaluations

| <i>Independent Variables</i> | B | β | t-Value |
|------------------------------|----------|---------|---------|
| Controls | | | |
| Duration | 3.2E-02 | .014 | 0.19 |
| Ethnicity | -.807 | -.099 | -1.35 |
| Gender | .494 | .060 | 0.81 |
| $R^2 = .017$ | | | |
| Full model | | | |
| Duration | -3.9E-02 | -.018 | -0.26 |
| Ethnicity | .138 | .017 | 0.24 |
| Gender | .450 | .054 | 0.80 |
| Customer mood | 1.50 | .344 | 4.97** |
| Displayed emotions | .675 | .238 | 2.93** |
| $R^2 = .21$ | | | |

** $p < .05$.

Table 3 Hierarchical multiple regression analysis for customers' overall evaluations

The results from these analyses indicate that both Hypotheses 1 and 2 were supported. Customers' self-declared mood state immediately after the service encounter and their displayed emotions during the service encounter were both significantly associated with service encounter evaluations and the overall assessment of the firm. The faster the encounter, the more positively the customer evaluated the encounter, but this relationship was not significant when customers gave their overall assessments of the hotel. The gender and the ethnicity of the customer- employee pairs during the 200 encounters studied had no significant effects on encounter or overall assessments.

Hypothesis 3 was not supported in this study. Customers' evaluations of the service encounter and employees' own assessments of their performance in the service encounter were not significantly correlated. In fact, the relationship between the two measures is slightly negative but insignificant ($r = -.066, p > .1$).

Discussion

Numerous typologies exist to describe the important differences between services and consumer goods, but relatively little attention has focused specifically on service encounters (Gronroos 1990). A rare exception is provided by Price, Arnould, and Tierney (1995), who introduce a three-dimensional framework to distinguish between types of service encounters. According to their research, service encounters can be classified based on the temporal duration of the interaction, the affective component of the encounter, and the spatial proximity of employee and customer. The primary objective of this study was to examine in brief, nonpersonal service encounters taking place in public how customer mood state and displayed emotion affected customers' evaluations of the encounter and the overall consumption experience. Prior work examining the role of emotions in service encounters has been limited to highly affect-laden contexts (Price, Arnould, and Tierney 1995) or to customer-salesperson interactions (Menon and Dube 2000). The multisource, multimethod design of this investigation enables us to advance the theory of affective responses at a more typical transaction-specific level. Hoffman (1992) postulated that a better understanding of consumption-related emotions might enable service firms to enhance customer perceptions without altering the actual service delivery process. Moreover, gaining a deeper understanding of the role of displayed emotions is important since service encounters (as social occasions) are characterized by interdependence between providers and consumers (Czepiel 1990; Solomon et al. 1985).

The results of this study suggest that the customer's mood state measured immediately after the service encounter and displayed emotions during the interaction correlate strongly with the customer's assessment of the service encounter. This finding is consistent with prior research positing that mood effects are likely in service encounters (Gardner 1985). Most prior studies examining affective responses have focused on employees and high-involvement services such as professional or entertainment-type services (Johnson and Zinkhan 1991; Price, Arnould, and Tierney 1995). A major contribution of this study is revealing that affective responses influence customers' encounter-level evaluations even in a context of brief and mundane service encounters. In this study, the impact of emotions in the customer's response set was not limited to transaction-specific evaluations. Overall, assessments of the organization were also highly influenced by the customer's affective state. These results are consistent with previous literature on mood and service evaluation congruency (e.g., Grove, Knowles, and Pickett 1993; Hoffman 1992). In other words, positive mood tends to lead to more favorable evaluations, whereas negative mood might result in unfavorable evaluations (Mano and Oliver 1993).

Because nonverbal communication comprises more than 60% of the interaction in any service encounter (Riddle 1992), the role of displayed emotions in the consumer's evaluation process was of particular interest to this study. Our findings suggest that observations of the customer's expressed emotions in terms of eye contact, smiling, and thanking behavior can be used to accurately predict the customer's assessment of the service provider's performance.

Previous work by Menon and Dube (2000) suggests that effective engineering of salesperson responses to customer emotions such as anger or delight enhances customer satisfaction. Consequently, detecting customers' emotional expressions during the "moment of truth" could provide frontline employees with helpful cues as to how to customize the service delivery. Although recent work has shown that customers exposed to employee emotional displays experience corresponding changes in their affective states, it is equally plausible that the effect could be reciprocal (Pugh 2001).

Incongruency between Customer and Employee Evaluations of the Same Encounter

Prior research postulates that frontline employees can accurately predict customers' service quality expectations (Schneider and Bowen 1985; Schneider, Parkington, and Buxton 1980). For example, Schneider and Bowen in 1985 found a significant correlation between bank customers' and employees' attitudes about service quality. However, the downward trend in the American Customer Satisfaction Index suggests that many service providers fail to understand service encounters from the customer's perspective (Bitner, Brown, and Meuter 2000). Consistent with this notion, the correlation between customer and employee evaluations of the same encounter was insignificant in the present study. In other words, frontline employees of the two organizations studied failed to assess their own performance in a fashion consistent with the customer's assessment. This finding is consistent with previous empirical work that indicates large gaps between customers' and employees' perceptions of what constitutes good service (e.g., Swartz and Brown 1989). These inconsistencies in service perceptions are troubling for operators and may be harmful to service firms because the service encounter often is the service from the customer's point of view (Bitner 1990). To improve service quality, many contemporary service organizations have turned to technology. Customer-specific data reflecting individual preferences enable the frontline employee to enhance the value of the service encounter (Bitner, Brown, and Meuter 2000). By using technology to effectively deliver a fundamental task of service delivery, employees may be able to focus on reading emotional clues or become more likely to "catch" the emotional displays of the customer. The lack of relationship between employee and customer perceptions of performance in the encounter suggests that they are perhaps using different criteria to evaluate performance or have little time to actually read the emotions of the customer. Employees may stress competence, whereas for the customer that is a given, and positive emotional displays or reciprocal emotional response may be more important. The results of this study clearly show that customer emotional displays and mood states have important consequences for an organization because they are associated with customer satisfaction with the encounter and the stay.

Managerial Implications

Emotions play a central role in the customer-employee interaction. Feelings take on monetary worth because customers' emotional displays and mood states often influence their future behavioral intentions such as return intent and word of mouth (Fox 2001). Past research

indicates that customers want flexibility and customization in service encounters (e.g., Bettencourt and Gwinner 1996; Bitner, Booms, and Tetrault 1990). Successful customization requires that frontline employees actively recognize the subtle cues from the customer and then adapt the delivery accordingly (Bitner, Brown, and Meuter 2000). Like actors, service employees need to monitor and adapt to the audience's responses to the emerging service action (Grove, Fisk, and John 2000). The displayed emotions provided by customers become an important indicator of how the overall service experience is going and gives an employee a clear view of how the customer is likely to assess his or her performance. We propose that a customer's displayed emotions might be one of those discriminating cues that enable contact employees to enhance their own performance. By reading customer emotional displays and changing their "script" accordingly, frontline employees' perceptions of their performance might become more closely attuned to the customers. If the frontline staff members were able to process the customer's nonverbal signals such as facial expressions and were trained to respond to these forms of immediate feedback, they could "correct" service failures in real time, even when the customer did not offer verbal explanation of a problem. In other words, by "reading" the customer's expressed emotions, contact employees could adjust their service delivery styles to the shifting particulars of the customer base.

Why do employees miss the customer mood state messages? It is possible that currently, employees are more concerned about controlling their own negative emotion or delivering on the service fundamentals than they are in reading the customer. Senior management through its practices may create a work culture that evokes negative versus positive emotions and may cause the employees' true feeling to "leak out" in contact with customers. A work setting in which understaffed, low-skill, low-wage, and temporary employees are the norm may create real impediments to adjusting to customer affective messages, particularly in brief encounters. Although some evidence exists to suggest that true employee feelings do not affect their displayed emotions (Pugh 2001), it may affect their evaluations of their performance and their desire to read and adjust to the mood of the customer.

Before employees are trained to read customer emotion, the organization should audit its own emotional environment. Before employees can wake up and see the mood state of their customers, management must wake up and adjust the work environment to foster positive affect. Once this analysis is complete and management practices are reviewed and revised, the first step in training customer-contact employees is to develop a portfolio of diagnostic cues that customers typically display in various situations (Menon and Dube 2000). When feeling angry, customers tend to clench their jaws and narrow their eyebrows downward, and by identifying these cues, frontline employees can adapt their service delivery styles to fit the individual customer. The second step is to educate the frontline employees to be aware of customer expectations regarding emotional responses. For example, mimetic responses to customers' emotional cues might be particularly effective when the customer is expressing joy or delight. Conversely, "complementary" responses are more appropriate in case of anxiety or

anger (Menon and Dube 2000). To maximize customer satisfaction, a wedding planner, for instance, needs to show reassurance and control in the situation of a nervous bride and her parents. Because anger is one of the most contagious emotions (Tavris 1984), customer-contact employees must also be trained to monitor their intuitive reactions to upset customers.

Service organizations might include emotional intelligence or emotional expressiveness as a criterion in the employee selection process or as a key component in customer-contact training. Although there continues to be little research on dispositional predictors of displayed emotions, what exists would argue for selecting employees on the basis of their emotional expressiveness (Friedman et al. 1980). Because extraversion is related to the intensity and frequency of pleasant emotions (e.g., Schimmack and Diener 1997), service firms might want to test for this particular personality trait. However, studies continue to provide mixed results to support the validity of personality factors in predicting job behaviors (Hollenbeck and Whitener 1989).

Limitations and Future Research Directions

We can think of no better source for the perceptions of the customers than the customers themselves, but using self-report surveys often raises concerns of common method bias affecting the results. In this study, independent observations from trained observers during a 3-month period help to lessen the degree to which our results were affected by common method bias. In addition, Harman's (1967) one-factor test for common method variance failed to reveal a general factor. Finally, the problem of common method bias when dealing with self-report, perceptual data is overstated in the literature and may be fictitious according to several researchers (Crampton and Wagner 1994; Spector 1987). Another limitation of this study is its field study design. Although the advantage of this design is that we were able to study actual encounters with real customers in the work setting, hence enhancing the generalizability of the study, it did not permit preencounter data collection on mood state or the manipulation of the mood state of either the employee or the customer. We were grateful to the management of these two organizations for consenting for us to talk with both customers and employees, but we were limited by the amount of time and access we were given. Although gathering observational and survey data on customers after the encounter is one of the strengths of this study, the next generation of studies should attempt to gather preencounter mood by either measuring preconsumption affect or by manipulating consumers' mood states in a laboratory setting. The hotel checkout setting was the only encounter situation studied. Future studies should consider extending this work to other settings to provide a compelling foundation of empirical evidence to guide management actions. Extending the notion of displayed emotions to other types of services (e.g., restaurants or other more hedonic contexts) could be fruitful in truly understanding the role of affect in various service encounters. How to train customer-contact employees to interpret customers' nonverbal cues is an area that deserves future research. A controlled laboratory experiment would enable mood-inducing manipulations and is a promising area for future research as is the area of emotional contagion. In sum, despite

the limitations noted, the results offer some preliminary insight into the role of customer emotion in shaping both the performance assessments in the encounter and overall customer satisfaction with the service experience.

The most significant contribution of the present work can be found in the results that show customer mood state and displayed emotions are linked to their encounter and overall assessment of the organization. Although it is often suggested, few studies have examined customer emotions, particularly in the context of the most typical service situation in which the transaction is brief, public, and mundane. As technology continues to be infused into service encounters as an enabler of good delivery, replacing tasks previously performed by employees, the importance of focusing server attention on emotional display may increase and eventually become the key to interacting with customers.

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