Ekonomi och samhälle
Economics and Society

Skrifter utgivna vid Svenska handelshögskolan
Publications of the Hanken School of Economics

Nr 222

Katarina Hellén

A Continuation of the Happiness Success Story: Does Happiness Impact Service Quality?

Helsinki 2010

A Continuation of the Happiness Success Story: Does Happiness Impact Service Quality?

Key words: happiness, mood, affect, service quality, evaluation, PLS

© Hanken School of Economics & Katarina Hellén

Katarina Hellén
Hanken School of Economics
Department of Marketing
P.O.Box 479, 00101 Helsinki, Finland

Distributor:

Library
Hanken School of Economics
P.O.Box 479
00101 Helsinki, Finland

Telephone: +358-40-3521 376, +358-40-3521 265
Fax: +358-40-3521 425
E-mail: publ@hanken.fi
http://www.hanken.fi

ISBN 978-952-232-110-7 (printed)
ISBN 978-952-232-111-4 (PDF)
ISSN 0424-7256

Edita Prima Ltd, Helsinki 2010

ACKNOWLEDGEMENTS

I would like thank Professor Leaf Van Boven for accepting to be my opponent. I am a great fan of your research and I am looking forward to the defense. I am also grateful for the excellent job of my external examinators, Dr. Harri Luomala and Dr. Sandra Streukens. Your ambitious approach and interest towards the manuscript encouraged me in the last stages of the process.

My deepest thanks go to my supervisor, Professor Veronica Liljander, who has spent much time and effort guiding me since the early days of my studies. Despite running a tight schedule, you have always taken time to read and discuss my text. Thank you for all support!

Thank you also Dr. Minna Philström and Johanna Gummerus for being my internal examinators. The manuscript seminar helped me solve many obstacles and made me re-consider some parts of the text. I am also grateful to Dr. Maria Sääksjärvi for your friendship, support and enthusiasm in all stages of the process. Thanks also go to all my wonderful colleagues at Hanken. I have got to know many of you well and your friendship means a lot to me.

I am also grateful for the opportunity I have had to travel for attending conferences and courses abroad. I have had the honor to listen to presentations by many top-scholars who became, and still today are, among my favorite researchers. My visits to the US and the lectures that I attended there inspired and shaped me as a researcher and helped me to find my research interests. For this I would like to thank Professor Christian Grönroos who helped to make this possible. From Arizona State University, I would especially like to thank Professor Mary Jo Bitner, Professor Ruth Bolton and Professor Stephen Nowlis for making my stay a great experience.

I am also very grateful to Professor Martti Laaksonen for welcoming me to University of Vaasa and for his support in the final stages of the dissertation.

This type of work would not have been possible without financial support. I would like to thank Victoriastiftelsen, Liikesivistysrahasto, Hanken foundations, Svenska Kulturfonden and Vasa nation for providing the financial opportunity to focus on research and travel.

Thank you also Joey Kuntonen for doing such an excellent job with the language editing.

Last but certainly not least, I would like to thank my family and friends for just being you and for being in my life.

Katarina Hellén

CONTENTS

1 INTRODUCTION....1
1.1. Purpose....4
1.2. Intended contribution....4
1.3. Research approach....6
1.4. Structure....8

2 THE RELATIONSHIP BETWEEN HAPPINESS AND SERVICE QUALITY....9
2.1. Happiness....9
2.1.1. Positive psychology as a research field....10
2.1.2. Conceptualizing happiness....11
2.1.3. Happiness and related concepts....15
2.1.4. What determines happiness?....20
2.1.5. Strategies for becoming happier....21
2.1.6. How happy are people?....22
2.1.7. Benefits of happiness....23
2.1.8. Happiness and marketing....24
2.1.8.1. Happiness and materialism....25
2.1.8.2. Happiness and spending money on others....26
2.1.8.3. Happiness and type of purchase....27
2.1.8.4. Concluding remarks on happiness studies in marketing contexts....29
2.1.9. Critical remarks on the happiness literature....31
2.1.10. Summary of the review on happiness....35
2.2. Mood....35
2.2.1. Conceptual arguments for the nature of mood....37
2.2.2. Affect measures in marketing....38
2.2.3. Concluding remarks on the concept of mood....40
2.2.4. Mood studies in the marketing literature....41
2.2.4.1. Effects of mood on evaluation....42
2.2.4.2. Summary of the effects of mood on evaluation in marketing contexts....44
2.3. Service quality....46
2.3.1. Conceptualizing service quality....47

2.3.2. Hierarchical conceptualization of service quality 48
2.4. Hypotheses development 49

3 METHOD 55
3.1. Research design 55
3.2. Methodological choices 56
3.2.1. A survey approach 56
3.2.2. Choice of services 56
3.2.3. Survey measures 57
3.2.4. Sample 58
3.2.5. Data analysis: PLS 59

4 STUDY 1 61
4.1. Data collection and sample characteristics 61
4.2. Questionnaire design 62
4.3. Analysis of construct validity 66
4.3.1. Factor analysis of Study 1a 67
4.3.2. Factor analysis for Study 1b 67
4.3.3. Factor analysis for Study 1c 68
4.4. Results measurement models and construct statistics 68
4.5. Findings of Study 1 72
4.5.1. Testing mood as a mediator between happiness and service quality 74
4.6. Summary of results 75
4.7. Limitations 78

5 STUDY 2 80
5.1. Data collection and sample description 80
5.2. Sample description 80
5.3. Questionnaire design for study 2 82
5.4. Analysis of discriminant validity and scale reliability 84
5.5. Factor analysis for Study 2a 84
5.6. Factor analysis in Study 2b 84
5.7. Results measurement models and construct statistics 84
5.8. Findings of Study 2 86
5.9. Results for the structural model 87
5.10. Summary results from Study 2 87

6 CONCLUSIONS 89
6.1. Discussion of contribution 89
6.2. Managerial implications 91
6.3. Limitations 92
6.4. Avenues for further research 93
6.5. Concluding remarks 96
7 REFERENCES 98

APPENDICES

APPENDIX 1, Factor analysis of the services in Study 1a 129

APPENDIX 2, Factor analysis of mood, happiness and bank service quality in Study 1a 130

APPENDIX 3, Factor analysis of the services in Study 1b 131

APPENDIX 4, factor analysis of mood, happiness and dentist quality in Study 1b 132

APPENDIX 5, Factor analysis of the services in Study 1c 133

APPENDIX 6, Factor analysis of mood, happiness and ferry cruise quality in Study 1c 134

APPENDIX 7, Factor analysis for Study 2a 135

APPENDIX 8, Factor analysis for Study 2b 136

TABLES

Table 1 Happiness and related concepts 16

Table 2 Study 1 and Study 2 with substudies 55

Table 3 Age and gender characteristics for Study 1 61

Table 4 Descriptive statistics on item level in Study 1a 62

Table 5 Descriptive statistics on item level in Study 1b 64

Table 6 Descriptive statistics on item level in Study 1c 65

Table 7 Descriptive statistics on factor level in Study 1a. 69

Table 8 Descriptive statistics on factor level in Study 1b. 70

Table 9 Descriptive statistics on factor level in Study 1c. 71

Table 10 Results for structural model in Study 1. 73

Table 11 Results for mediation test in Study 1. 75

Table 12 Support for the hypotheses in Study 1. 76

Table 13 Sample characteristics of Study 2. 81

Table 14 Income and education of the bank sample. 81

Table 15 Descriptive statistics on item level in Study 2a 82

Table 16 Descriptive statistics on item level in Study 2b 83

Table 17 Descriptive statistics on factor analysis in Study 2a. 85

Table 18 Descriptive statistics on factor level in Study 2b. 86

Table 19 Results from Study 2. 87

Table 20 Summary of the hypotheses in Study 2. 87

FIGURES

Figure 1 Proposed model for the impact of happiness on service quality and mood. ... 9

Figure 2 A hierarchical model of happiness (Diener, Napa Scollon and Lucas, 2009, p. 71)..... 13

Figure 3 Hierarchy of service quality (Dabholkar, Thorpe and Rentz, 1996, p. 6) 49

Figure 4 Hypotheses postulated in this study. 50

Figure 5 Simple, standard trivariate mediation, X = independent variable, M = mediator and Y = dependent variable, a, b, c = path coefficients. 74

Figure 6 Relationships between happiness, mood and service quality. 78

Figure 7 Relationships between happiness, mood and service quality in Study 2. 88

1 INTRODUCTION

The effects of long-term happiness on various outcomes for the individual and society have been studied extensively in psychology but the concept has so far received limited research attention in marketing. These studies have demonstrated the positive effects of happiness in various life areas for the individuals themselves as well as society, indicating that happiness is a resource that is worth studying. Although there is plenty of research on consumer affective states and their impact on service responses, there are no studies on the effect of long-term happiness on service evaluation. This study will address this research problem and this introductory chapter justifies why the study is important.

Happiness is a fundamental human concern that has occupied human thought across time and cultures (Diener and Oishi, 2006) and therefore happiness has served as a central theme in the arts, literature and cultural life in general and has remained an important philosophical question in world religions. The modern individual's interest in happiness becomes evident from the popularity of all sorts of self-help literature and various types of life coaches and TV psychologists whose primary goal is to make people happier (Oishi, Diener and Lucas, 2007). In fact, empirical evidence suggests that happiness is not only a universal, but also the ultimate objective in life for human beings. In a large international survey with over 10,000 respondents from 48 nations, the average importance rating of happiness was the highest of the 12 measured attributes, with a mean of 8.03 on a 1 to 9 scale[1] (Diener and Oishi, 2006).

There are at least three likely reasons why people consider happiness important. First, as demonstrated by Diener (2000), people strive for happiness because they associate it with momentary state happiness (hereafter also "state happiness") and it feels good to be happy, while it feels bad to be unhappy. Second, in many cultures, especially in the western world, it is believed that happiness reflects the extent to which one's life is successful, whereas unhappiness is associated with failure in life (King and Napa, 1998; Sumner, 1996). Third, scholars have reported that during the last decades, selfhood has grown in importance and magnitude and serves as the core value of the modern western society (cf. Twenge and Campell, 2009) and an interest in enhancing personal happiness fits the picture of a culture that is fascinated by the self.

During the last decade, people have identified happiness as the ultimate goal driving more immediate desires (e.g. career, money, relationships, lifestyle), and scientists in various disciplines, such as psychology, biology and neuroscience, have started to study happiness empirically (for a review, see Diener, Suh, Lucas and Smith, 1999). Interest in happiness is especially profound within the behavioral psychology literature, where a group of researchers, calling themselves positive psychologists, devote research attention to investigating what constitutes good life. This research field has grown in popularity since 2000, as many psychology scholars have turned their focus from studying mental illnesses and problems to investigating human strengths (Kesebir and Diener, 2008).[2] When positive psychology was first established as a research field, the focus of the positive psychology research was on trying to understand what causes happiness for humans. As the sources of happiness are largely considered a solved research problem (Kesebir and Diener, 2008), current

---

[1] Compared to 7.54 for "success," 7.39 for "intelligence/knowledge," and 6.84 for "material wealth".

[2] For reviews on the history of positive psychology as a scientific field, see for instance Diener, 1984; Diener, Suh, Lucas and Smith, 1999; Diener, Suh, Lucas, and Smith, 1999; Kahneman, Diener, and Schwarz, 1999; Linley, Harrington and Wood, 2006.

research on happiness is centered on trying to establish relationships between happiness and various life outcomes.

In the positive psychology literature, happiness is commonly defined as a summary judgment of one's life (Diener, Napa Scollon, and Lucas, 2009). This conceptualization of happiness is the highest abstraction of happiness (Diener, Napa Scollon, and Lucas, 2009). Thus, it is important to note that the conceptualization of happiness in the positive psychology literature, as well as in this thesis, is long-term and more global as a phenomenon than in the marketing literature, where happiness is commonly conceptualized as an emotion, feeling or momentary state of happiness. The latter concept of happiness has received plenty of research attention (see for example, Labroo and Patrick, 2009; Labroo and Mukhopadhyay, 2009). Instead, here the happiness concept refers to a relatively stable perception of happiness in one's life.

The great interest in happiness among scientists stems not only from findings that happiness is a universal goal for human beings, but also from mounting evidence suggesting that happiness is functional, i.e. brings positive outcomes for the happy individual and also for society at large (for a meta-analysis, see Lyubomirsky, King and Diener, 2005). Happy people can be expected to be mentally and physiologically healthier (Howell, Kern and Lyubomirsky, 2007), live longer, be successful in their careers and have satisfying personal relationships (Myers and Diener, 1995). Further, the happy personality is characterized by a social, outgoing personality (extroversion); they possess a sense of mastery over the future (Bandura, 1997; Taylor and Armor, 1996; Taylor and Brown, 1988) and they are confident in their own abilities and skills (Kozma and Stones, 1978; Lyubomirsky and Lepper, 1999; Taylor and Brown, 1988). Happy people are also more generous and active citizens than are unhappy people and more likely to be involved in volunteer work (Oishi, Diener and Lucas, 2007). Happy people are less self-focused, less hostile and abusive in comparison to other people (Myers, 2000), as well as more loving, forgiving, trusting, decisive, creative, sociable, religious and helpful than are unhappy people (Myers, 1992). Also, happy people are less inclined to substance abuse, such as drugs, alcohol and smoking, as well as other risky behaviors or habits (Lyubomirsky, King and Diener, 2005). Thus, happy people not only enjoy their own life to the fullest, but they can also be considered to be contributing citizens and resources for society because they are well adjusted in many areas of life. For instance, Kesebir and Diener (2008) argue that happiness fosters healthier societies in terms of quality of life, and happier countries tend to rank higher on generalized trust and democratic attitudes (Tov and Diener, 2008). The evidence that happiness generates positive outcomes is so profound that prominent psychology scholars, such as Ed Diener and his colleagues, have long called for supplemental measurements to the gross domestic product (GDP) and proposed happiness as well as other social indicators, such as crime rate and rates of infant mortality, for complementary assessments of quality of life for nations (see for instance Diener and Seligman (2004) and Diener, Lucas, Schimmack and Helliwell (2009)).

As there is profound interest in studying happiness to improve society as a whole and the life of individual people, it seems relevant to ask if happiness has similar positive effects on consumer behavior in a marketing context. Some scholars, such as Van Boven (2005) and Carter and Gilovich (2010) have studied the effects of consumption on happiness, but there are no studies on the possible effect of happiness on consumer evaluation of consumption experiences. As mounting evidence suggests that happiness generates various positive outcomes for individuals and society, we should consider whether happiness is good for firms as well. From a macroeconomic point of view, services are an important sector of the economy, generating jobs and prosperity for both individuals and society. Services are an

essential part of the economy and service firms' success can be considered an important societal interest. Therefore, marketing researchers have devoted much research attention to understanding how customers form positive service perceptions (see for instance Brady and Cronin, 2001; Bolton and Drew, 1991; Dabholkar, Shepherd and Thorpe, 2000; Dagger, Sweeney and Johnson, 1997; Ganesan-Lim, Russell-Bennett and Dagger, 2008; Grönroos, 1982; Parasuraman, Zeithaml and Berry, 1985; 1988). To date, in contrast to state happiness, no research has been carried out on whether long-term happiness impacts these perceptions.

However, previous research on happiness suggests that it has the potential to influence service evaluation both directly and indirectly, through affective states, for two reasons. Firstly, happy people are more prone to experience positive affective states than are less happy people (Diener, Sandvik and Pavot, 1991) and can therefore be expected to also experience more positive affective states at the marketplace, which has been argued to lead to more favorable service evaluations (see for instance Bagozzi, Gopinath and Nyer, 1999; Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; Geuens and De Pelsmacker, 1999; Isen, 2001; Knowles, Grove and Pickett, 1999; Liljander and Mattsson, 2002; Mattila and Enz, 2002; Mattila and Wirtz, 2000; 2006). Secondly, happy and unhappy people have been found to react differently to the same events; people who are happy perceive both smaller and bigger life events more positively than do people who are unhappier (Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker and Kasri, 2001). These findings have led happiness researchers to conclude that happy and unhappy people have different habitual patterns of thinking, perceiving and reacting to events (Lyubomirsky, 2001). Therefore happy customers can be expected to perceive services more positively than do customers who are less happy.

Nonetheless, there are also three types of evidence suggesting that a relationship between happiness and service evaluation is not as self-evident as one might assume. Firstly, although we can expect that results from positive psychology studies may apply in commercial situations, caution should be taken not to automatically assume that all the results would hold in marketing contexts. Marketing scholars frequently apply and develop psychology theories for marketing purposes, but studies of how people react and cope with marketing messages support the idea that marketing contexts differ from non-marketing contexts (see for instance Hennig-Thurau, Groth, Paul and Gremler, 2006) and therefore results obtained in a non-marketing context cannot automatically be applied in a marketing context. Marketing scholars need to test psychology theories in marketing situations in order to confirm their applicability for marketers. Secondly, happiness has often been studied in psychology research from the perspective of what is good for the individual or society – not for firms. A review of the happiness literature provides a picture of happiness as an ability to draw positive meaning for the *self*. Unlike what happiness theories suggest (see for instance Lyubomirsky, 2001) happiness is not necessarily a perspective in which one views *everything* (such as firms) through rose-colored glasses, but rather a self-protecting mechanism that helps people to derive positive meanings from their life. For instance, in a study by Lyubomirsky and Ross (1999) on high school students and their ranking of colleges, there was only a moderate difference between happy and unhappy high-school students in their evaluation of colleges *before* knowing if they were going to be accepted as students. After the announcement of acceptance or rejection, happy students evaluated colleges that rejected them much more negatively and in ways that boosted their positive self-images, in contrast to unhappy students who still evaluated colleges that rejected them in a positive manner. Thirdly, happiness is associated with frequency of positive affect, but intensity of positive affect does not predict happiness (Diener, Sandvik and Pavot, 1991; Larsen, Diener and Emmons, 1986; Schimmack and Diener, 1997). Empirical evidence suggests that

affect intensity and not frequency is important in service situations (Fredrickson and Kahneman, 1993).

Drawing upon these findings, one can conclude that there are conflicting arguments for a positive relationship between happiness and service evaluation and that the relationship is worth investigating.

1.1. Purpose

The purpose of this thesis is to examine if happiness affects customer-perceived service quality[3]. It is proposed that happiness can affect service quality directly but also indirectly through a momentary affective state – mood.

1.2. Intended contribution

The intended contribution of this thesis is threefold. Firstly, I contribute to the literature by empirically testing a simple model where happiness and mood are posited to impact service quality. This model is based on commonly held assumptions of happiness, mood and evaluation in the literature. I position this thesis within the service marketing literature and contribute to our knowledge of consumers' evaluations of services, which is an important research topic in the marketing literature. In the case that happiness is found to impact service quality, happiness can be included as a new concept of relevance for explaining service quality evaluations. If happiness has no effect on service quality, either directly or indirectly, this knowledge will also be useful for academics and practitioners, helping them to rule out happiness as an antecedent of service quality evaluations.

Further, happiness is an interesting concept because previous research findings indicate that happiness is a trait (Costa, McCrae and Zonderman, 1987; Diener, 1994; Diener, Suh, Lucas and Smith, 1999), i.e., habitual patterns of thinking, perceiving and reacting to events (McCrae and Costa, 1997), and therefore stable across time and situations. During the last years, much research attention in marketing has been devoted to understanding the role of momentary affective states, i.e., emotions and moods, in service evaluation (see for instance Bagozzi, Gopinath and Nyer, 1999; Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; Geuens and De Pelsmacker, 1999; Isen, 2001; Knowles, Grove and Pickett, 1999; Liljander and Mattsson, 2002; Mattila and Enz, 2002; Mattila and Wirtz, 2000; 2006). By focusing on affective states, researchers claim to capture the link between psychological constructs and service perceptions, arguing that affective states help in understanding how services are evaluated. Understanding the role of traits, such as for instance happiness, in service perception formation is important because it can help academics and practitioners to understand the role of affective states at the marketplace[4], in this case, in a service context.

---

[3] Note that service quality is conceptualized as the customer's subjective perception of service quality, not as objective quality specifications set by the firm or service specification standards. Customer perceived service quality and service quality are used as synonyms in this text.

[4] Attempts to link personality traits to consumer behavior can be found in the literature. Scholars have argued that personality traits are not important in marketing situations (e.g., Kassarjian and Sheffet 1991). However, some scholars have suggested that broader traits might not be important but narrower, domain-specific individual differences may be more relevant (see, e.g., Funder 1991).

Secondly, the literature review contributes to marketing research on affective states by unpacking the potential for the concept of happiness in marketing and by critically analyzing this concept in relation to affective states as they have been defined and empirically studied in marketing. Although happiness as a state (e.g. positive affect) is well-researched within the marketing literature, long-term and global happiness has received much less attention. This is surprising considering the potential relevance of the long-term happiness concept in a marketing setting. Scholars have reported that consumers' desire to become happier is an ultimate driver for consumption and people will steer their consumption to what they think will make them happier (Mogilner, Kamvar and Aaker, 2010). Moreover, many people arrange their whole lives so as to work harder, make personal sacrifices in terms of family and social relationships because they associate money and possessions with happiness (Belk, 1984; Ward and Wackman, 1971). At the same time, marketers often ride on consumers' desire to become happier and either directly or indirectly make promises of happiness for their customers. For example, in their 2010 marketing campaign, Coca-Cola claimed to "open happiness" and inventeda "happiness machine" (http://www.thecocacolacompany.com/presscenter/presskit_open_happiness_ads.html). Also, the promise of happiness can be indirect; for instance, an ad for a new clothing brand might promise the consumer sophistication, self-confidence or coolness. Such clichéd advertising copy can be seen as an attempt to evoke attributes that consumers would like to have in order to be more liked and therefore happier[5].

Thus, consumers' goal to become happier and marketers' promises of offering happiness deserve to be taken seriously by marketing researchers and therefore research on the topic is encouraged. The topic is of particular importance because scholars have suggested that marketing activities often do nothing to enhance happiness and that consumption even deprives people of happiness (see reports on materialism, for instance Belk (1985), Kasser and Ryan (1993), Schroeder and Dugal (1995) and literature on happiness and purchase, see for instance the collective work of Van Boven and his colleagues). In this thesis I will unpack the literature on the topic to provide guidance for future research on happiness and marketing which I hope can be of use for academics who wish to contribute in this area. Also, I hope to derive insights that can help practitioners to design marketing concepts enabling them to support consumers' happiness and thereby, perhaps, gain competitive advantage at the marketplace. Moreover, the review can also help consumers who want to become happier to make informed consumption choices.

I will bring clarity to the literature on affective states and their impact on evaluation by critically analyzing how these have been studied in the past. Marketers have studied extensively affective states, such as mood, emotions, feelings and the like, and the general consensus is that affective states predict evaluation (among a range of many other things). However, a closer investigation of the conceptualization of these concepts and the empirical evidence raises numerous questions about many of the basic assumptions that marketers generally hold about mood. Two major issues can be observed. Firstly, some marketing scholars have made theoretical distinctions between different affective states, such as mood and emotions, but this distinction is not reflected in the measures used. Secondly, it has become almost a truism among marketing scholars that mood has positive effects on evaluation, but a closer look at the empirical evidence on the effects of mood on evaluation shows that the literature is divided. Therefore it is suggested that it is worth re-examining the relationship between mood and evaluation. The conclusion of the review will provide ideas and guidance for academics studying affective states. The empirical study and the

[5] Evidence suggests that trying to become more liked through consumption is a useless effort. In a series of studies, Van Boven and his colleagues (2010) showed that materialists are less liked than non-materialists.

literature review should help to raise awareness of the measurements used and encourage the more careful development of theory on the impact of affective states. The findings provide guidance also to practitioners.

1.3. Research approach

The adopted research approach in this thesis stems from my scientific realist view on what knowledge is and how knowledge should be obtained. The purpose of a scientific realist is to aim at understanding the true world that exists beyond the perceptions of humans (Hunt, 1990). However, even though scientific realists aim at understanding the truth, it is also recognized that absolute truth in science may never be achieved (fallible realism) and that researchers can be either closer or further from the truth (Hunt, 1990). The proposed reason for this position is that human perceptions are recognized to be fallible and thus correct observations about the world might not be possible. Therefore, scientific realism is a middle-ground position between direct realism (truth is what we observe) and relativism (there are multiple realities that are equally valid) (Hunt, 1990). Moreover, I have come to the conclusion that the driver for my research preferences and sense of enjoyment of research work is a general interest in understanding the bigger picture of human nature. As a consequence, I consider myself a generalist who likes to combine evidence from different disciplines to understand how pieces of evidence fit together and ponder upon their meaning from an evolutionary standpoint. Also, since my research preference is to understand the bigger picture, I am interested in understanding what is true for people in general, and not in what is true for a few[6].

Scientific realists emphasize the importance of a strong theoretical base, as they believe that truth becomes evident in theory acceptance (Hunt, 1990). In this thesis, I believe that I have a strong theoretical basis for my research as I use well-studied concepts such as service quality, happiness and mood. This is in line with the arguments of scientific realists that a successful theory is a theory that over a significant period of time has demonstrated its ability to explain and predict phenomena as well as proved useful in solving pragmatic problems (Hunt, 1990). Furthermore, I think that theory development should be guided by empirical evidence and therefore a theory should be tested in empirical settings so that it can be supported, modified or rejected. Thus, research should be guided by theory that can fit the observed facts and not just by conceptual theory that makes intuitive sense because the intuitive appeal is likely to prevent the idea from being scrutinized critically (cf. Baumeister, Vohs, DeWall and Zhung, 2007). I believe that my concepts and hypotheses fulfill these criteria. Happiness is a well-studied concept within the psychology literature (Linley, Harrington and Wood, 2006) and its usage in mounting empirical studies shows that we can be certain that there exists something like happiness for humans and that it is stable across time and situations. Service quality has been linked to repetitive buying behavior (Mittal and Kamakura, 2001) and service quality serves as one of the most researched concepts in the marketing literature (see for instance Bolton and Drew, 1991; Brady and Cronin, 2001; Grönroos, 1982; Parasuraman, Zeithaml and Berry, 1985; 1988). Although researchers use different measurements (e.g., Brady and Cronin (2001); Parasuraman, Zeithaml and Berry (1988)), there is a common core, showing that researchers have agreed upon the existence and importance of perceived service quality. The third concept used in this thesis is mood. Although much heterogeneity

[6] Most of the time, the generalist perspective cannot be taken in specific research papers or even this thesis but I still consider it to guide my reading of the marketing and psychology literature, my choice of research topic, theory development and method.

between the definitions of mood can be found both within psychology research and in marketing literature (for a review, see for instance Luomala and Laaksonen, 2000), the common ground for most of these definitions is that mood is a momentary affective state that exists and can be measured.

As the concepts in this thesis have been studied extensively (Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; White, 2006), I have adopted a deductive research approach in order to answer the postulated research question. In deductive inquiry, specific expectations of hypotheses are developed on the basis of general principles (Sutton and Rafaeli, 1988). This means that researchers adopting a deductive research approach start from an existing theory that is either supported or rejected by empirical evidence. Thus, I am drawing upon the positive psychology theory and research tradition by using the same happiness measurement employed in previous studies on happiness. Thereby, I hope to increase the reliability and validity of my research. Apart from my position as a generalist, an inductive research approach was not considered suitable for studying happiness for three reasons. Firstly, happiness researchers argue that happiness as a global phenomenon is often confused with happiness as an *emotion* (Diener, 2000), and thus I believe that it would be difficult to distinguish the two in, for example, interview data. Secondly, happiness, and especially unhappiness, may be considered sensitive personal information; consequently, when people are asked directly about their levels of happiness, the results are likely to be biased, as people might feel uncomfortable sharing such information with the interviewer (cf. Freedman (1978) reporting that people preferred talking about their sexual life before talking about their happiness). Moreover, findings from positive psychology research indicate that western cultures associate happiness with success in life and unhappiness with failure (King and Napa, 1998; Sumner, 1996). For this reason, an anonymous questionnaire is more likely to provide a feeling of security to participants, enabling them to express their true views on sensitive issues, such as their level of happiness, in contrast to a face-to-face interview where the respondents would probably be more unwilling to admit that they are unhappy. Thirdly, it is difficult to study the relationship between happiness, mood and service quality qualitatively as people have been reported not to recognize the influence that their mood has on their perceptions and judgments (Frijda, 1993).

Positive psychologists have mostly studied happiness using experimental settings (see for instance work by Lyubomirsky and her colleagues). Generally, the study design in those studies follows a two-step procedure where the researchers first identify the happiest and the unhappiest groups of students from mass questionnaires. Students from these two groups are then recruited as participants in experiments where the aim is to find differences between those who are happy and those who are unhappy. A survey method was preferred in this study because conducting a mass survey and re-recruiting the happiest and unhappiest respondents requires a large amount of resources in terms of accessibility to data and monetary compensation for the respondents, which was not possible in this case.

In this thesis, a cross-sectional survey approach was chosen to gather empirical evidence to test the postulated hypotheses. This means that I observed a subset of the population of all variables at the same time (Rindfleisch, Malter, Ganesan and Moorman, 2008). Lately, the cross-sectional research approach has received criticism (see the introduction of Rindfleisch, Malter, Ganesan and Moorman, 2008), especially with respect to the validity of the survey method. In order to increase the validity of my study, I collected data from 5 different samples of respondents, using 15 different services that respondents were asked to evaluate, and collected data in two different time contexts, i.e. evaluation immediately after the service encounter

and evaluation in retrospect. The method is explained in detail in the method chapter of the thesis.

1.4. Structure

The thesis consists of eight chapters. The introductory chapter is followed by Chapter 2, which presents the literature review.

The literature review is divided into three parts; 1) happiness, 2) mood and 3) service quality. As happiness is a new concept for marketers, the concept of happiness, related concepts, the consequences of happiness and the potential effects of happiness in service marketing contexts are given extensive attention. The review of happiness is followed by a review of mood research, with an emphasis on findings from the service marketing literature. The chapter ends with a review of service quality and the development of four hypotheses to be tested in the empirical part of the thesis.

Chapter 3 introduces the empirical research of this thesis. The empirical studies were conducted in two parts, Study 1 with retrospective student data and Study 2 with student and consumer data collected immediately after the service experience. Chapter 4 presents the first study and its survey design, data collection, construct validity and descriptive statistics. This is followed by a presentation and discussion of the findings from Study 1.

Chapter 5 presents Study 2 and its survey design, data collection, construct validity, and statistics. Findings of Study 2 are presented and discussed. The thesis ends with Chapter 6, which discusses the results from Study 1 and 2, draws conclusions for service marketing theory and proposes managerial implications. The chapter ends with a discussion of the limitations and suggests topics for further research.

2 THE RELATIONSHIP BETWEEN HAPPINESS AND SERVICE QUALITY

Figure 1 shows the three core concepts and their hypothesized relationships that will be discussed in this chapter. The model describes two possible effects of happiness on service quality. Firstly, happiness is proposed to have a direct effect on service quality, meaning that happy customers perceive service quality to be better than people who are less happy. Secondly, happiness is proposed to have an indirect effect on service quality through the mediating effect of mood. This means that happy customers are more likely to be in a good mood and therefore also have a better perception of service quality than customers who are less happy. The model is based on a thorough review of the literature regarding the concepts and their inter-relationship. This review forms the core of this chapter.

Figure 1 Proposed model for the impact of happiness on service quality and mood.

This chapter is organized as follows: First, I review previous literature on happiness by presenting a conceptualization of happiness, and discussing the relationship and differences between happiness and concepts that are often used interchangeably with happiness. I also review findings on the sources of happiness and the happiness levels of people. Second, I review the literature on mood, arguing that mood, emotions and feelings have not been empirically well distinguished in previous research. Based upon these findings, I conceptualize mood and review research on mood in the marketing literature. Third, I review the literature on service quality. The chapter ends with the development of four proposed hypotheses on the relationship between the concepts that will be tested in the empirical part.

2.1. Happiness

In this sub-chapter I review the literature on the concept of happiness, its sources and consequences. First, positive psychology as a research field will be presented because happiness research is spearheaded by positive psychology researchers. A review of the field will shed light on the studies that have been conducted and the findings on happiness that have been obtained. Second, the conceptualization of

happiness and how it is hierarchically organized in relation to, for instance, momentary affective states is discussed and the consequences in terms of measuring happiness are presented. Third, I will present concepts that are often used interchangeably with happiness and explain how they are related to, but different, from happiness. Fourth, I review empirical evidence on the sources of happiness as well as strategies that people can employ to become happier. Fifth, this discussion is followed by a review of findings of how happy people are. Sixth, I present empirical evidence on the benefits of happiness for individuals and society, and review happiness studies in a marketing context. The chapter ends with a critical discussion of the literature as well as a summary.

2.1.1. Positive psychology as a research field

Survey results suggest that happiness seems to be the most valued universal goal for human beings (Diener and Oishi, 2006). For instance, King and Napa (1998) report that ordinary people see happiness as a resource that is more relevant to the judgment of a good life than are, for example, wealth or moral goodness. Happiness has interested humans for a long time, but it is only recently that scientists have begun, through systematic empirical research, to solve some of the old philosophical questions on what constitutes a happy life (Kesebir and Diener, 2008). There is plenty of empirically based knowledge about what makes people happy so there is no longer a need to rely solely on personal wisdom, introspection, or authors and philosophers to learn about happiness.

The happiness research reported in this thesis stems to a large extent from a research field in psychology called positive psychology. Around 1999, Martin E. P. Seligman began meeting with a group of scholars to form the positive psychology network. Seligman wanted to bring together researchers and practitioners who were working on human strengths and positive attributes rather than focusing exclusively on human problems and in a matter of a few years this research field has grown rapidly (Kesebir and Diener, 2008)[7].

The positive psychology field focuses on research that examines human strengths and virtues, mainly happiness. The positive psychologist movement can be seen as a critique against the field of psychology, as positive psychologists claim that traditional psychology has solely focused on negative aspects of human life and on human problems and misery. The positive psychologists argue that positive aspects of human life are at least equally worth research attention (Kesebir and Diener, 2008). They argue that their foremost practical contribution is to answer questions that can help to build healthier societies (Kesebir and Diener, 2008).

Initial research on happiness focused on identifying the factors that make people happier (Diener, Suh, Lucas and Smith, 1999). However, as this problem is considered solved, more recently psychologists have recognized that happiness is functional, that is, people are not happy because they have positive outcomes in life – they have positive outcomes in life *because* they are happy. This acknowledgement has led positive psychology researchers to focus research attention on the consequences of happiness (see for instance Lyubomirsky, King and Diener, 2005 for a meta-analysis).

---

[7] Compare positive psychologists with research movements in marketing, for instance the Nordic School, where scholars group together and "brand" themselves to distinguish their ideas from the mainstream research movement. By doing this, they hope to increase the chances that their perspectives and views will gain recognition in the research community.

In their article, Kesebir and Diener (2008) speculate why positive psychology has generated such widespread interest not only among academics but also the public. They argue that concerns about happiness and living a good life become even more relevant for modern people because their basic needs are met and because threats are relatively contained. They argue that the interest in happiness is driven by the increased opportunities modern people have to build their lives and by the lack of guidance on what constitutes a good life beyond material wealth (see Baumeister 1991 for similar arguments). In general, the modern person has the freedom and opportunity as never before in human history to pursue different courses in life. Kesebir and Diener (2008) add further that people are psychologically poorly equipped to handle situations where all their needs are met and that in the modern, individualistic society people seek guidance on how to create better lives for themselves. Moreover, the modern western culture is fascinated by the self (see Lasch, 1978; 1991, the collective work of Twenge and Campbell, especially Twenge and Campbell, 2009) and in a culture where the self serves as the core value, personal happiness and other self-related concepts become highly relevant. To illustrate the point, historically, personal happiness might very well have occupied the thought and interest of people and they might have dreamt about pursuing actions they believed would increase their personal happiness. However, the difference is that people's personal happiness, most often, did not *matter* because other values than personal happiness was considered more important. Therefore, personal happiness would not have been a central goal in the lives of most people and they would not have pursued it actively.

2.1.2. Conceptualizing happiness

Lay people, philosophers and academics have conceptualized happiness differently, and the understanding of the nature of happiness is still divided. Diener, Napa Scollon and Lucas (2009) mention that happiness can mean pleasure, life satisfaction, positive emotions and a meaningful life, among other concepts. Research on the meaning of happiness confirms that a lack of consensus on the definition of happiness is not only found among philosophers and scientists but also lay people. Mogilner and Aaker (2009) show in their working paper that the meaning of happiness shifts as people age: Whereas younger people are more likely to associate happiness with excitement, older people are more likely to associate happiness with feeling peaceful. Kesebir and Diener (2008) conclude that positive psychology researchers perhaps cannot hope to define happiness to everyone's satisfaction; nonetheless, for science to progress there is a need for clearly defined concepts.

In the happiness literature, one can find both similarities and dissimilarities in the conceptualization of happiness. There is a consensus about at least three aspects of the happiness definition. Firstly, there seems to be a consensus that happiness can be conceptualized both as a current state happiness but also as a more long-term and global happiness. There is a general consensus in the positive psychology literature that the type of happiness positive psychologists are interested in reflects a broader category of happiness than just momentary feelings (Lyubomirsky and Lepper, 1999). Secondly, the mounting empirical evidence suggests that happiness is subjective, i.e. the individual him- or herself is the best judge of his or her level of happiness (Myers and Diener, 1995, p. 11; Lyubomirsky, King and Diener, 2005). Thus, happiness seems much more closely tied to inner, subjective perceptions than to external,

objective circumstances[8]. Scholars argue that individuals are capable of reporting on the extent to which they are a happy or an unhappy person (Freedman, 1978). This judgment is not equivalent to a simple sum of their satisfaction with life. For instance, researchers have found that a rapid change in a person's life circumstances, e.g. being paralyzed or winning a large sum of money in the lottery, affects happiness very little (Brickman, Coates and Janoff-Bulman, 1978). Thus, in conclusion, it is not actual circumstances, but rather how a person feels about them, that make the most difference to happiness. Thirdly, happiness studies worldwide show that most people underestimate the level of happiness of other people and consequently rate their own happiness as being higher than neutral, but also that few people place themselves in the highest category of happiness (Myers and Diener, 1996).

However, differences can also be found. The first difference is semantic and concerns the usage of terms. A vast part of the literature on happiness uses the concept "subjective well-being" as a synonym for happiness. This term is used by for instance Ed Diener who is the most distinguished and most widely published researcher in the positive psychology field. In her book on happiness research, Sonja Lyubomirsky (2008), another prominent happiness researcher, told about a conversation she had with Ed Diener concerning the establishment of the concept of subjective well-being. According to Lyubomirsky, Diener coined the term subjective well-being because he did not think he would be promoted with tenure if his research were perceived as focusing on something as fuzzy and soft as "happiness" (see Lyubomirsky, 2008, p. 316).

However, scholars have distinguished between happiness and subjective well-being. Scholars have claimed that "well-being" is a broader, more holistic construct than "happiness", encompassing people's physical and mental health in addition to their emotional well-being (see Lyubomirsky, 2008). However, the magnitude of these differences can be discussed. Even though Lyubomirsky label herself in the "happiness" conceptualization group she uses subjective well-being and happiness interchangeably (see for instance, Lyubomirsky, 2001). For instance, Diener and his colleagues often define happiness (or subjective well-being) as "frequent positive affect and infrequent negative affect". This definition stems from findings that happiness is predicted by the propensity to experience frequent positive emotions and infrequent negative emotions but that intensity of emotions is a weaker predictor (Larsen, Diener and Emmons, 1986; Diener, Sandvik and Pavot, 1991; Schimmack and Diener, 1997). In her work, Lyubomirsky also refers to frequency of positive affect but talks more about happiness as a "talent" or "chronical" happiness or unhappiness, emphasizing the subjectivity and stable nature of happiness. In some of Lyubomirsky's work (see for instance, 2001, p. p. 239) happiness is defined as a sense of overall joy, contentment, positive well-being, combined with a sense that life is good, meaningful and worthwhile. However, similarly, Diener and his colleagues (2009) present evidence showing that meaning is important for happiness and that frequency of affective states is not enough.

In conclusion, it can be said that although definitions of happiness seem to be different, scholars agree on the characteristics of happiness even though they would not necessarily recognize these in their definitions. In short, there is a consensus in the positive psychology literature that happiness is characterized by at least five aspects. More specifically, 1) happiness is high in abstraction, 2) happiness is subjective, 3), people underestimate other people's happiness, 4) frequent positive

[8] Note that there are many stereotypes and myths about what make people happy and these stereotypes are usually linked to objective circumstances (Baumeister, 1991). For instance, many people think more money is the recipe for a happy life and similarly there is a stereotype that being rich makes a person unhappy.

and infrequent negative affect predicts happiness, and 5) a sense of meaning in life. Also, one can conclude that happiness has been conceptualized differently both among academics and the public. I have chosen to conceptualize happiness as an overall summary judgment of one's life (Diener, Napa Scollon, and Lucas, 2009) because it captures the subjectivity and high abstraction level that happiness researchers have agreed is central for the concept. In this thesis, happiness is not referred to as the momentary feeling state of happiness that is common in the marketing literature. Rather, happiness here refers to a stable trait of perception of happiness in one's life. This is the highest abstraction of happiness as hierarchically organized to emphasize the complexity of the concept (Diener, Napa Scollon, and Lucas, 2009).

Figure 2 illustrates a hierarchical model of happiness constructed by Diener, Napa Scollon and Lucas (2009). As can be seen from the figure, happiness is the highest abstraction. At the next level of the hierarchy, there are four components of happiness: pleasant emotions, unpleasant emotions, life satisfaction, and domain satisfaction, each of which can be further dissected into specific aspects of life experiences (e.g., love, worry, meaning, health). More importantly, although these four components are correlated with one another (e.g., individuals who often feel pleasant emotions tend to be satisfied with their lives as a whole) but they are also distinguishable from one another (Lucas, Diener and Suh, 1996). Similarly, none of the individual components can be equated with overall happiness, which means that happiness is composed of all of these four elements.

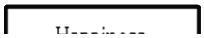


Figure 2 A hierarchical model of happiness (Diener, Napa Scollon and Lucas, 2009, p. 71).

Happiness: Happiness refers to people's *overall evaluations of their lives* (Diener, Napa Scollon and Lucas, 2009). Thus, the conceptualization of happiness in the positive psychology literature as well as in this thesis differs from the typical conceptualization of happiness in the marketing literature as a momentary feeling, emotion or mood (see for instance Labroo and Patrik, 2009) in that it is a more global phenomenon as well as stable across time and situations. Further, happiness shows typical characteristics of a trait (Costa, McCrae and Zonderman, 1987; Diener, 1994; Diener, Suh, Lucas and Smith, 1999) by differing among individuals (Myers, 1992; 2000) and generating consequences for behavior (Bandura, 1997; DeNeve and

Cooper, 1998; Kozma and Stones, 1978; Lyubomirsky and Lepper, 1999; Taylor and Armor, 1996; Taylor and Brown, 1988). Happiness is also linked to central personality traits (the so-called Big Five) such as extroversion and neuroticism[9] (DeNeve and Cooper, 1998; Diener and Lucas, 1999; Steel, Schmidt and Shultz, 2008; Steel and Ones, 2002), thereby adding to the evidence of happiness being a trait.

Positive and negative affect: The psychology literature distinguishes between two affective concepts: affective state and affective trait (see for instance Tamir, Robinson and Clore, 2002) and empirical evidence suggests that happiness, as an affective trait, and affective states are connected. Scholars report that happy people are more prone to experience frequent positive emotions and infrequent negative emotions but that this effect was not true for intensity of emotions (Larsen, Diener and Emmons, 1986; Diener, Sandvik and Pavot, 1991; Schimmack and Diener, 1997). In fact, Diener and his colleagues have argued that intense emotional reactions were associated with neuroticism, indicating that intense emotions can generate negative consequences for one's happiness[10]. Diener and his colleagues (2009) point out that the positive psychologists do not claim that absence of negative emotions is good. Rather, they argue that well-functioning people should have moods that fluctuate to some degree in reaction to good and bad events. For instance, Diener and his colleagues cite sources suggesting that there is nothing good or bad about emotions of either valance, but that rather it is the excess of either positive or negative emotions that is problematic (see Berenbaum, Raghavan, Le, Vernon and Gomez, 2002). Thus, Diener and his colleagues (2009) suggest that a happy person reacts to events but still maintains an average positive level around which their moods fluctuate.

It should also be noted that evidence suggests that the concept of happiness should not be limited to hedonisms in general. In their review of the literature, Diener and his colleagues (2009) present evidence that people want their positive feelings to be justified. Thus, a person who strives to become happier will not succeed by watching comedy shows all day long because having fun alone is not enough – the source of feeling good is also important. This argument is in line with evidence suggesting that a sense of meaning is an essential part of happiness (Baumeister and Vohs, 2002; Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker and Kasri, 2001). Adding to the limitations of a purely hedonistic view of happiness is that people often engage in behavior that deprives them of hedonic pleasure for things that they feel are meaningful. For instance, Baumeister (1991) reviewed extensive evidence showing that having children reduces the hedonic pleasantness and satisfaction with life of the parents, but argues that this loss of emotional pleasure might be compensated by the sense of meaningfulness that parenthood brings. Also, Liu and Aaker (2008) discussed paradoxical empirical evidence suggesting that people associate money donations with happiness but yet they are willing to donate more when the fund-raising process is painful and effortful (see for instance Olivola and Shafir, 2007).

Global Life Judgments: Empirical evidence suggests that happiness also influences people's evaluation of the conditions in their life (Diener, Napa Scollon and Lucas, 2009), that is, a sense that one's life is good, meaningful and worthwhile (Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker

[9] Happiness is positively related to extroversion and negatively related to neuroticism. Note that the BIG 5 are considered to be universal traits and therefore important. There is no relationship between happiness and the three other traits, such as openness, conscientiousness and agreeableness.

[10] Note that these results also hold for positive emotions. That is, a person who tends to react with intense negative emotions also tends to react with proportionally equal intense positive emotions. See Geuens and De Pelsmacker (1999) for an opposing view; they claim that affect intensity is mood specific. However, it is questionable whether the items in their study can be classified as emotions.

and Kasri, 2001). Researchers have found that people use very different criteria and aspects of their life when they evaluate their life satisfaction, leading to quite unreliable and less valid measures (Diener, Napa Scollon and Lucas, 2009). However, they argue that although people seem to evaluate life satisfaction on very different grounds, most information that is used in satisfaction judgments is information that is chronically accessible and likely to be important for the individual.

Domain Satisfaction: Domain satisfaction reflects a person's evaluation of the specific domains in his or her life (Diener, Napa Scollon and Lucas, 2009). Diener, Lucas, Oishi and Suh (2002) showed that happy people are more likely to weight positive life domains heavily, whereas unhappy individuals were more likely to weight their worst life domains heavily. Diener and his colleagues (2009) conclude that domain satisfaction scores do not simply reflect the component parts of a life judgment, and they can provide unique information about a person's overall happiness.

2.1.3. Happiness and related concepts

Happiness is related to several psychological concepts (see Table 1), many of which have been used interchangeably with the term happiness. For instance, self-esteem is often used as an index of global happiness or psychological well-being (e.g., Baruch and Barnett, 1986; Ryff, 1989; Whitley, 1983). Also, happiness and life satisfaction are often used interchangeably and unhappiness is often wrongfully referred to as clinical depression or mental unhealthiness. Nonetheless, for the sake of clarity, there is a need to make a conceptual distinction between happiness and these related concepts. Therefore, I consider it important to discuss how these concepts can be distinguished from each other. Table 1 summarizes nine related concepts, showing how they are related to but distinguished from happiness.

Table 1 Happiness and related concepts

Concepts related to happiness	Definition	Relation to happiness	Difference to happiness	References
Subjective well-being	People's overall evaluations of their lives. Derives from a combination of life satisfaction (a cognitive judgment) and the balance of frequency of positive and negative affect (i.e., hedonic tone).	• Well-established term for happiness.	• The same concept as happiness. The difference is semantic.	Diener, Napa Scollon and Lucas, 2009; Larsen et al., 1986; Diener et al., 1991. Lyubomirsky, Tkach and DiMatteo, 2005.
Global life satisfaction	Global satisfaction with certain aspects of life, such as work, recreation, friendship, marriage and health.	• Happy people report higher satisfaction levels when they evaluate their lives. • An influential "top-down" view is that happiness influences one's outlook, coloring one's perceptions of specific life domains.	• Happiness is more global than satisfaction with certain life domains in that it also comprises hedonic aspects.	Diener et al., 1999 Myers and Diener, 1995. Stones and Kozma, 1986; Lyubomirsky, Tkach and DiMatteo, 2005.
Personality traits (also called temperamental traits)	Habitual patterns of behavior, thought, and emotion.	• Happiness can be considered a trait as it is stable across time and situations as well as generates consequences for human thought and behavior. • The happy personality is low in neuroticism (emotional instability, enduring tendency to experience negative emotional states) and high in extroversion.	• Habitual pattern of behavior and thought across time and situations. Happiness fulfills these criteria and can therefore be classified as a personality trait alongside many other concepts.	Diener et al., 1999. DeNeve and Cooper, 1998.
Emotion	Specific, relatively intense mental responses that are	• Happy people are prone to experience frequent positive	• Happiness is more long-term and global as a phenomenon	Schimmack and Diener, 1997.

	triggered by a particular stimulus or event. Usually studied in positive and negative valence but researchers argue that emotions differ qualitatively and should be studied separately.	emotions and infrequent negative emotions. • Emotional intensity does not predict happiness.	than momentary emotions.	
Mood	A relatively long-lasting affective state (compare with emotions) that can last for hours or days. Moods generally have either a positive or negative valence, i.e., good mood or bad mood. Mood also has an energy dimension, ranging from sleep to alert. Moods are thought to be less intense than emotions.	• The experience of happiness is marked by more frequent positive affective states than negative ones. • Current mood is *reflected* in measures of happiness but does not predict long-term happiness.	• Moods (as well as emotions) are affective states while happiness has been proven to be stable across time and situations. Happiness can therefore be seen as a trait and thus differs from affective states.	Diener et al., 1991, Diener, 1984.
Self-esteem	Favorable self-appraisals. Favorable impressions of the self.	• Moderate to strong correlations to happiness in the western world (i.e., linked to individualism).	• Self-esteem involves a positive (or negative) evaluation of the self while this evaluative aspect is not necessarily found in happiness.	Baumeister, Smart and Boden, 1996; Crocker and Mayor, 1989; Wylie, 1979; Diener and Diener, 1995; Lyubomirsky, Tkach and Dimatteo, 2005.
Optimism	Expectation of favorable outcomes in one's life and a sense of mastery, that is, the feeling that one's own actions and decisions will have a positive life impact.	• Optimism is positively related to happiness and self-esteem. Thus, happy people expect favorable outcomes in their lives in general and from their actions (sense of mastery).	• Optimism is an outcome of happiness.	Lyubomirsky, Tkach and Dimatteo, 2005.
Social affiliation	Lack of feelings of loneliness.	• Personal relationships are	• Social affiliation is a life	Lyubomirsky, Tkach and Dimatteo,

	Satisfaction with social relationships.	one of the most important sources of happiness. • Loneliness is negatively correlated with happiness and positively correlated with depression.	domain and can be seen as an outcome of happiness.	2005; Myers and Diener, 1995; Lee and Ishii-Kuntz, 1987; Seligman, 1991.
Mental well-being	Absence of mental disorder, that is, a psychological or behavioral pattern that occurs in an individual, causing distress or disability that is not expected as part of normal development or culture. A state of well-being in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community (World Health Organization). An individual's ability to enjoy life and procure a balance between life activities and efforts to achieve psychological resilience.	• The happiest groups of people show few symptoms of psychopathology, such as depression, hypochondrias, or schizophrenia, social phobia and anxiety. • Substance abuse is another indicator of poor mental health. Happy people are less likely to report a history of substance abuse. • Depression is more likely to be found among unhappy people, as they are more vulnerable to mental problems; however, not all unhappy people are depressed.	• People of different happiness levels can fulfill criteria of mental healthiness, i.e. they function normally as a productive participant in society by developing social relationships, participating in work life, etc. People suffering from mental disorders are not able to do this to the same extent as mentally healthy individuals.	Chang and Farrehi, 2001; Lu and Shih, 1997; Kashdan and Roberts, 2004; Lyubomirsky, King and Diener, 2005.

Subjective well-being is one of the most commonly used synonymous terms for happiness, and is preferred by Ed Diener and his colleagues. The term refers to people's overall evaluations of their lives. Subjective well-being is defined as the combination of a cognitive judgment of life satisfaction and the balance of frequency of positive and negative affect (i.e., hedonic tone) (Diener, Sandvik and Pavot, 1991).

Happiness is distinguished from *global life satisfaction,* which is defined as satisfaction with specific life areas, such as work, recreation, friendship, marriage, health, and the self (Diener, Suh, Lucas and Smith, 1999). This form of satisfaction differs from happiness in that happiness encompasses not only feeling good about life, but also an emotional dimension, while global life satisfaction is more of a cognitive judgment. For instance, a person who on the surface has a perfect life in terms of social standards, with a good job, nice home and family, might still feel unhappy. Researchers argue that life satisfaction is colored by one's perceptions of specific life domains (Stones and Kozma, 1986; Lyubomirsky, Tkach and DiMatteo, 2005). This means that happy people report higher satisfaction with their lives (Myers and Diener, 1995) because of their happiness level. Diener and Fuijita (1995) support this view, as their study showed that the causality between happiness and positive events is such that happy people are not happy because they experience more positive events than unhappy people, but rather that they experience positive events simply because they are happy.

Happiness is closely linked to *emotions* and *mood* (Diener, 1994; Diener, Suh, Lucas and Smith, 1999; Lyubomirsky, 2001; Lyubomirsky and Ross, 1997; 1999; Lyubomirsky, Tucker and Kasri, 2001) but is distinguished from them as emotions and mood are temporal states while happiness is conceptualized as being long lasting and stable (Costa, McCrae and Zonderman, 1987; Diener, 1994; Diener, Suh, Lucas and Smith, 1999). As such, happy people are prone to experience frequent positive emotions and infrequent negative emotions (Lyubomirsky, King and Diener, 2005). Schimmack and Diener (1997) have shown that emotional intensity does not predict happiness as much as frequency of positive emotions. As happy people are prone to experience positive emotions, it is no surprise that happiness is also linked to frequent positive moods (Diener, Sandvik and Pavot, 1991). When studying happiness, current mood states are commonly reflected in measures of happiness (Diener, 1984) but do not predict long-term happiness (Diener, 1994; Diener, Suh, Lucas and Smith, 1999; Lyubomirsky and Ross, 1997; 1999; Lyubomirsky, Tucker and Kasri, 2001).

Happiness correlates moderately to strongly with *self-esteem* in the western world (Diener and Diener, 1995; Lyubomirsky and Tucker, 1998). Self-esteem is defined as favorable self-appraisals (Baumeister, Smart and Boden, 1996). Happy people are reported to feel higher levels of self-worth or adequacy as a person than do unhappy people (Lyubomirsky 2001; Lyubomirsky and Ross, 1997, 1999; Lyubomirsky and Tucker, 1998). Happy people also feel self-acceptance, goodness and self-respect (Crocker and Mayor, 1989) to a larger extent than do unhappy people.

Also, happiness is positively linked to *optimism* (Lyubomirsky, Tkach and Dimatteo, 2005). This means that happy people expect favorable outcomes in their lives to a greater extent than do unhappy people and have a sense of mastery, that is, the feeling of control that their decisions will have a positive impact on their lives.

Social relationships (see *social affiliation* in Table 1). Happy people have many friends, are more likely to be married and are more satisfied with their relationships with other people than are unhappy people (Myers and Diener, 1995; Myers, 1992). Not

surprisingly, the feeling of loneliness is negatively correlated with happiness (Lee and Ishii-Kuntz, 1987) and positively correlated with depression (Seligman, 1991).

Happiness also seems to protect against mental problems (see *mental well-being* in Table 1) (Lyubomirsky, King and Diener, 2005). The happiest group of people shows few symptoms of psychopathology, such as depression, hypochondrias, or schizophrenia (Chang and Farrehi, 2001; Lu and Shih, 1997), social phobia and anxiety (Kashdan and Roberts, 2004). Although depression is more likely to be found among unhappy people, as they are more sensitive and also vulnerable to mental unhealthiness, unhappiness is distinguished from depression in that depressed people are unhappy but not all unhappy people are depressed. Psychology scholars recognize that unhappiness can have a negative effect on the individual in terms of both well-being and getting the most out of life (Lyubomirsky, King and Diener, 2005); however, unhappiness is far different from the destructive and paralyzing effect of clinical depression[11].

2.1.4. What determines happiness?

Even though previous research suggests that happiness is the most important goal for many people and that people spend much time, money and effort to become happier, empirical evidence suggests that it is difficult to become happier. Some happiness researchers have even argued that "trying to become happier is as futile as trying to be taller" (Lykken and Tellegen, 1996, p. 189). Three main reasons for the stability of happiness can be distinguished from the literature: 1) happiness is a genetic predisposition, 2) happiness is a trait, and 3) hedonic adaptation, meaning that people adapt quickly to both positive and negative life circumstances.

Firstly, positive psychologists argue that an individual's degree of happiness is largely a genetic predisposition (Ashby, Isen and Turken, 1999; Braungart, Plomin, DeFries and Fulker, 1992; Lykken and Tellegen, 1996). Lykken and Tellegen (1996) report that about 50% to 80% of the variance in happiness is heritable, i.e., genetically influenced. Evidence for the large effect of heritable influence on one's level of happiness has mainly been found by comparing monozygotic twins that have been raised apart since birth.

Secondly, happiness has been found to be stable across time and situations and thus work as a trait (Costa, McCrae and Zonderman, 1987; Diener, 1994; Diener, Suh, Lucas and Smith, 1999). The evidence for happiness being linked to personality is its close relationship with central personality traits, the so-called Big Five, such as level of extroversion and neuroticism (DeNeve and Cooper, 1998; Diener and Lucas, 1999; Steel, Schmidt and Shultz, 2008; Steel and Ones, 2002).

Thirdly, our life characteristics like wealth, physical attractiveness, marriage and other lifestyle factors that could perhaps be considered to enhance happiness have been shown to play an almost negligible role in contributing to an individual's level of happiness (Brickman, Coates and Janoff-Bulman, 1978; Lykken and Tellegen, 1996). This argument stems from a theory called hedonic adaptation, which holds that our emotional systems adjust to both good and bad events that happen in our lives. For instance, common events typically influence people's happiness for little more than a

[11] See for instance American Psychiatric Association (2000) and Unutzer, Patrick, Marmon, Simon and Katon (2002) for information about clinical depression.

few months (Suh, Diener, and Fujita, 1996; Wortman and Silver, 1989). Surprisingly, even events that one perhaps could assume to strongly affect the level of happiness, such as losing a child in a car accident, being diagnosed with cancer, or becoming paralyzed, seem to have a smaller impact on long-term happiness than one might expect (e.g., Affleck and Tennen, 1996; Brickman, Coates, and Janoff-Bulman, 1978; Collins, Taylor and Skokan, 1990; Diener, 1994; Kahana, Kahona, Harel, and Rosner, 1988; Taylor and Armor, 1996; Wortman and Silver, 1987). Scholars speculate that this capability to recover can be explained with a psychological immune system that starts to operate immediately after a negative event (see Wilson and Gilbert, 2005 for details). In affiliation with the hedonic treadmill model, the set-point theory posits that major life events, such as marriage, the death of a child, or unemployment, affect a person's happiness only temporarily, after which the person's happiness level regresses to a default determined by genotype (Lykken and Tellegen, 1996). However, this theory has recently been criticized by Diener and his colleagues (2006), who show that even though adaptation occurs and personal aspirations do rise and adjust, people do not adapt quickly and/or completely to everything (Diener, Lucas and Scollon, 2006). For instance, in a 15-year longitudinal study, Lucas, Clark, Georgellis, and Diener (2003, 2004) found that individuals who experienced unemployment or widowhood did not, on average, fully recover and return to their earlier happiness levels.

Further, in their international happiness study, Diener and Diener[12] (1995) found evidence suggesting that people need a certain material standard of living and degree of political freedom in order to be happy. They argue that in the western world this material standard was reached in the 1950s, after which the happiness level has remained constant while the material standard has continued to rise (Myers, 2000). Further, studies have shown that in western societies, income and affluence have little bearing on happiness (Diener, Horwitz and Emmons, 1985; Kahneman, Krueger, Schkade, Schwarz and Stone, 2006; Lykken, 1999), which supports Diener and Diener's (1995) results that after a certain material standard of living is attained, money contributes only slightly to happiness.

To conclude, the combined evidence for a genetic predisposition for happiness, its close relationship with central personality traits, and hedonic adaptation suggests that happiness is a stable phenomenon.

2.1.5. Strategies for becoming happier

Even though some researchers argue that striving to become happier is a waste of time and effort (Lykken and Tellegen, 1996), other positive psychology researchers have tried to find intermediating processes and habits that people can adopt to directly influence or moderate their happiness (see for instance Emmons and McCullough, 2003; Lyubomirsky, Sheldon and Schkade, 2005; Sin and Lyubomirsky, 2009; Sheldon and Lyubomirsky, 2009). This approach recognizes that people are to a greater or lesser extent prone to be happy, but just like with weight some people may need to work harder on their happiness than others. There are many happiness-moderating strategies but they can roughly be grouped into three types, 1) Investment in belongingness, 2) Investment in the self, and 3) Investment in life meaning.

[12] See also Biswas-Diener and Diener (2001) and Diener, Diener and Diener (1995) for studies on the cultural effects on happiness.

Investment in belongingness refers to happiness-boosting strategies that aim, at least symbolically, to increase one's role in the group and form interpersonal relationships. Among these strategies are, for instance, doing kind deeds for others (Tkach, 2005), cultivating forgiveness for those they feel have done them wrong (Harris and Thoresen, 2006; Hebl and Enright, 1993; McCullough, 2001) and fostering personal relationships.

Investment in the self refers to happiness-boosting strategies that involve an investment in one's own identity and self-esteem. One of these strategies is to think about one's life in a positive manner (Lyubomirsky, Sousa and Dickerhoof, 2006; Sheldon and Lyubomirsky, 2006; Watkins, Grimm and Kolts, 2004), expressing gratitude (Bartlett and DeSteno, 2006; McCullough, Emmons, and Tsang, 2002; 2004), encouraging people to stop dwelling and ruminating (Nolen-Hoeksema, 2005) and living in the present (Brown and Ryan, 2003).

Investment in meaning refers to activities where a person is trying to find meaning for one's life and making sense of events happening in life. Such activities include exercising regularly (Blumenthal, Babyak, Moore, Craighead, Herman, Khatri, Waugh, Napolitano, Forman, Appelbaum, Doraiswamy and Krishnan, 1999; Motl, Konopack, McAuley, Elavsky, Jerome and Marquez, 2005) and cultivating religious faith (Myers, 1992). In his book on meanings of life, Roy Baumeister (1991) reviews literature on the psychological effects of religion and he concludes, in short, that religion provides strong, psychological benefits and provides the best source of meaning for humans.

Happiness researchers argue that in order for these happiness-enhancing strategies to work, they have to "fit" a person's interests, values and needs (Lyubomirsky, 2008; Sheldon and Lyubomirsky, 2006; Klem, Wing, McGuire, Seagle and Hill, 1997). Also, although these happiness-boosting activities have been proven to increase happiness for some people, we do not know why these activities work (Boehem and Lyubomirsky, 2009). Thus, the happiness literature provides no clear-cut recipe for enhancing happiness apart from that, for unknown reasons, these strategies are better or worse for some individuals.

2.1.6. How happy are people?

Although it might seem pessimistic to conclude that happiness is stable and that it is difficult to become a happier person, the good news is that most people report that they are happy (Diener and Diener, 1996). Happiness studies worldwide show that most people underestimate the level of happiness of other people and consequently rate their own happiness as being higher than neutral, but also that few people place themselves in the highest category of happiness (Myers and Diener, 1996)[13]. Myers and Diener (1996) calibrated data from 916 surveys of 1.1 million people in 45 countries to a scale from 0 to 10 (0 is the low extreme of unhappiness, 5 is the neutral level of happiness and 10 the high extreme of happiness). They found an average happiness level of 6.75

[13] Note that this pattern holds for most concepts related to the self. The average person regards himself or herself as above average in all positive categories related to the self. Thus, most people think they are nicer, more intelligent, etc. than the average person (see for instance, Baumeister, Tice and Hutton, 1989). Thus, most people show narcissistic tendencies to a bigger or smaller extent and men show a stronger pattern than women (Baumeister, 2010). The pattern to report about oneself in positive terms is especially profound in the modern individual and scholars have reported a large increase of narcissism (see Twenge and her colleagues (2008) for more information). Narcissism is defined by grandiose views of personal superiority, an inflated sense of entitlement, low empathy toward others, fantasies of personal greatness, a belief that ordinary people cannot understand one (American Psychiatric Association, 1994).

and could not find a contradicting pattern across age groups, gender or race. The exceptions in their analysis were hospitalized alcoholics, newly incarcerated inmates, new therapy clients, South African blacks under apartheid and students living under political suppression (Diener and Diener, 1996). These same patterns of results were found in the EU barometer of well-being, happiness and life satisfaction (Böhnke, 2005), reporting an average of 7.5 in happiness for the EU countries (scale from 0 to 10). These results are in sharp contrast to the popular lore suggesting that modern people are unhappy and suffer from "ill-health"[14].

Even though happiness is linked with several positive benefits for the individual and most people are moderately happy (above-neutral happiness), the small group of people who score full points on the happiness scale seem to have less positive life outcomes in some areas of life than people who are just slightly less happy. Oishi, Diener and Lucas' (2007) longitudinal data showed that people who experience the highest levels of happiness are the most successful in terms of having close relationships with their loved ones and engaging in volunteer work, but that those who experience slightly lower levels of happiness are the most successful in terms of income, education, and political participation.

2.1.7. Benefits of happiness

More recently, happiness researchers' great interest in happiness stems not only from the fact that happiness is a universal goal for human beings, but also from the mounting evidence suggesting that happiness is a fundamental psychological resource for individuals and society at large (for a meta-analysis, see Lyubomirsky, King and Diener, 2005).

Happy people can be expected to be mentally and physiologically healthier (Howell, Kern and Lyubomirsky, 2007), live longer, be successful in their careers and have satisfying personal relationships (Myers and Diener, 1995). They are also more generous and active citizens than are unhappy people. Happy people are less self-focused, less hostile and abusive (Myers, 2000), as well as more loving, forgiving, trusting, decisive, creative, sociable and helpful than are unhappy people (Myers, 1992). Further, happiness researchers claim, the happy personality is characterized by a social, outgoing personality (extroversion); they possess a sense of mastery over the future (Bandura, 1997; Taylor and Armor, 1996; Taylor and Brown, 1988) and are confident in their own abilities and skills (Kozma and Stones, 1978; Lyubomirsky and Lepper, 1999; Taylor and Brown, 1988). The happy personality is also described as active and energetic and shows low levels of neuroticism (enduring tendency to experience negative emotional states) and is thus emotionally stable and relatively insensitive (DeNeve and Cooper, 1998). Happy people are less self-focused, less hostile and abusive toward other people (Myers, 2000), as well as more loving, forgiving, trusting, decisive, creative, sociable, religious and helpful than are unhappy people (Myers, 1992). Also, happy people are less inclined to engage in substance abuse and risky behavior (Lyubomirsky, King and Diener, 2005).

---

[14] This is not to say that modern life does not have its own downsides. For instance, scholars have reported that people are 10 times more likely to suffer from depression than two generations ago (Seligman, 1988). Thus, it seems that people in general are not less happy than before, but may be more psychologically vulnerable.

Also, empirical evidence suggests that happiness seems to bring positive outcomes for society. According to Tov and Diener (2008) happier countries tend to rank higher on generalized trust and democratic attitudes. Scholars report that happy people are more generous and active citizens than are unhappy people and more likely to be engaged in politics and volunteer work (Oishi, Diener and Lucas, 2007). Happy individuals are more likely to graduate from college, more likely to find a job, more likely to find their job more meaningful, less likely to lose their job, quicker to be re-employed if they do and finally more likely to earn higher incomes (Diener, Nickerson, Lucas, and Sandvik, 2002; Marks and Fleming, 1999; Staw, Sutton, and Pelled, 1994; Verkley and Stolk, 1989).

As happiness brings so many positive outcomes for individuals and society and because happiness is a universal and ultimate goal for people, Diener and his colleagues have long argued for supplemental measurements to gross domestic product (GDP) (see for instance Diener and Seligman (2004) and Diener, Lucas, Schimmack and Helliwell (2008)). In these papers, Diener and his co-authors outline the limitations of economic and social indicators that are currently used to assess the quality of life of nations. For instance, it is proposed that nations should create ongoing assessments of happiness to complement existing economic indicators (e.g. GDP, savings rates, consumer confidence) and social indicators (e.g. crime rates, longevity, rates of infant mortality) used by leaders to make governmental decisions (Diener and Seligman, 2004).

2.1.8. Happiness and marketing

Previous research on happiness has linked it to a number of positive outcomes. However, if happiness is associated with individual and societal benefits, what is the effect of happiness in a marketing context? Recently, positive psychologists have been interested in studying the functional nature of happiness. Although the impact of happiness has been tested in many situations, ranging from interaction with peers (Lyubomirsky and Tucker, 1998) to reactions to being rejected (Lyubomirsky and Ross, 1999), the research focus in these positive psychology studies has been on studying the impact of happiness from a psychological perspective and therefore very few studies exist on the effect of happiness in commercial contexts.

From the literature on happiness in marketing situations, three major research themes can be identified: 1) the relationship between materialistic values and unhappiness, 2) the relationship between donations and happiness, and 3) the relationship between happiness and *type* of purchase. It must be noted that although many of the studies reported here refer to the positive psychology research, they can be argued to capture momentary feelings of happiness (see Ifcher and Zarghamee, 2009, Liu and Aaker, 2008) or beliefs of what brings happiness (see Van Boven, 2005; Van Boven and Gilovich, 2003). When referring to momentary feelings or to beliefs, I will mention it to distinguish these studies from happiness as a trait, as it is conceptualized in this thesis. Measuring happiness as a momentary feeling is problematic because state and trait happiness are different concepts and yield different consequences for people. Empirical evidence suggests that it is not enough to study affective states in order to determine the effects of happiness (see especially work by Lyubomirsky and her colleagues) showing that one's level of happiness generates different consequences when respondents are in positive and negative affective states (see especially Lyubomirsky and Ross, 1999; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker and Kasri, 2001). However, studying people's *beliefs* about what brings them happiness (e.g., asking participants if they think a certain action makes them happier) is also

problematic. For instance, positive psychologists have noted that consumers often consume because they think it will make them happier, but that they rarely attain this goal through their purchase behavior (Kasser and Kanner, 2004; Lyubomirsky, 2001). Thus, the things that people believe will make them happier or deprive them of happiness do not necessarily contribute to their happiness or make them less happy.

2.1.8.1. Happiness and materialism

The first research theme that can be recognized from the literature is the relationship between happiness and materialistic values. Scholars recognize that people often pursue possessions to become happier (Belk, 1984; Ward and Wackman, 1971). In fact, the belief that acquiring possessions makes you happier is commonly a part of the conceptualization of materialism (see for instance Ward and Wackman, 1971). Belk (1984) argues that the reason why possessions and their acquisition are so central to materialists is that they view these as essential to their satisfaction and well-being in life. Further, according to Belk (1984), at the highest level of materialism, possessions are central in a person's life and believed to provide the greatest sources of satisfaction and dissatisfaction. However, empirical evidence suggests that consumption is not a good strategy for pursuing happiness. In their paper on materialism, Richins and Dawson (1992) presented a values-oriented materialism scale comprising three components—acquisition centrality, acquisition as the pursuit of happiness, and possession-defined success. In their validation tests they showed that, in comparison to people scoring low on the materialism scale, high scorers desired a higher level of income, placed greater emphasis on financial security and less on interpersonal relationships. These people preferred to spend more money on themselves and less on others, engaged in fewer voluntary simplicity behaviors and were also less satisfied with their lives. Similarly, scholars report that holding materialistic values, i.e. a system of values and beliefs about the importance of obtaining material possessions, is associated with unhappiness (Belk, 1985; Kasser and Ryan 1993; 1996; Richin and Dawson, 1992; Solberg, Diener and Robinson, 2004)[15]. For instance, Diener and Biswas-Diener (2002) conclude in their study that people who prize material goals more than other values tend to be substantially less happy. Also, Nickerson, Schwarz, Diener and Kahneman's (2003) longitudinal study, which examined the relation between the goal for financial success, attainment of that goal, and satisfaction with various life domains, showed that the goal for financial success has a negative impact on overall life satisfaction, which diminishes as household income increases. The negative consequences of the goal for financial success seemed to be limited to those specific life domains that either concerned relationships with other people or involved income-producing activities, such as one's job; however, satisfaction with two of those life domains was among the strongest predictors of overall life satisfaction in this sample of well-educated respondents in their late 30s. The negative consequences were particularly severe for the domain of family life; the stronger the pursuit of the goal of achieving financial success, the lower the satisfaction with family life, regardless of household income.

Studies on the psychological effects of money as well as consumption when being socially excluded might shed light on understanding the relationship between

[15] Studies have shown that materialism is not only associated with unhappiness but also a wide range of psychological illnesses and problems such as depression, social anxiety, deficit disorder, conduct disorder, paranoia, and narcissism (Kasser and Ryan, 1993; Schroeder and Dugal, 1995).

materialism and unhappiness. Scholars have shown in series of experiments that money works as a social resource and people who have been primed with money feel, for instance, less physical pain and less bad when being socially excluded. This means that being reminded of money makes people feel powerful ("strong" on the PANAS scale) and less vulnerable in difficult situations (see Vohs, Mead and Goode, 2006, 2008; Zhou, Vohs and Baumeister, 2009). These results can be interpreted in two ways. Firstly, materialists might compensate for the lack of social relationships with money because money is a tool that can provide security that people normally get from a social group (note that materialists were most dissatisfied with their social relationships). Another explanation is that materialists steer their attention to money and consumption because these can be seen as tools to become more liked by other people, i.e. by buying fashionable clothing a person might hope to increase his or her chances to be accepted by peers (cf. Mead and her colleagues' discussion (2010)). There is plenty of empirical evidence supporting the latter theory. Mead and her colleagues (2010) showed that social exclusion makes people steer their consumption toward belongingness. For instance, socially excluded people were more likely to buy a product symbolic of group membership, tailor their spending preferences to the preferences of an interaction partner, spend money on unappealing food items favored by a peer, and report being willing to try an illegal drug. Moreover, studies on children and materialism provide additional support for this theory. Mounting research show that materialism is found mostly in children who have problematic relationships at home or among peers (Banerjee and Dittmar, 2008; Flouri, 2003; Goldberg, Gorn, Peracchio and Bamossy, 2003). Thus, a person who is unhappy might steer attention to money and status consumption as a way to deal with their situation, either by 1) increasing the feeling of power in response to loneliness, and/or 2) hoping that money and consumption will foster belongingness with other people. However, scholars have reported that people showing materialistic tendencies are disliked by other people (Van Boven, Campbell and Gilovich, 2010). Thus, in conclusion, materialism and unhappiness might be a negative spiral where an unhappy person strives for money and material possessions to ease suffering but in doing so hurts his or her social relationships.

2.1.8.2. Happiness and spending money on others

The second research theme is the relationship between happiness and spending money on others. Even though there is evidence suggesting that a higher income and to some extent also consumption for oneself do not lead to greater levels of happiness, there is empirical evidence suggesting that spending money on other people is a worthwhile investment when pursuing greater levels of happiness. Dunn, Aknin and Norton (2008) showed that although income is not related to happiness when basic needs are met, it matters more for one's level of happiness *how* income is spent. They found in their study that spending more of one's income on others (charity and gift-giving) predicted greater levels of happiness both cross-sectionally (in a nationally representative survey study) and longitudinally (in a field study of windfall spending). Similar results were obtained in Liu and Aaker's study (2008) on the effects of donating to charity and, like several positive psychology studies, they concluded that the act of giving to others (i.e., charity donations and gift-giving) is tied to reported states of happiness (Dunn, Aknin and Norton, 2008; Harbaugh, Mayr, and Burghart, 2007; Thoits and Hewitt, 2001). More specifically, Liu and Aaker (2008) showed that people who were put into what the authors call "an emotional mindset" by being asked to commit time (versus money in the second condition) donated more money and reported higher levels of happiness

than people who were put in a "value maximization mindset" by being asked to donate money first. However, it should be noted that although Liu and Aaker (2008) refer to the happiness literature, in their study happiness was measured as a belief, i.e. the participants were asked whether they believed that donating money would make them happier.

2.1.8.3. Happiness and type of purchase

Third, lately, scholars have argued that people who wish to invest in happiness ought to allocate their resources on experiences instead of possessions (Carter and Gilovich, 2010; Nicolao, Irwin and Goodman, 2009; Van Boven, 2005; Van Boven and Gilovich, 2003). Van Boven and Gilovich (2003) defined experiential purchases as purchases that are made with the primary intention of acquiring a life experience: an event or series of events that one lives through. Material purchases are those made with the primary intention of acquiring a material good: a tangible object that is kept in one's possession (p. 1194) and they show that people believe that experiences, in contrast to material purchases, are related to happiness. Furthermore, Carter and Gilovich (2010) have extended the findings of Van Boven and Gilovich's (2003) study and examined why experiences are better than material purchases when it comes to promoting happiness. In their experiments they showed that material goods and experiences trigger different behavior in people and that, in contrast to experiences, material goods yield unfavorable comparisons which are not desirable for fostering happiness (see Lyubomirsky and Ross, 1997; 1999 for studies on the relationship between happiness and comparisons). More specifically, in their experiments, Carter and Gilovich (2010) showed that in comparison to experiences, people are more likely to ruminate about unchosen material options, i.e. dwell about whether the good they purchased was a wise choice[16]. Also, they showed that individuals tend to maximize when selecting material goods but satisfice when selecting experiences. Moreover, participants examined unchosen material goods more than unchosen experiential purchases and that participants' satisfaction with their material possessions was undermined by comparisons to other available options in terms of price and the purchases of other people. Thus, the authors conclude that in comparison to material goods, experiential purchases are easier to make and yield less negative comparisons and therefore foster happiness.

Lately, marketing scholars have affirmed Van Boven and Gilovich's (2003) findings that experiences are better than material goods if one desires to pursue happiness, but showed that the results are limited to positive purchases (Nicolao, Irwin and Goodman, 2009). Nicolao and his colleagues (2009) found that for negative purchases (negative outcome), experiences have no advantage over material goods, and that sometimes material purchases even induce more happiness than do experiences, counter to the "experience recommendation". Furthermore, they showed that people adapt more slowly to experiential purchases and that adaptation leads to both lower (for negative purchases) and higher (for positive purchases) levels of retrospective happiness for experiential versus material purchases.

---

[16] This is an interesting finding in the light of the results from Lyubomirsky and Ross' (1999) work, showing that unhappy people habitually ruminated about all types of choices they make. Also, see Barry Schwartz's (2004) bestseller "The Paradox of Choice: Why More is Less" where he presents a good summary of psychology research showing that the numerous choices people, or consumers, face in modern society make them less happy. The central thesis of the book is the paradox that humans approach freedom in terms of choice but that choice can also generate negative consequences for well-being.

In the theoretical section of his paper, Van Boven (2005) provides interesting arguments for why immaterial services might promote happiness while material goods do not. He argues that there are at least three reasons why experiences are more gratifying for one's happiness than material purchases: 1) experiences are more prone to positive reinterpretations than material goods; 2), experiences suffer less from disadvantageous comparisons; and 3) experiences are more likely to foster successful social relationships. Firstly, Van Boven argues that an experience is more likely to also provide people with pleasure in retrospect, in terms of memories and stories about the experience that are shared with other people. Also, he proposes that the retrospective pleasure of an experience is likely to increase with time as a person's memory of an experience can be sharpened, leveled, and "spun" so that the experience seems better in retrospect than it actually was (Mitchell, Thompson, Peterson, and Cronk, 1997). This seems to be less true for material goods, Van Boven argues. Positive psychologists have shown that people adapt quickly to material advances (so-called hedonic adaptation), and therefore goods fail to provide enduring pleasure (Brickman, Coates, and Janoff-Bulman, 1978; Frederick and Loewenstein, 1999) and similar results have been obtained by marketing researchers showing that consumers adapt more quickly to material goods than experiences (Nicolao, Irwin and Goodman, 2009). Further, Van Boven (2005) argues that one important reason why experiences improve more with time than material possessions do is that experiences are more open to favorable abstract construals than material possessions. He gives an example of visiting a museum, which in terms of learning provides more favorable higher-level meanings (e.g., "learning" or "becoming cultured") than a new shirt. Research has shown that people tend to construe objects in terms of their higher-level features when adopting a temporally distant perspective but tend to construe them in terms of lower-level features when adopting a temporally proximal perspective (Trope and Liberman, 2003).

Secondly, in his review Van Boven (2005) describes findings by social scientists showing that social comparisons can diminish the subjective value of objectively positive events (Easterlin, 1995) and argues that people are more likely to compare material goods than they are likely to compare experiences. For instance, buying a new apartment, car or a computer might not provide much pleasure when other people live in bigger apartments in fancier neighborhoods, drive nicer cars or have cooler computers. In contrast to material goods, Van Boven argues that experiences seem resistant to social comparisons. These arguments have received empirical support in the studies of Carter and Gilovich (2010). Thirdly, Van Boven (2005) argues that experiences often involve a social aspect in that people experience things together, which is important for maintaining social relationships.

Without disregarding the contribution of these studies, at least two limitations can be found in these works. Firstly, the distinction between experiential and material goods is problematic and not necessarily clear-cut. Experiences have been conceptualized in different manners by marketing scholars, but more recently it has been a central concept of a more philosophical view of marketing, the so-called service-dominant logic (see Vargo and Lusch, 2004; 2008ab). The basic idea of this view is that market resources, be they goods or services, are fundamentally vehicles for consumers' experiences (Edvardsson, Gustafsson and Roos, 2005; Grönroos, 2006; 2008; Sandström, Edvardsson, Kristensson and Magnusson, 2008; Vargo and Lusch 2004; 2008ab). Thus, consumers do not buy products in order to *have* them, but because of what they can *do* with them (Grönroos, 2008). For instance, a consumer buying a car does not necessarily buy the car solely to own it, or for transportation, but also, for instance, the experience and pleasure of driving it or simply to show off. Further,

immaterial services, like expensive holiday trips or a household help, might also trigger social comparisons in the same way as material goods. Thus clearer definitions and more empirical evidence are needed to understand why and to what extent people associate less happiness with material goods than with non-material services.

The second limitation concerns the drawing of conclusions from the conducted studies. For instance, in his study, Van Boven (2005) asked the respondents to express how much happiness they associate with "an experience" or with a purchase. The findings showed that people associated happiness with experiences to a larger extent than material goods, which led Van Boven (2005) to conclude that experiences can increase happiness whereas material goods do not. This conclusion is problematic because it assumes that people's *beliefs* about what fosters their happiness actually make them happier. This might not necessarily be the case. We know that people pursue things in order to be happier even though these activities have proven poor for fostering happiness (Belk, 1985; Kasser and Ryan, 1993; 1996; Richin and Dawson, 1992; Solberg, Diener and Robinson, 2004). Also, this measurement is likely to capture momentary feelings of happiness and not overall happiness.

On the basis of these arguments on the interrelationships between material and immaterial resources and happiness, one might conclude that there are some interesting propositions in terms of the potential of marketing activities to promote consumer happiness. Consumers who are interested in boosting their happiness are recommended to engage in consumption that promotes positive interpretations, provides deeper meaning, is relevant to the self and forms into positive memories. Consumers should avoid comparing their purchases with others and engage in consumption that promotes interpersonal relationships. It also seems that material goods and experiences may trigger different kinds of psychological mechanisms and shape consumer experiences differently. However, empirical evidence is needed to draw conclusions concerning these relationships. Recommendations for future research are presented in Chapter 6.

2.1.8.4. Concluding remarks on happiness studies in marketing contexts

Three other studies on happiness have been conducted in a marketing context. Firstly, Mogilner, Kamvar and Aaker's working paper (2010) describes the meaning that people ascribe to happiness. In their research, they examined 12 million personal blogs, conducted three national surveys, and two experiments. They show that the meaning of happiness shifts as people age: Whereas younger people are more likely to associate happiness with excitement, older people are more likely to associate happiness with feeling peaceful. Mogilner, Kamvar and Aaker (2010) argue that this change is driven by increasing feelings of connectedness (to others and to the present moment) as one ages. Their research shows that the meaning of happiness is neither idiosyncratic nor singular and stable. Rather, happiness exhibits a predictable regularity, its meaning is dynamic over the life course, and the different meanings of happiness are malleable and drive behavior. Furthermore, they show that the meaning of happiness guides people's consumption behavior so that people in a certain age like to consume certain types of products and services that they think will increase their happiness. Thus, it is safe to say that people mistakenly think that they know what makes them happy and thus steer their consumption to reach the goal that they think will make them happy, whatever that may be. Thus, this study shows that what people think will make them happy has a major influence on their consumption. Secondly, Ifcher and Zarghamee

(2009) claim in their working paper that happiness significantly decreases myopia[17]. These results indicate that happy people are less likely to indulge in overconsumption. However, in this study, happiness was measured as a momentary state of happiness, although the authors conclude that the results hold also for happiness as a trait. For the reasons described previously, results obtained for affective states do not necessarily hold for happiness as a trait. Thirdly, Pan, Zinkhan and Sheng (2007) studied happiness from a macromarketing perspective and demonstrated that marketing activities were partly related to subjective wellbeing in developing countries.

Summarizing the research, one can conclude that research attention has been devoted to understanding the relationship between happiness and materialistic values, showing that people who hold materialistic values also belong to the unhappiest group of people. Also, researchers have linked happiness to spending money on others as well as tried to link happiness with type of purchase. These studies have taken the perspective of consumer welfare at the marketplace, i.e. asked what marketing can do to promote consumer happiness and not focused on studying the possible relationship between happiness and service evaluation. Moreover, the perspective of these studies has been to study the effects of marketing activities on happiness. However, as happiness has been found to be functional, the causality between happiness and various marketing activities can be questioned. For instance, are materialistic people unhappy because they are materialistic, or are they materialistic because they are unhappy? As was suggested earlier, I theorize that materialists are likely to approach wealth and affiliation as a response to their unhappiness but that materialism also feeds unhappiness[18].

Also, empirical evidence from the positive psychology literature suggests that it is the level of happiness that generates outcomes. For instance, Lyubomirsky and Ross (1997) showed in their study that in comparison to happy individuals, unhappy people make unfavorable social comparisons, i.e. they were not happy about their own success if they knew that someone else performed better at a task. Also, in another study, it was shown that in comparison to happy people, unhappy individuals tend to dwell about all kinds of choices they make (Lyubomirsky and Ross, 1999). This means that unhappy people are prone to make unfavorable comparisons and that it is likely that unhappy people also make unfavorable comparisons at the marketplace, e.g. dwell about whether a product is good enough and compare it to the products of others, while happy consumers can be expected to be satisfied with their choices. Also, it can be noted that the conceptualization of happiness as well as the measures differ between studies; therefore, care should be taken to compare the results and draw conclusions for long-term happiness.

[17] Myopia refers to nearsightedness. This means that happy people are more likely to view events from a bigger (and longer-term) perspective. Compare Labroo and Patrick (2009) for the same effect on state-happiness.

[18] Note that people can be alone for two different reasons. They can choose to be alone and they can be excluded by others and these two reasons for loneliness might have different psychological effects on people. Nevertheless, vast empirical evidence suggests that humans are strongly, deeply and basically programmed to connect with other and belonging is not only a want but a need. People who are alone (for whatever reason), generally suffer both psychologically and physiologically (see the influential article on the topic by Baumeister and Leary, 1995; see also Baumeister and Sommer, 1997). Therefore, it is fair to expect that the same results are likely to hold for both types of loneliness.

2.1.9. Critical remarks on the happiness literature

Happiness, optimism and all kinds of positive thinking methods have more recently received great public popularity, and therefore I find it appropriate to comment both on this movement and the criticism toward the positive psychology research. Happiness, wellness, optimism and their ilk have been highly commercialized, especially in the United States, and there is a booming market for books, courses, videos by self-proclaimed experts and consultants on everything from inner peace and positive energy flow to sun greetings – all with the ultimate goal of making people happier. In her book *Smile or Die*, Barbara Ehrenreich (2009) criticizes what she calls the "cult of positive thinking in America". The main argument of her book is that a culture of positive thinking generates negative consequences for people in contexts where it is not appropriate, as it leads to suppressing bad feelings and not exercising good judgment – and ultimately makes people unhappier[19]. One chapter of her book is dedicated to the positive psychology research. Her main critique against positive psychology research is her claim that some positive psychology researchers fail to separate science from the popular positive thinking "cult". More specifically, the happiness concept is publicly interesting when the story of happiness, optimism and positive thinking supports the popular ideas of the greatness of happiness. For reasons of clarity, I will reflect on two types of critique against the positive psychology movement, 1) its dichotomous approach to happiness and 2) its emphasis on the positive and downplay of the negative.

Dichotomous approach to happiness. I recognize Ehrenreich's (2009) critique that, due to the popularity of the positive thinking and happiness movement, there is a risk that the happiness concept is linked to all sorts of positive outcomes without critical scrutiny. More specifically, happiness seems more attractive when the research is focused on the positive outcomes of happiness instead of a more balanced view where researchers also recognize the negative consequences of happiness and benefits of unhappiness, or lack of effects. Moreover, since editors are reluctant to publish null hypotheses – Hubbard and Armstrong (1992) argue for this of marketing and the psychology literature is probably not much different – it is pure speculation whether the rejection of null hypotheses for publication has biased the picture of happiness. My concern with the positive psychology literature is its dichotomous approach to happiness, that is, happiness, unhappiness and related concepts are categorized as either good or bad. As with most things, the consequences of happiness might not be one-sided.

In my view, the "positive thinking cult" described by Ehrenreich is likely to be a symptom of a much broader phenomenon than she argues in her book. The interest and glorification of happiness is likely to stem from the general core value of the modern western society – the cultivation and glorification of the self. Even though psychologists rarely speak of paradigms and research philosophies, the interest in happiness is in line with a research paradigm of the self. There is plenty of evidence for a large shift in the core values of western society, where values of putting religion (will of a God, moral standards etc.) and the community before the needs and wants of oneself has shifted toward putting oneself before others (for detailed argumentation of the self as a core value in the modern western society see the collective work of Baumeister, especially 1986 and 1991 (Chapter 5, p. 77-115), as well as Bellah and his colleagues (1985)). The core assumption in society and among psychology researchers

[19] Ehrenreich (2009) points to studies showing that the US population, despite the positive thinking culture, scores relatively low on happiness in contrast to supposedly gloomier cultures, such as the Finnish.

alike is that the recipe for a good life is to improve the self, increase self-esteem, "understand oneself", follow impulses ("not suppressing oneself") and be "true to oneself" (see Lasch (1978; 1991) for more information on what he calls a "culture of narcissism"; see also Twenge and Campbell (2009) for similar claims and empirical findings)[20]. Wallach and Wallach (1983) criticize psychology research for buying into the popular belief of the goodness of the self; according to them, psychology scholars give legitimacy of selfishness by treating assertiveness as a sign of mental health and treating personal gratification as a goal and proof of proper adjustment. They argue that the mainstream psychology literature is biased in this respect when it uncritically signs up to these assumptions and that this paradigm has harmed both the society at large and individual people. Without taking a position on the goodness and badness of this paradigm, evidence suggests that it exists and that it has consequences. Thus, in a culture where the self serves as the core value and the greatness of the self serves as a research paradigm, it is no wonder that happiness is given the attention that it currently enjoys.

This approach and paradigm is a pity, because if we want to understand happiness and its consequences, the positive psychology concepts should be investigated critically. Therefore, more nuanced research on happiness is both called for and welcomed. For instance, a careful investigation of the literature reveals many interesting paradoxes about happiness. As an example, the positive psychology literature provides a picture of happy people as "good" people; e.g. they are self-confident, active, have successful careers and yet they are generous, less self-focused, less hostile and abusive (Myers, 2000), as well as more loving, forgiving, trusting, decisive, creative, sociable and helpful than are unhappy people (Myers, 1992). However, in light of research on self-esteem – e.g. self-confidence, which is found to be especially high in happy people – these positive findings seem contradictory. The social psychologist Roy Baumeister has long warned of the negative side-effects of what he calls "worship of self-esteem" in western society, arguing that it fosters selfishness and causes interpersonal violence (see the collective work of Baumeister on self-esteem)[21]. In his book on human evil, Baumeister (1997) reviews what causes people to be violent and cruel to each other. From his review of the literature, he concludes that high self-esteem is an important and common cause of violence and cruelty. He claims, contrary to popular belief, that people who think highly of themselves will exploit others and will attack someone who does not show them the respect they think they deserve. In their article on violence and aggression, Baumeister and his colleagues (1996, p. 5) conclude that: *In our view, the benefits of favorable self-opinions accrue primarily to the self, and they are if anything a burden and potential problem to everyone else.* Considering that happiness is strongly correlated to self-esteem (.4 to .6 and many times researchers even fail to find discriminant validity between the concepts, see Lyubomirsky, Tkach and Dimatteo's (2005) literature review for more information), that many of the happiness boosting exercises strive to boost self-esteem and that happy people tend to attune the positive to themselves and blame the negative on others – the happy individual does not necessarily seem to fit the picture of an all-around wonderful person but rather that of an, to put it bluntly, egocentric narcissist in line with the modern ideal.

---

[20] This proposition sounds like a cliché, but is supported by empirical evidence. Twenge and Campbell (2009) report that in data of 37 000 college students, narcissistic personality traits rose just as fast as obesity from the 80s to the present, with the shift especially pronounced for women. Narcissism has accelerated in the 2000s and by 2006, 1 out of 4 students agreed with the majority of the items on a standard measure of narcissistic traits. Moreover, 1 out of 10 college students and 1 out of 16 adults fit the criteria of a Narcissistic Personality Disorder.

[21] See Baumeister, Campbell, Kreuger and Vohs' (2003) article for a review of the pros and cons of self-esteem.

Nevertheless, it is not suggested here that happiness leads to violence and increased narcissistic tendencies and it is beyond the scope of this thesis to analyze these contradictions[22]. Rather, the purpose is to point out that contradictions exist and that the interest for happiness is likely to stem from a paradigm of the goodness of the self. The purpose is to suggest that there might be downsides to happiness and that the same antecedents fostering happiness might also detract from it. It is remarkable that happiness, which is described as leading to all sorts of positive outcomes, correlates so strongly with self-esteem – a concept that has been shown not to correlate with any other positive outcomes, except for just personal happiness and willingness to speak up in groups and openly criticize a group[23]. Furthermore, happiness, self-esteem and the ilk might not always bring out the best in people (especially in relation to others). For instance, Baumeister (1991) suggests that the attitude to value the rights of the individual above the community's best interest might contribute to high levels of happiness as it contributes to individual freedom and deters tyranny. But it also, according to Baumeister, promotes selfishness, violence, along with oppression and individual forms of evil which leads to increased human suffering.

The imbalance of the literature and the focus on the positive outcomes of happiness has to some extent been recognized by the positive psychology research movement. For instance, with regard to directions for future studies, Lyubomirsky, King and Diener (2005) call for more research on the possible positive outcomes of unhappiness, clearly recognizing a need for a more holistic view of happiness. More recently, Oisihi, Diener and Lucas (2007) devoted an article to study the very small group of people who report the highest level of happiness. They reviewed research suggesting that the happiest group of people suffer many disadvantages, such as earlier death due to increased risk taking. They found that the happiest group of people is most successful in terms of personal relationships and volunteer work, but people who are slightly less happy are more successful in their work, income and political participation.

Emphasis on the positive. The second type of critique against the positive psychology literature is that it focuses on the positive and downplays the negative. It should be noted that the positive psychology literature does not advocate unlimited cheerfulness as a recipe for a happy life as pictured by Ehrenreich (2009). Rather, Diener and his colleagues (2009) argue that a balanced and well-functioning person ought to experience all sorts of emotions but that excess of either valence is bad. Diener, Napa Scollon and Lucas (2009, p.86) write: *A person who can only feel happy would not be able to avoid danger or other bad situations; such a person would be overly expansive and take on new goals even when it is not appropriate. This kind of behavior can at best be seen in manics. In extreme form, manics start more projects than they can finish, and they do not exercise caution and good judgment in planning. This is not the picture of happiness we are advancing. Happiness is not to be equated with mania or interrupted ecstasy. Instead, the adaptable happy person should have moods that fluctuate to some degree in reaction to good and bad events*. Diener and his colleagues (2009) base their view on evidence showing that happiness is associated with the

[22] Scholars who are interested in this paradox are advised to read articles on the heterogeneity of self-esteem. Scholars report that in normal populations, scores on the Narcissistic Personality Inventory (Raskin and Hall, 1981) correlate substantially with self-esteem (see Sinha and Krueger, 1998). However, empirical evidence suggests that there is great heterogeneity of high self-esteem, some people with high self-esteem are not narcissistic, whereas others are and that the reverse is not true (Baumeister, Campell, Kreuger and Vohs, 2003). This means that there are very few narcissists with low self-esteem. Thus, heterogeneity in high self-esteem and heterogeneity in high happiness might be the place to start when trying to resolve this paradox.

[23] Readers who are interested in a detailed review of the effects of self-esteem on a range of different domains are advised to consult Baumeister, Campell, Kreuger and Vohs' (2003) article.

propensity to experience frequent positive emotions and infrequent negative emotions but *not intensity* of positive emotions (Larsen, Diener and Emmons, 1986; Diener, Sandvik and Pavot, 1991; Schimmack and Diener, 1997). Diener and Larsen (1984) found that although people have stable and consistent average moods, their momentary moods fluctuated. Thus, prominent happiness researchers do not suggest that happiness is about always staying in a positive mood and reacting positively to everything. Rather, they claim that both positive and negative affect are a part of a happy and functional life, but that the average mood should be positive.

The most common critique against the happiness research is that positive psychology research ignores the negatives in life, claiming that it fosters a so-called "Pollyanna attitude" on life that can be harmful for humans (Lazarus, 2003). The so-called Pollyanna principle describes a tendency for people to focus on the positive and not acknowledge the negative (Dember and Penwell, 1980; Matlin and Stang, 1978). This critique can also be found in Ehrenreich's (2009) book, where the underlying idea is that the happiness "cult" encourages people to shift their focus from the harsh reality to live in an illusion and that positive thinking is serious self-deception. Kesebir and Diener (2008) answer this critique by arguing that often one solution to problems – and in some cases the most effective one – is to build on the positive rather than directly work on the problem. Therefore, Kesebir and Diener claim, positive psychologists do not ignore what is negative in the human condition but approach solving problems from a different perspective than is traditional in the psychology literature.

Moreover, perhaps the strongest argument in favor of fostering and focusing on the positive can be found by investigating the main assumption of the critics. Lazarus' (2003) and Ehrenreich's (2009) critiques are based upon the assumption that it is bad for people to have positive illusions and good to be realistic. This assumption makes logical sense but is not supported by empirical evidence. Firstly, studies show that holding positive illusions about oneself and one's future are very common, indicating that they are likely to be a part of the psychological nature of humans. For instance, scholars have shown that people systematically overestimate their own abilities and qualities, their own control over events and the odds that good things will happen to them and bad things will not (Taylor and Brown, 1988). Secondly, holding positive illusions is most common for happy, healthy and well-adjusted people. Studies have found that, in contrast to the popular lore, depressed people do not hold overly negative illusions, but rather they have an accurate and balanced view of themselves and their surroundings (Alloy and Abramson, 1979; Lewinsohn, Mischel, Chaplin and Barton, 1980). Thus, the empirical evidence suggests that holding positive illusions is a natural part of a happy and balanced life, whereas holding accurate views is a sign of ill-health and misery. In light of these findings, arguments to help people to hold accurate views and discourage positive and overoptimistic thinking are ill-advised[24].

Concluding this discussion, it is recognized here that happiness research should be both balanced and guided by observed facts and not by what fits into the popular story of

[24] This critique is likely to stem from the popular lore that a person should not "suppress" negative feelings and thoughts (probably Freudian heritage). However, there is no empirical evidence that "suppressed" feelings would accumulate inside a person or that not acting upon negative feelings and thoughts would generate negative consequences (cf., Tavris, 1982). On the contrary, psychology scholars today argue that acting upon emotional impulses produces negative outcomes (see for instance work on self-destructive behavior) and rather encourages people to control the self and its impulses (see the colleactive work of for instance Baumeister and Vohs).

happiness. It is likely that the interest in happiness stems from the paradigm of glorification of the self and therefore it steers people to think about it in dichotomously positive terms. However, Ehrenreich's (2009) and others' critiques against the positive psychology literature for promoting positive illusions seem poorly justified in the light of research findings suggesting that fostering self-esteem and positive illusions about oneself has a positive impact on happiness. Also, looking at most of the popular happiness books, their common recipe is to promote self-esteem and positive illusions. In light of the evidence presented here, if the purpose is to promote happiness, the critique against the "cult" of positive thinking is unjustified. However, having said that, it should also be noted that happiness and the paradigm of selfhood might not come without negative side-effects.

2.1.10. Summary of the review on happiness

Summarizing the literature, it can be concluded that happiness is conceptualized as people's overall evaluations of their lives and as such is stable across time and situations and thus differs from conceptualizations of affective states that are commonly applied in the marketing literature. However, although I recognize that controversy exists about the ability to influence happiness, the literature also provides evidence that by actively engaging in habits and certain activities people can contribute to their happiness. Applying the same logic, it can be expected that habitually engaging in consumption activities, such as focusing much attention on prosperity and constantly comparing property, might deprive people of happiness. Moreover, empirical evidence from data across cultures shows that most people classify themselves as happy and consequently rate their own happiness as being higher than neutral, but also that few people place themselves in the absolute highest category of happiness.

In this review, I presented evidence suggesting that happiness is to a large extent functional. This means that happiness as a trait generates consequences for behavior and outcomes in life. It was shown that happiness is not only a universal goal for human beings, but also that happiness generates positive consequences for individuals and society at large and therefore investing in happiness is worthwhile (Lyubomirsky, King and Diener, 2005). However, even though happiness has been studied in these contexts, we do not know whether consumers' levels of happiness generate positive effects on service evaluation. Happiness studies on marketing situations are scarce. These studies have taken the perspective of consumer welfare at the marketplace, i.e. asked what marketers can do to promote consumer happiness, and have not focused on studying the possible relationship between happiness and service evaluation.

2.2. Mood

In Figure 1 at the beginning of this chapter, mood is proposed as one of the core concepts of this thesis. More specifically, the model proposes that mood mediates the relationship between happiness and service quality. Happiness is related to mood as happy people are prone to experience frequent positive affect and infrequent negative affect (Lyubomirsky, King and Diener, 2005) but happiness is distinguished from mood as mood is a temporal state while happiness is conceptualized as being long lasting and stable (Costa, McCrae and Zonderman, 1987; Diener, 1994; Diener, Suh, Lucas and Smith, 1999). This means that it is proposed that happy customers are more likely to be

in a good mood and therefore also have a better perception of service quality than customers who are less happy.

Marketing scholars have devoted much research attention to understanding the effects of affective states, feelings, mood and its conceptual sibling, emotions, in a wide range of marketing situations. As Luomala and Laaksonen (2000) point out in their conceptual analysis of the term, many phenomena are described under the term mood: emotions, affect, feelings, attitudes, hedonism, experiences and twinges of liking or disliking. Although the marketing literature has studied mood and its influences on important marketing concepts, few scholars have provided a definition of mood (Luomala and Laaksonen, 2000). This is a problem because the other used concepts do not necessarily refer to the same phenomena; they have neither the same processes nor the same effects on evaluation and behavior at the marketplace. This makes the review process of affect, or affective states, in marketing literature difficult[25]. Thus, it is necessary to review how mood has been conceptualized and compare it with the affective measures used in different studies. Luomala and Laaksonen (2000) did an extensive review on the conceptualization of mood in marketing as well as psychology, which I will report in this section. However, Luomala and Laaksonen's (2000) review was limited to a theoretical conceptualization of mood and did not take into account the used measurements. Understanding how mood has been measured is especially relevant as two of the findings of Luomala and Laaksonen's (2000) review was that the term mood has been used interchangeably with other affective concepts and that scholars seldom define affect concepts. In order to be able to review the literature and assess the effects of mood on evaluation, it is necessary to determine what actually has been studied. In other words, are the measures in congruence with the definition of mood? For this purpose, a review was performed on affect studies in marketing. The review revealed that this is often not the case, making it difficult to compare studies and determine, for example, the effect of mood on service quality. These problems will be discussed, while it should be noted that it is not the focus of this thesis to solve these measurement problems but rather to point them out and suggest a need for further research on the subject in future studies.

In this section, I will start by discussing the conceptualization of mood based on extant literature. Then I will show that affect, mood, emotion and feelings have been measured in the same way. Based on previous research I will propose a definition of mood that will be used in this thesis.

---

[25] Note that in this thesis, I use affect as an umbrella term for mood, emotions and feelings. I recognize that others have used it differently. Baumeister and his colleagues (2007; 2009) distinguish between two different types of psychological phenomena in the literature. Their focus lies on what they call emotions and mood that are conscious feeling states. A person normally has one at a time and they are often characterized by a bodily response, such as physiological arousal. These states are qualitatively different, such as fear, anger, jealousy, joy, surprise, anger, disgust, and many more. Furthermore, these states tend to be slow to arise and slow to dissipate. These states, Baumeister and his colleagues argue (2007; 2009), are distinguished from automatic affect, which is possibly far more common than full-blown emotions but perhaps less frequently recognized. For reasons of clarity, I will use the term "automatic affect" to distinguish it from affect. Automatic affect can be subtle, possibly not even conscious and is likely to operate through the automatic system. Automatic affective reactions are activated quickly and may come (and go) within a fraction of a second. Because these are linked by simple associations, and a person may have multiple associations, a person may have several affective reactions at the same time. They may not be as differentiated as conscious emotions, and in some views affects are simply on a single dimension of positive to negative, although some recent work has begun to suggest that even nonconscious affective reactions fall into various distinct categories that are demonstrably different (Ruys and Stapel, 2008). Thus, it is very likely that the affective states captured in common measurements of affect, such as PANAS, are conscious feelings and not automatic affect.

2.2.1. Conceptual arguments for the nature of mood

In their thorough conceptual analysis of mood, Luomala and Laaksonen (2000) found great heterogeneity in definitions of mood. Luomala and Laaksonen (2000) reviewed both the psychology and the marketing literature and identified two main views on mood within the literatures – the backdrop view and the motivational view.

The *backdrop view* on mood refers to the assumption that people seldom experience moods consciously and thus moods are postulated to have the characteristic of a background, a formless backdrop against which people experience events (Luomala and Laaksonen, 2000). Because moods are backdrops, researchers defining mood within this category believe that mood, in contrast to emotions, does not interrupt ongoing activities and behaviors (Isen, 1984; Gardner, 1985; Sedikides, 1992). However, even though people are not conscious of their moods, those adopting this view still argue that moods influence everyday human lives. Thus, moods influence what is recalled from the past, how events are perceived in the present and what we expect of the future. Researchers having a backdrop view on mood do not consider the origin of moods interesting as moods operate unconsciously in the mind of the individual (Clark and Isen, 1982; Isen, 1984). Following the line of thought that moods operate unconsciously, researchers adopting the backdrop view argue that mood has a relatively low intensity level in contrast to emotions (Batra and Ray, 1986; Clark and Isen, 1982; Pieters and van Raaij, 1988).

The *motivational* view of moods refers to the assumption that people are conscious of their mood experiences (Luomala and Laaksonen, 2000), which is a claim that receives strong support in psychology studies (Morris, 1989). This view holds that moods and emotions provide humans with information about their state of being (Forgas, 1995; Frijda, 1988; Schwartz and Clore, 1988). Positive mood signals that everything is fine while a negative mood signals that there is a problem that the individual needs to attend to. This view is also related to strategies outlined in the affect infusion model (AIM; Forgas, 1994, 1995), in which affect infusion is highly likely to occur. Affect infusion refers to the process whereby affectively loaded information influences and becomes part of the judgmental process, entering the person's constructive thought process and eventually coloring the judgmental outcome (Forgas, 1995, p. 39). AIM is a cognitively oriented approach for describing the role of affect in judgment processes. AIM suggests that the constructive, generative nature of most judgments is critical for affect infusion to occur (Fiedler, 1991).

Although both the backdrop and the motivational view of mood recognize that mood is target unspecific, the motivational view emphasizes that mood is stimulus specific. Even though people are not always aware of the real reasons for their mood, they are still likely to interpret their mood states and speculate about their origins (Luomala and Laaksonen, 2000). In contrast to the backdrop view of mood, the motivational mood view assumes that the purpose of moods is to motivate the individual, as moods are at least moderate in their intensity level (Isen, 1984). Also, in contrast to the backdrop view of mood, the motivational view of mood assumes that moods are less transient because they are in the individual's focal attention. For instance, Morris (1989) argues that intensity and duration of moods are correlated, such that the most intense moods last for a day while low intense moods last only a short while. In contrast to the backdrop view, the motivational view of moods recognizes that moods are at least

moderately mediated by cognition (Derbaix and Pham, 1991)[26]. The weakness of this view is that the line between emotion and mood is difficult to draw (Bagozzi, Gopinath and Nyer, 1999).

Summarizing the literature on the concept of mood, one can conclude that the literature suggests that mood can be distinguished from emotions by being lower in intensity levels and longer lasting in duration than emotions. Also, it has been suggested that emotions and moods are distinguished on the basis of whether a person knows what has caused the state. Emotions are suggested to be a response directed at a specific stimulus whereas moods can be felt without any specific explanation. As the marketing literature has used the terms interchangeably and scholars seldom provide definitions of their affect concepts, it is important to study how mood has been measured in order to be able to assess what has actually been studied. If mood is conceptualized as relatively long-lasting in duration and comparably less intense than emotions, these distinctive characteristics should also be reflected in the mood measures. Due to the vast number of articles on affect, the literature search was narrowly focused on articles in the *Journal of Consumer Research* and *Journal of Marketing*, which are generally acknowledged to be the most prestigious and influential marketing journals. Moreover, *Journal of Consumer Research* is the most influential journal devoted to psychological phenomena at the marketplace (here mood, emotion and affect studies) and can therefore be seen as representative of the general mainstream of mood studies in marketing. The articles included in the review were chosen on the premise of studying emotion, mood or affect. A total of 103 marketing studies were identified and included in the review. The most important findings are summarized next.

2.2.2. Affect measures in marketing

Two observations can be made from the literature review: 1) great heterogeneity exists between measures in terms of the items used to capture affective states, and 2) no dissimilarity exists between the measurements of affect concepts in terms of the nature of affect, i.e. intensity and duration. More specifically, the measures used to study mood, emotion and affect show few dissimilarities, indicating that regardless of conceptualization, empirically the same concept has been measured. The third observation is that 3) mood, conceptualized as being relatively long-lasting and low in intensity, has not been measured as such in any of the reviewed articles. The literature review confirmed Luomala and Laaksonen's (2000) findings that the terms mood and emotion are often used interchangeably and therefore one might not expect bigger differences in the measurements (see for instance, Labroo and Mukhopadhyay, 2009).

Firstly, the review shows that great heterogeneity exists in terms of the items used when measuring affective states. More specifically, the scales used to measure affective

[26] Please note that arousal and intensity of mood is commonly included within most mood models. There is a consensus that a psychological barrier exists between pleasant and unpleasant moods, meaning that people can separate positive and negative affect. Scholars have also suggested that affect is two-dimensional, where in addition to the pleasant-unpleasant dimension, an arousal-sleepiness dimension is proposed. Watson and Tellegen (1985) call this high negative/positive affect, Russel and Pratt (1980) engagement/disengagement and Larsen and Diener (1992) high/low activation. According to these models, some moods are more prone to be felt stronger while others might go almost unnoticed. However, there is also evidence suggesting that arousal as such triggers the intensity of mood. Scholars have reported that a person injected with adrenaline can have an unusually strong affective reaction to a stimulus (Schachter and Singer, 1962; Zillman, 1993).

states in marketing comprise very different items measuring affect. Following the argument that qualitatively different affective states trigger different types of behavior (for instance, Bosmans and Baumgartner, 2005) it is common for scholars to measure qualitatively different states, e.g. study an angry and sad mood versus a simply negative mood (see for instance, Peck and Wiggings, 2006; Brown, Cron and Slocum, 1997; Roehm and Sternthal, 2001; Labroo and Ramanathan, 2007)[27]. As an example, Raghunathan, Pham and Corfman (2006) showed that anxiety triggered preferences for options that were safer or enhanced one's sense of control, whereas sadness triggered preferences for options that provided greater reward, comfort, or indulgence[28]. As qualitatively different moods generate different consequences, marketing scholars often employ PANAS (positive and negative affect scale) (Aaker, Drolet and Griffin, 2008; Andrade and Cohen, 2007; Dube and Morgan, 1996; Vohs and Faber, 2007)[29]. Moreover, scholars have reported that it is difficult to distinguish qualitatively affective states as these states easily blend into each other. Scholars have reported that when asked about their current moods, people often mention several states of the same valence, e.g. happy, cheerful and excited (Diener, Larsen, Levine and Emmons, 1985).

However, more commonly, marketing scholars tailor the scales so they will fit the specific research purposes, thus generating very different scales measuring affective states (see for instance Dube and Morgan, 1996; Wagner, Hennig-Thureau and Rudolph, 2009). Usually, scholars only include a few affective states that they intuitively expect to find in specific contexts (see for instance Cohen and Andrade, 2004; Howard and Gengler, 2001; Pham, 1998). For instance, Wagner and his colleagues (2009) studied the effect of customers being degraded in loyalty programs on their loyalty intentions. In this case, the authors were interested in studying negative mood and asked participants to indicate how "angry", "irritated", "frustrated" and "annoyed" they were feeling (Wagner, Hennig-Thureau and Rudolph, 2009). Also, Bagozzi and Moore (1994) studied public service ads designed to reduce child abuse and focused on a model comprising negative emotions (for instance, anger, sadness, fear, tension, and empathic reactions) and their effect on decisions to help. Moreover, since affective states often blend these scales may not always comprise real "emotions" or "moods". It is beyond the scope of this thesis to discuss the extent to which research using different measurement items can be compared. Suggestions for scholars who are interested in exploring these differences further are provided in the future research section.

Secondly, even though the measures differ in terms of scale items, it is more important to understand the nature of the concept(s) that has/have been studied. More specifically, does the marketing literature separate between measures comprising different affective states, such as mood and emotions? The review shows that in the

---

[27] This heterogeneity is not surprising given that scholars disagree on the number and nature of qualitatively different moods. Readers who are interested in this debate are advised to consult for instance Frijda (1986), Averill (1980, 1982), Izard (1977).

[28] Note the controversy of these results. Research on self-destructive behavior suggests that people who inflict harm to themselves often do so under strong negative affective states (Epstein, 1991; Leith and Baumeister, 1996).

[29] The PANAS scale enables researchers to study positive and negative affect as composed variables but also the effects of qualitatively specific affect. The PANAS scale was developed by Watson, Clark and Tellegen (1988) and is widely used among psychology and marketing scholars with 6385 citations. PANAS is a 20-item scale, 10 of positive valence and 10 of negative valence, which documents a wide range of emotions (or affect). For instance, in their study of horror movies and the possibility of mixed emotions, Andrade and Cohen (2007) used PANAS to capture a whole range of emotions and found that viewers of horror movies can watch a horror movie and be afraid but yet at the same time enjoy it.

marketing literature, affect, feelings, mood and emotions have been studied as subjective momentary feelings, i.e. participants have been asked to state how they feel at the present moment. Roughly, two different ways of studying momentary feelings can be identified in the literature. Firstly, scholars have studied affective reactions to a particular stimulus, for instance an advertisement (e.g., Andrade and Cohen, 2007; Passyn and Sujan, 2006). As an example, Peck and Wiggings (2006) studied the effect of touch on persuasion, and participants were asked to indicate to what extent they felt each of the listed emotions "when you are touching the swatches". Usually respondents are asked to report their affective state immediately after receiving stimuli, to report their "at the moment" feelings (Yeang and Wyer, 2004). The second way of studying momentary feelings is in experimental settings where the participants' feelings are manipulated into a particular feeling state (for instance positive mood, fear, anxiety, etc.) so that researchers can observe the reactions and behavior that different feeling states generate (see for instance, Raghunathan, Pham and Corfman, 2006)[30]. Thus, it can be concluded that marketing scholars have been interested in studying the present feelings of the participants. These measures have not separated between relatively short and long duration, nor have they separated between low and high intensity of affect. Thus, it can be concluded that marketing scholars have been interested in studying the present feelings of the participants. These measures have not controlled for the duration of the affective state, nor have they separated between low and high intensity of affect. For instance, in Aaker and her colleagues' study (2008), respondents were asked to indicate their present emotions (list of items provided) that they "felt under this event". When respondents are asked to indicate their feelings and their intensity researchers cannot control the duration of this affective state.

Summarizing these observations of the literature, one can conclude that marketing scholars use very different items to capture affective concepts, such as mood, emotions or feelings. However, there are some fundamental similarities to how affective concepts have been measured in terms of the nature of the concept. Almost without exception (see Brown, Cron and Slocum, 1997 for studies on anticipated affect), affect has been studied as momentary feelings, i.e. "how do you feel now". Thus, mood has not been studied empirically according to its definitions in well-cited conceptual articles (Bagozzi, Gopinath and Nyer, 1999; Gardner, 1985), that is, as an affective state that is relatively long-lasting and low in intensity.

2.2.3. Concluding remarks on the concept of mood

From the review, one can conclude that the marketing literature has not empirically separated between affective states and therefore studies using mood, emotion and other affective terms need to be considered when reviewing any type of affective state. As the differentiation between mood and emotion in the marketing literature has been done solely on a conceptual level and is not reflected in the empirical studies, it is equally difficult to separate them in this study. Thus, in the empirical part I will use a measure of mood that has been used in many previous studies, and therefore, for simplicity, the affective state is called mood throughout this thesis. However, I

[30] Some marketing scholars have also studied anticipated emotions, e.g. asking respondents to anticipate how intensely the respondent will feel the following emotions as a reaction to specific stimuli (Brown, Cron and Slocum, 1997). This is problematic, as scholars have shown that although people are good at predicting the valence of emotions, they are less good at predicting intensity of emotions (Wilson and Gilbert, 2003). For instance, people know they will feel cheerful when winning the lottery but they are not good at predicting just how cheerful they will be.

recognize that, in accordance with past research, it does not necessarily capture the full conceptualization of mood. That is, there is no way of knowing if it captures feelings of longer duration or only a momentary feeling. An alternative would have been to use the term affective state throughout the thesis. However, since mood is a recognized concept, also within the stream of positive psychology research, I chose to use this term throughout.

It should be noted that I do not suggest that the conceptual distinctions between mood and emotions suggested by Gardner (1985) and others (Bagozzi, Gopinath and Nyer, 1999) would be irrelevant or inaccurate. However, I call for empirical research that shows that there is a reliable and relevant distinction between the two in empirical data. Can discriminant validity be determined between them, can they be reliably measured in the same study, and if so, how, and do they have separate effects on other factors? The answer to these questions cannot be determined from past research. The reasons to the incongruency in the literature on the nature of affect are likely to be, at least, twofold. Firstly, automatic affect, emotions and mood are likely to blend in empirical data and therefore scholars might have difficulties separating the concepts and their nature (e.g. duration, consciousness/unconsciousness, intensity) and purpose. Secondly, Baumeister (2005, p. 252) suggests that affect is likely to blend into cognition, and as a result several hundred terms have been coined for moods to denote all the blends of a dozen or so basic moods. He proposes that basic moods might exist in the automatic, affective system, but since the unity of feeling characterizes conscious experience, the conscious mind needs many terms to label all of the blended moods it feels.

I define mood as a conscious feeling state that can be of different valence (positive or negative) and intensity levels (low or high). Moreover, I consider mood to be a state that is transient; such states are particularized to specific times and situations (Peterson and Sauber, 1983).

2.2.4. Mood studies in the marketing literature

Mood has been studied extensively in marketing. This interest stems from the assumption that mood informs the individual about his or her state in the world (Baumeister, Vohs, DeWall and Zhung, 2007; Forgas, 1995; Frijda, 1988; Schwartz and Clore, 1988), and therefore marketing scholars suggest that customers' moods yield important consequences for marketing situations. Marketing scholars' main interest in mood stems from findings that positive mood generates positive evaluations. Researchers have found, for example, that people who are in a positive mood perceive things in a positive manner (Forgas, 1995) and are suggested to make better decisions (Carnevale and Isen, 1986; Estrada, Isen and Young, 1997; 1994)[31] and form more positive attitudes (Petty, Schumann, Richman and Strathman, 1993). In light of the purpose of this thesis and the previous discussion, I review literature on the effects of mood on evaluation. I will not distinguish between different measurements of mood in the literature when presenting the findings, and I use the term mood as a synonym for all affective concepts.

[31] Note that controversy exists about this assumption. People make both good and bad decisions in either valance.

2.2.4.1. Effects of mood on evaluation

As liking a good, service, brand or advertisement is important in marketing contexts, marketing scholars have been interested in understanding the impact of mood on evaluation (attitude, satisfaction, service quality, value, etc.). It is a general consensus within the marketing literature that mood has a positive impact on evaluation (see for instance Hennig-Thurau, Groth, Paul and Gremler, 2006; Isen, 1993; 2001; Oliver, 1997; Schwartz and Clore, 1988) and therefore mood is considered important. This relationship has been postulated in various types of marketing situations, ranging from evaluation of advertisements to service encounters. For instance, Mano and Oliver (1993) found that the moods experienced during the consumption of a service have a significant influence on satisfaction judgments (Westbrook, 1987; Westbrook and Oliver, 1991). Roughly, it can be concluded that scholars have found that people in positive affective states evaluate goods and services more positively than people in negative affective states (see for instance Hennig-Thurau, Groth, Paul and Gremler, 2006; Isen, 1993; 2001; Oliver, 1997; Schwartz and Clore, 1988). Also, there is a mounting body of literature suggesting that positive and negative moods are associated with the service encounter and play an important role in predicting evaluation and future behavioral intentions (Allen, Machleit and Schultz Kleine, 1992; Oliver, 1993; Richins, 1997; Barsky and Nash, 2002).

However, the literature on the relationship between mood and evaluation provides a picture that is not as straightforward. Five aspects of mood complicate the role of mood on evaluation: 1) people experience mixed moods jointly, 2) the relationship between mood and cognition for evaluation suggests that cognitive factors often overrule affective factors, 3) the nature of what is being evaluated plays a role whether consumers rely on cognitive or affective clues, 4) negative and positive moods are not driven by the same processes, and 5) the role of mood intensity in evaluation.

Firstly, scholars have shown that people can experience different types of moods at the same time as well as hold mixed attitudes toward a product or a service. For instance, Russell (1979) has shown that individuals can hold both positive and negative evaluations of the same object at the same time, thus showing that evaluation can be a complicated process. Also, marketing scholars have shown that people can experience mixed moods jointly (see e.g., Andrade and Cohen, 2007; Holbrook and Batra, 1987; Priester and Petty, 1996; Thompson, Zanna, and Griffin, 1995), particularly during periods of transition (e.g., moving out of a college dorm) and when exposed to specific stimuli (e.g., watching movies, Larsen, McGraw, and Cacioppo 2001). Andrade and Cohen (2007) showed that positive and negative feelings co-occurred when people were exposed to the aversive stimuli (e.g. horror movie). Also, the evidence suggests that such co-occurrence can appear in the shape of a positive correlation between feelings of opposite valence (e.g. fear and happiness) during the exposure to the event. Aaker, Drolet and Griffin (2008) demonstrated that the intensity of mixed emotions is generally underestimated at the time of recall – an effect that increases over time and does not occur to the same degree with unipolar emotions. It should be noted that the decline in memory of mixed emotions is distinct from the pattern found for memory of negative emotions, implying that the recall bias is diagnostic of the complexity of mixed emotions rather than of any association with negative affect. Finally, the memory decay effect was driven by the felt conflict aroused by the experience of mixed emotions.

Secondly, marketing scholars have been interested in studying relative influence and/or interaction between mood and cognition on evaluation. For instance, Oliver (1993)

showed that disconfirmation and affective experiences are both critical for the judgment of satisfaction. Szymanski and Henard (2001) showed in their study that disconfirmation is strongly related to satisfaction, while mood had a lesser influence. Similarly, Smith and Bolton (2002) showed that feelings predicted satisfaction levels after accounting for cognitive factors. Also, empirical findings suggest that mood seems to be particularly influential on evaluation in the beginning of a service, but that its impact decreases with time. For instance, Homburg and colleagues (2006) showed that the impact of cognition on the satisfaction evaluation increases and the influence of mood decreases over time[32]. Moreover, Dube and Morgan (1996) demonstrated that retrospective measures of mood do not necessarily influence product or service evaluation. These results indicate that people rely on their moods for evaluation when other information is not at hand. Evidence for this theory can be found in the literature. For instance, studies have showed that mood serves as a cue when the message information is not easily accessible and that this outcome is qualified by the consumers' willingness to hold accurate beliefs. When respondents are alerted to the potential effect of their mood on their judgment, they correct for it (Darke, Chattopadh and Ashworth, 2006). Similarly, Roehm and Sternthal (2001) showed that positive mood improved the comprehension of an analogy and enhanced persuasiveness. However, they found that novices are much more likely to comprehend and to be persuaded by an analogy when they are in a positive mood than more experienced consumers. Also, Yeung and Wyer (2004) showed that the influence of affect on their product evaluation depends on consumers' belief that the product should be judged on the basis of hedonic versus utilitarian criteria. When consumers saw the product before receiving any information, the product's appearance stimulated them to form an affect-based initial impression that they later used as a basis for judgment independently of the criteria that they would otherwise apply. Positive mood acts as a resource when information about the target is accessible and there are contextual cues that are perceived as relevant to the judgment of a target. Thus, drawing upon these results it seems that mood is most likely to affect evaluation when consumers are unfamiliar with a product or a service and that the effects of affect decrease when consumers become familiar with it. These results support the proposition by Baumeister and his colleagues (2009) that the role of mood is to advance learning from a situation, in this case, a service or product.

Thirdly, scholars have also shown that the impact of mood on consumer evaluation depends on what is being evaluated. Pham (1998) showed that consumption goals determine the effect of mood on evaluation. More specifically, he showed that consumers who hold consummatory goals (i.e. when affective considerations are the primary reason for pursuing the goal) are more likely to rely on their feelings than those with instrumental goals (i.e. when affective considerations are a less important determinant of behavior). Thus, the reliance on mood toward a target depends on whether feelings toward the target are regarded as relevant.

Fourthly, the mood literature also suggests that the processes that drive positive and negative moods differ and that the effects of negative mood in particular seem to be more complicated than positive mood (Herr and Page, 2004; Isen, 1984). Herr and Page (2004) showed that liking and disliking judgments appear asymmetrically linked in memory. They showed that liking judgments are formed more spontaneously, while

[32] However, scholars have found that affective purchases lead to greater long-term satisfaction with important purchases, suggesting that affective choice can be functional (Darke, Chattopadh and Ashworth, 2006). Therefore, it can be worthwhile for consumers to base choices on feelings associated with the product.

disliking judgments are a result of a more controlled process. Similarly, Murry and Dacin's (1996) study on the effect of negative and positive emotions on liking (TV program as empirical context) showed that while positive emotions directly enhanced program liking, the effect of negative emotions was not as clear-cut. They showed that although negative moods have a deteriorating effect on evaluations of the TV program, this effect is diminished when viewers believe that the negative moods elicited by the program do not signal threats to their well-being. Murry and Dacin (1996) interpret the results to mean that positive emotions influence evaluation via simple heuristics, while negative emotions trigger a detailed cognitive analysis of the event or stimulus. These results are in line with findings suggesting that bad events are stronger than good events, that is, bad events have a much bigger psychological impact on people than do good events (Baumeister, Bratslavsky, Finkenauer and Vohs, 2001). Thus, a person is less likely to ponder on a good event, but when hit by a bad one, the individual commonly engages in more rigorous thinking and long-lasting rumination about what happened. These results are in line with Isen's (1984) arguments that negative mood seems to be more complicated and that we know much about the effects of positive moods but less about those of negative moods. Moreover, scholars have argued that people react more heterogeneously to negative stimuli (Isen, 1984). Moreover, the psychology literature suggests that trait differences are brought out by negative rather than positive moods (Fried and Berkowitz, 1979; Isen, 1984).

Fiftly, scholars have also been interested in studying the effects of mood intensity on evaluation, and empirical evidence suggests that affect intensity is important in marketing situations. Much marketing effort is intended to evoke quick but strong positive affect in customers in the form of "peak experiences" (strong good/bad moments), influencing overall service evaluation (Ariely and Carmon, 2000; Verhoef, Antonides and Hoog, 2004). Services usually take place during a range of time spans and sequences of events (Verhoef, Antonides and Hoog, 2004) where customers are able to experience many different affective states. Fredrickson and Kahneman (1993) proposed that, as a good first approximation, the affective value of the representative moment is a simple average of the most extreme affect experienced during the episode (Peak) and of the affect experienced near its end (End). The affective value of that representative moment, in turn, determines the global evaluation of the entire episode. This evidence suggests that affect intensity might be more important than frequency of positive affect for evaluating services. Verhoef, Antonides and Hoog (2004) tested the peak-end theory in a marketing context (in this case the dependent variable was satisfaction) and found that both average performance and the peaks predicted evaluation, but found less evidence for their influence on the end event. In their study, Miniard, Bhatla and Sirdeshmukh (1992) showed that mood effects on consumption experiences are moderated by the affective intensity of the consumption experience. That is, pre-service affect may bias service evaluations only if the service itself does not evoke strong feelings. Moore, Harris and Chen (1995) studied the individual differences in affect intensity and how they reacted to advertising. They found that high intensity individuals reacted more strongly to advertising with an emotional appeal but there were no differences between the groups in their reaction to advertising with a non-emotional appeal.

2.2.4.2. Summary of the effects of mood on evaluation in marketing contexts

As a summary of the mood literature it is worth noting that the effects of mood on evaluation are not as straightforward as one might assume. More specifically, people

experience mixed moods jointly and can even hold mixed attitudes toward a good or a service. Also, the relationship between mood and cognition and their effects on evaluation suggest that in many cases cognitive factors overrule affective factors. Evidence suggests that the role of mood increases in the absence of knowledge about the object of evaluation. Moreover, the nature of what is being evaluated plays a role whether consumers rely on cognitive or affective clues. If consumers think a good or a service should be evaluated on a hedonic basis, they rely more on their mood than if they think evaluation should be based on utilitarian considerations. Also, it is suggested that negative and positive moods are not driven by the same processes and that positive evaluation is formed more spontaneously than negative evaluations that are formed as a result of more controlled processes. Thus, drawing the literature together, one can conclude that mood seems to impact evaluation under certain conditions. As most of the services people use are neutral (neither hedonic nor the total opposite of hedonic) and routine-like in nature (Morgan and Rao, 2003, 2006) evidence suggests that mood is not likely to play a big role in most evaluations.

The debate between the influence of cognitive and affective components on behavior and evaluation is long in the psychology literature. Early research assumed that people were rational beings, aiming to maximize when making decisions while today the general consensus is that both cognition and affect interplay when making decisions (see for instance combined work by Slovic on affect heuristics). In marketing, Holbrook and Hirschman (1982) were among the earliest scholars to postulate that hedonism, feelings, emotions and the ilk are likely to impact consumers. Since then, the marketing literature has boomed with studies on affective states in which all sorts of irrational behaviors are described as belonging in the domain of mood influence. Moreover, the marketing literature has been quick to establish that mood positively impacts evaluation. However, there is need for caution before giving mood credit for positive evaluations. Firstly, it should be noticed that irrationality is not necessary caused by affective states. People have different propensities – and perhaps also capabilities – to process and interpret information. They react in a way that might seem logical to them, but may seem illogical to others. Secondly, the literature on the influence of affect on evaluation shows that scholars talk about "quick, automatic states that can be conscious or unconscious", i.e. automatic affect (see Slovic, Finucane, Peters and MacGregor, 2003). In this literature it is recognized that people often form rather quick judgments such as "good/bad" based on automatic affect. However, since these automatic states usually operate so fast and usually unconsciously, it is unlikely that marketers capture them in empirical data.

Instead, the marketing literature has been focused on mood states that are conscious. These states are stronger in intensity and take a longer time to develop. The marketing literature supports a feedback theory of mood (see Baumeister, Vohs, DeWall and Zhung, 2007). According to this theory, moods arise after a behavior has finished and stimulates thoughtful learning, and makes people think about what they just did to cause positive or negative outcomes. This theory fits the pattern in the marketing literature, showing that people are likely to rely on their moods when the product or service is unfamiliar to them but that this effect vanishes as time goes by. Moreover, the marketing literature on mood provides a picture of a consumer who is very much aware of her mood and its potential influences on her but more importantly a customer who is capable of changing it and actively engages in behavior to regulate her moods (Cohen and Andrade, 2004). Thus, moods indirectly influence behavior. For instance, people seek to pursue activities that will make them feel better (e.g. engage in hedonic consumption, such as eating) and avoid activities that will make them feel bad. This is remarkable as the results challenge well established mood theories, such as Forga's

(1995) AIM (affect infusion model), which assumes that people make decisions on very little information and that mood shapes human thoughts and behavior. For instance, Yeung and Wyer (2004) argue that their findings are not consistent with the notion that individuals are cognitive misers, i.e. make decisions with a minimum amount of information. On the contrary, Yeung and Wyer (2004) argue that the results support the idea that individuals are what they call "motivated tacticians" and not victims of their moods.

2.3. Service quality

Service evaluation is considered an important concept within the service marketing literature and scholars' interest in it stems from findings showing that both perceived service quality and satisfaction are positively related to customer retention and buying behavior (Mittal and Kamakura, 2001). Therefore, marketing scholars and practitioners have been interested in creating measures that capture the customer's subjective evaluation of the service and in understanding how service quality is formed, and as a consequence service quality is a well-studied concept (see for instance Brady and Cronin,2000; 2001; Bolton and Drew, 1991; Dabholkar, Shepherd and Thorpe, 2000; Dagger, Sweeney and Johnson, 1997; Ganesan-Lim, Russell-Bennett and Dagger, 2008; Grönroos, 1982; Parasuraman, Zeithaml and Berry, 1985; 1988).

Service quality is generally referred to as the customer's cognitive judgment about an entity's overall excellence or superiority (Zeithaml, 1988) and serves as a global judgment (Bitner and Hubbert, 1994; Holbrook and Corfman, 1985; Zeithaml, 1987). This definition is in line with Bitner and Hubbert's (1994, p. 77) definition of service quality as the customer's overall impression of the relative inferiority/superiority of the organization and its services.

Perceived quality differs from objective quality in that it is a type of attitude that is related but not equivalent to satisfaction. The marketing literature has long strived for developing more customer-centered evaluation concepts as well as perspectives on marketing because it is argued that the customer's experience predicts the success of the firm better than what service deliverers consider to be valuable (see the collective work of Christian Grönroos). For instance, despite the shift of topics of interest (services, relationships and now value) one of the key characteristics of the Nordic School of thought has been a customer perspective[33]. Even though there is a concensus that customer-centrism is important, it is also recognized that it is difficult for firms to be customer-focused. For instance, the gap-model postulates that there is a gap between the understanding of what the firm thinks the customer wants and what the customer actually wants (Zeithaml, Berry and Parasuraman, 1988).

Researchers have questioned the difference between service quality and satisfaction, since the latter has a longer history in marketing and, moreover, has been defined in a similar way (Liljander, 1995). Nevertheless, a distinction has been made in that service

[33] The importance of subjective quality does not mean that objective quality is irrelevant. Consider for instance, the health care industry, where objective quality is of uttermost importance and it is the job of the staff to keep improving it. However, for marketers who wish to increase loyalty to the health care center, subjective quality is important. Scholars have noted that it is often difficult for the patient to evaluate the outcome of the treatment, or the objective quality that they are receiving and that therefore they tend to evaluate the service based on their experiences (Collier, 1994). For instance, patients recovering from a hip-fracture surgery might conclude that their doctors have been better or worse when comparing their scars. These patients might not have the medical knowledge to understand that the size of the scare depends on factors such as body type and severity of the hip-fracture.

quality comprises more cognitive elements than satisfaction (Bolton and Drew, 1991; Oliver, 1981). Scholars suggest that satisfaction mediates (Brady and Robertson, 2001) the relationship between service quality and commitment. For example, Cronin and Taylor (1992) suggest that service quality is an antecedent to satisfaction and Taylor and Baker (1994) propose that satisfaction moderates the relationship between service quality and purchase intentions. This is an accepted view today in cases where both satisfaction and service quality are measured. Most often scholars choose to include one or the other rather than both (Cronin and Taylor, 1992). In this thesis only service quality is measured since two affective measures are already included as antecedents of customer perceived service quality. The literature on the effects of mood on service quality is reviewed in the hypotheses section.

2.3.1. Conceptualizing service quality

Although there has been intensive research on service quality (Fisk, Brown and Bitner, 1993), marketing scholars have been unable to discover dimensions of service quality that would apply to all customers and services. Much research attention has been devoted to understanding service quality dimensions. Although scholars generally accept that perceptions of service quality comprise several dimensions, there is no consensus regarding the nature or content of the dimensions (Brady and Cronin, 2001).

Parasuraman, Berry and Zeithaml (1985, 1988) propose that customers evaluate service quality on five dimensions (adopted from Zeithaml, Parasuraman and Berry, 1990, p. 35): tangibles (appearance of physical facilities, equipment, personnel and communication materials), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (the caring, individualized attention that the firm provides its customers). This widely applied SERVQUAL scale (Parasuraman, Zeithaml and Berry, 1985, 1988) has been the subject of extensive critique in the literature. Some of the toughest critique stems from scholars opposing the basic assumption of the SERVQUAL scale – the disconfirmation model – suggesting that perceived quality results from a comparison of expectations with perceptions of performance[34] (Cronin and Taylor, 1992; Brady and Cronin, 2000; Liljander, 1995). Researchers have questioned whether quality should be measured in terms of customer experiences in relation to expectations or whether experiences are sufficient for capturing the quality perception of the customer[35]. These researchers argue against the necessity (Brady and Cronin, 2000; Cronin and Taylor, 1992) of measuring expectations and pinpoint its difficulty (Brown, Churchill and Peter, 1993) and lack of reliability (Brown, Churchill and Peter, 1993), arguing that experiences alone are sufficient to capture customer perceived quality. For example, Babakus and Boller (1992) suggest that measuring expectations adds limited information beyond what is gained from measuring service perceptions alone. Also, Dabholkar, Shepherd, and Thorpe (2000) found that perceptions performed better than difference measures

[34] The confirmation and disconfirmation model is commonly supported also by researchers arguing for other service quality dimensions (Sasser, Olsen and Wyckoff, 1978; Grönroos, 1982; Lehtinen and Lehtinen, 1991; Parasuraman, Zeithaml and Berry, 1985; Bolton and Drew, 1991;Parasuraman, Zeithaml and Berry, 1985, 1988).

[35] See for instance Cronin and Taylor (1992), Brown, Churchill and Peter (1993) and Liljander (1995) for arguments against the discrepancy model.

when comparing these approaches, and both Cronin and Taylor (1992) and Brady and Cronin (2001) focused on performance-only measures (i.e., perceptions rather than expectations) when modeling service quality perceptions. Similarly, Liljander (1995) studied a number of comparison standards but found that the best predictor of repeat purchasing in restaurants is service performance.

The other critique of the SERVQUAL scale concerns the difficulty of replicating its five dimensions across diverse service contexts (Buttle, 1996). Researchers applying the SERVQUAL scale have, for example, identified a range of factors, including three factors in an automotive servicing context (Bouman and van der Wiele, 1992), four factors in the retail clothing sector (Gagliano and Hathcote, 1994), and three factors in the context of MBA students' service quality perceptions (McDougall and Levesque, 1994). Further, Brown, Churchill and Paul (1993) found service quality to be unidimensional when applying the five-dimension SERVQUAL scale.

Several researchers have discussed the possibility that service quality perceptions may be dependent on the characteristics of a service (e.g., Cronin and Taylor, 1992; Haywood-Farmer, 1987; Kellogg and Chase, 1995; Soteriou and Chase, 1998) and that therefore some dimensions may apply better in certain contexts. Therefore, several other service quality scales have been developed, each with similar and dissimilar dimensions. For instance, a range of studies has addressed measurement of online service quality, and various measurement scales have been developed. These scales include, for example, WebQual (Barnes and Vidgen, 2002; Loiacono, Watson and Goodhue, 2002). Also, Mentzer, Flint and Hult (2001) studied logistic service quality and included dimensions such as "order quality" and "information quality". Moreover, Brady and Cronin (2001) suggest that service quality comprises the dimensions of interpersonal quality, outcome quality and environment quality. Ganesan-Lim, Russell-Bennett and Dagger (2008) suggest that service quality comprises interaction quality, physical environment quality, outcome quality and system quality. Researchers have shown that traditional measures of service quality, such as reliability, empathy, assurance, and responsiveness may only measure the cognitive evaluations of service quality, and may not be applicable to leisure services, which are consumed for hedonic purposes and are evaluated in terms of feelings (Wakefield and Blodgett, 1999). Additional research has expanded the use of SERVQUAL to include retail consumers of healthcare, residential utilities, job placement, pest control, dry cleaning, financial services, and fast-food services, and the resultant dimensions have ranged from one to eight (see Brady and Cronin, 2001 for a review).

In summary, it can be concluded that scholars have failed to find common dimensions that would be applicable in wide ranges of service settings. Therefore, researchers have used modified versions of either Parasuraman and his colleagues' (1988) five-factor model or Grönroos' (1982) two-factor conceptualization (Rust and Oliver, 1994).

2.3.2. Hierarchical conceptualization of service quality

Because of the reports of SERVQUAL's inconsistent factor structure, it has been suggested that service quality may comprise several overarching or primary quality domains that reflect elements of technical quality, functional quality and environment quality (Brady and Cronin, 2001; Grönroos, 1982; Rust and Oliver, 1994; McDougall and Levesque, 1994). Dabholkar, Thorpe, and Rentz (1996) propose a hierarchical conceptualization of retail service quality with three levels: 1) customers' overall

perceptions of service quality, 2) primary dimensions, and 3) subdimensions (see Figure 3). This multilevel model recognizes the many facets and dimensions of service quality perceptions. Dagger and her colleagues' (1997) service quality scale comprises three different levels. They suggest that practitioners or researchers can measure service quality at any one or all of these levels depending on the purpose of the study. For instance, measuring overall perceptions of service quality gives a broad indication of a firm's service quality performance. Similarly, researchers could measure service quality only at the primary dimension level or at the subdimension level for a detailed analysis of service quality perceptions. In this study, service quality is measured at the overall level for easier comparison between different services.

Figure 3 Hierarchy of service quality (Dabholkar, Thorpe and Rentz, 1996, p. 6)

2.4. Hypotheses development

In the literature review, the core concepts – happiness, mood and service quality – were presented. In this section I will present the hypotheses of this thesis and provide arguments for why happiness can be expected to affect service quality but also provide arguments for why happiness might not affect service quality. It is proposed that happiness might affect service quality in two ways (Figure 4). Firstly, it is proposed that happiness might influence service quality indirectly through mood (H3), i.e. happy consumers are more likely to experience positive mood (H2) and thereby also perceive service quality more positively (H1). Secondly, it is proposed that happiness might directly affect service quality (H4). The hypotheses H3 and H4 have not been previously tested. Hypothesis 2 has been confirmed in previous research; and there is mixed evidence supporting hypotheses H1. The hypotheses will be motivated here.

Figure 4 Hypotheses postulated in this study.

Previous marketing literature provides evidence for expecting a positive relationship between mood and service quality. There is a general assumption in the marketing literature that affect is an important aspect of consumption and that it influences evaluation, such as perceived service quality and satisfaction (cf. Bagozzi, Gopinath and Nyer, 1999; Erevelles, 1998). Although marketing scholars emphasize the importance of mood on several marketing concepts such as evaluation and memory, the literature contains surprisingly few publications on empirical data that specifically concern mood and service quality (for conceptual papers, see Gardner, 1985; Edvardsson, 2005; Knowles, Grove and Pickett, 1993; Manrai, 1993).

Although service scholars argue for the effects of affect on service quality (Gardner, 1985; Edvardsson, 2005; Knowles, Grove and Pickett, 1993), the literature provides mixed empirical evidence and incongruent conclusions regarding the relationship. For instance, Oliver's (1993) study in a healthcare service context showed that there was no significant relationship between perceived service quality and positive/negative affect. Oliver (1993) suggests that quality is not affect-based, thus distinguishing quality from satisfaction, which he argues to be to some extent affect-based, and Kumar and Oliver (1997) obtained similar findings. However, other mounting evidence suggests that affect does play a role in the formation of perceived service quality, as well as in the formation of satisfaction (Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; Cronin, 2003; Liljander 1995; Liljander and Strandvik, 1997; White, 2006; 2010).

Service marketing scholars have provided different explanations for these mixed results. For instance, Wirtz and colleagues (2003) suggest that consumers' affective reactions during service consumption are situation specific. Similarly, Strombeck and Wakefield (2008) conclude from their findings that affect influences service quality in hedonic service contexts. They demonstrated that the impact of both pleasure and arousal on perceived service quality and satisfaction depends upon the hedonic or utilitarian service context. In particular, pleasure was found to have stronger influences on perceived service quality in the hedonic service context than in the utilitarian service context.

There are a handful of published studies with empirical data on the relationship between service quality and mood, and service-marketing scholars have demonstrated a positive link between mood and service quality (Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; Houston, Bettencourt and Wenger, 1998; Kelley and Hoffman 1997; White 2006). Although results indicate that mood affects service quality (Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; White, 2006), mood may affect some but not all service dimensions. In his study, White (2006) showed that mood affects service quality, but that the effect of positive mood was stronger for service quality dimensions that involved human interaction. Similar results were obtained by Chebat, Filiatrault, Gélinas-Chebat and Vaninsky (1995), who showed that positive mood impacts two dimensions of service quality, namely empathy and assurance, but found that mood does not affect other service quality dimensions, like reliability and tangibility. They argue that customers' mood affects the interpersonal aspect of the service encounter but not the other aspects.

The results obtained in marketing studies support psychology studies showing a positive relationship between mood and evaluation (Forgas, 1995; Petty, Schumann, Richman and Strathman, 1993), but indicate that this relationship might concern certain service quality dimensions more than others. Moreover, these results are consistent with the affect-as-information model from social psychology (Schwartz and Clore, 1988), suggesting that people rely on their emotions and mood as evaluative cues when they make an evaluation. Therefore, it is suggested that:

H1: Mood has a direct positive effect on perceived service quality.

Evidence from the positive psychology literature suggests that happiness is likely to serve as the basis of mood as happy people are prone to experience frequent positive emotions and infrequent negative emotions (Lyubomirsky, Sheldon and Schkade, 2005). As happy people are prone to often experience affective states, happiness is also linked to frequent positive moods (Diener, Sandvik and Pavot, 1991). Moreover, scholars have found that current moods are reflected in measures of happiness, but do not predict long-term happiness (Lyubomirsky, 2001). Drawing upon these arguments, happiness is likely to serve as a basis for positive mood in a marketing context as well. Therefore, the following hypothesis is proposed:

H2: Happiness has a direct positive effect on mood.

Also, the positive psychology literature provides evidence that happiness is directly related to service quality. Previous happiness studies show that happy and unhappy people perceive, evaluate and think about the same events differently in a manner consistent with and supportive of their differing personality traits (Lyubomirsky, 2001; Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998). The positive psychology literature emphasizes that happiness is a psychological phenomenon through which people process stimuli from the outside world, influencing their perception of reality (Lyubomirsky and Tucker, 1998). Happiness is likely to be important to services, as they are intangible and subjective, and therefore hinge a great deal on the customer's predisposition (Zeithaml and Bitner, 2000). Happiness can thus be expected to directly influence service evaluation. Therefore, it can be expected that:

H3: Happiness has a direct positive effect on service quality.

The positive psychology literature provides conflicting evidence for expecting happiness to have a positive impact on service quality. Happiness can be expected to impact

service quality for two reasons: 1) happy people's proneness to experience positive affective states, and 2) happy people's ability to view events in a positive light. However, there is also empirical support for expecting an insignificant relationship between happiness and service quality. Two arguments in particular speak against an effect between happiness and service quality. Firstly, happiness has been tested in non-marketing situations and, as previous research findings show, people behave differently in marketing situations than in non-marketing situations. Thus, happiness is associated with abilities to derive positive meanings for the individual him- or herself – not necessarily for a firm. Secondly, previous findings show that happiness is associated with frequency, not intensity, of positive emotions and relative infrequency of negative emotions.

Findings from previous studies provide evidence for expecting that consumers' level of happiness impacts service quality for two reasons. Firstly, because happy people are more prone to experience positive affective states and less likely to experience negative affective states (Diener, Sandvik and Pavot, 1991; Larsen, Diener and Emmons, 1986; Lyubomirsky, King and Diener, 2005; Schimmack and Diener, 1997), they can be expected to be more likely than less happy people to experience positive affective states also in commercial situations and thereby also perceive the service in a positive manner.

Secondly, several studies show that happy and unhappy people perceive, interpret, evaluate and think about the same events differently in a manner consistent with and supportive of their happiness level (Lyubomirsky, 2001; Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998). In their experiment, Lyubomirsky and Tucker (1998) let both happy and unhappy individuals interact with a female peer and watch a videotape of a stranger in three different situations. They showed that happy individuals liked the peer they met and recalled her in more favorable terms than did unhappy individuals. The same result was obtained in the videotape experiment where the respondents watched video footage of a peer. Based on the findings from their study, Lyubomirsky and Tucker (1998) concluded that happy individuals perceive and evaluate the same events in more positive ways than do unhappy ones. As happy people view the world through rose-colored glasses, it can be expected that happy people perceive services in a more positive manner than do people who are less happy.

The positive psychology literature provides evidence that happiness is directly related to service quality. Previous happiness studies show that happy and unhappy people perceive, evaluate and think about the same events differently in a manner consistent with and supportive of their differing personality traits (Lyubomirsky, 2001; Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998). The positive psychology literature emphasizes that happiness is a psychological phenomenon through which people process stimuli from the outside world, influencing their perception of reality (Lyubomirsky and Tucker, 1998). Happiness is likely to be important to services, as they are intangible and subjective, and therefore hinge a great deal on the customer's predisposition (Zeithaml and Bitner, 2000). Happiness can thus be expected to directly influence service evaluation. Although we can assume that the results from positive psychology studies also apply in commercial situations, caution should be taken not to automatically assume that the same findings would hold in marketing contexts. Marketing scholars frequently apply and develop psychology theories for marketing situations, but several marketing researchers have found that some psychology results have little correspondence with customers and phenomena at the marketplace. For instance, Hennig-Thurau, Groth, Paul and Gremler's (2006) study showed that

emotional contagion[36] – meaning that people influence each other's affective states such that, for instance, socializing with a sad person makes one also feel sad – is not relevant in a service marketing context in the way that results from psychology studies suggest. Another example is Bove and Mitzifiris' (2007) study where they tested for the relationship between personality traits, the so-called Big Five traits[37] (Costa and McCrae, 1980; McCrae and Costa, 1989) that have been proven in the psychology literature to influence human behavior, with a number of service evaluation related concepts, among them service quality, and found no significant relationship. Similarly, studies of how people react and cope with marketing messages support the idea that marketing contexts differ from nonmarketing contexts. Scholars have shown that people develop, through a learning process, defense mechanisms against marketing messages when they understand that they are being persuaded (Boush, Friestad and Rose, 1994; Friestad and Wright, 1994; Ford, Smith and Swasy, 1990) and adjust their behavior accordingly. These results combined suggest that people react and behave differently in marketing situations than they do in nonmarketing situations.

As these psychological phenomena do not always apply in marketing situations, there is a need to study whether the results from positive psychology can be applied in marketing situations. Happiness has often been studied in psychology from the perspective of what is good for the individual – not for firms. A review of the happiness literature provides a picture of happiness as an ability to draw positive meaning for the *self*. Unlike what happiness theories suggest (Lyubomirsky, 2001) happiness is not necessarily a perspective in which one views *everything* (for instance firms) through rose-colored glasses but rather a self-protecting mechanism that helps people to derive positive meanings of life outcomes and cope with life circumstances. Thus, happiness can help customers to protect themselves – not necessarily the firm. For instance, in a study by Lyubomirsky and Ross (1999) on high school students and their ranking of colleges, there was only a moderate difference between happy and unhappy high-school students in their evaluation of colleges *before* knowing if they were going to be accepted as students. After the announcement of acceptance or rejection, happy students evaluated colleges that rejected them much more negatively and in ways that boosted their positive self-images, in contrast to unhappy students who still evaluated colleges that rejected them in a positive manner.

Also, happiness is associated with frequency of positive affect, but less associated with intensity of positive affect (Diener, Sandvik and Pavot, 1991; Larsen, Diener and Emmons, 1986; Schimmack and Diener, 1997). Much marketing effort is intended to evoke quick but strong positive affect in customers in the form of "peak experiences" (strong pleasurable moments), influencing overall service evaluation (Ariely and Carmon, 2000; Verhoef, Antonides and Hoog, 2004). Services usually take place during a range of time spans and sequences of events (Verhoef, Antonides and Hoog, 2004) where customers are able to experience many different affective states. Fredrickson and Kahneman (1993) proposed that, as a good first approximation, the affective value of the representative moment is a simple average of the most extreme affect experienced during the episode (Peak) and of the affect experienced near its end (End). The affective value of that representative moment, in turn, determines the global evaluation of the entire episode. This evidence suggests that affect intensity might be more important than frequency of positive affect for evaluating services. Verhoef, Antonides and Hoog (2004) tested the peak-end theory in a marketing context (in this case the dependent variable was satisfaction) and found that both average performance

[36] For further explanation on emotional contagion, see Hatfield, Cacioppo and Rapson (1994).
[37] Note that happiness is closely related to two of the Big Five traits, extroversion and neuroticism (Diener and Lucas, 1999).

and the peaks predicted evaluation, but found less evidence for an influence of the end event[38]. Also, when Wirtz, Kruger, Scollon and Diener (2003) measured people's emotions during a spring break vacation, the intensity of their emotions was a better predictor of the desire to go on a similar vacation than was the frequency of their emotions[39]. Thus, there is evidence suggesting that affect intensity is more important during a service experience in contrast to frequency of affect. Concluding the findings from previous research, there is evidence suggesting both a significant and an insignificant relationship between happiness and service quality.

Thus, the literature provides evidence to expect that mood mediates the relationship between happiness and service quality. Happy people are prone to experience positive emotions more frequently and negative emotions infrequently (Schimmack and Diener, 1997) and therefore it can be expected that happy customers will also experience positive mood in marketing situations. Happier customers can be expected to experience better service quality *because* they are more likely to experience positive affective states. Thus it is hypothesized that happiness affects service quality through its effect on mood. Since no previous research on this relationship exists, this hypothesis is exploratory in the sense that mood may mediate the effect of happiness on service quality either fully or partially. It is suggested that:

> **H4: Mood mediates the relationship between happiness and service quality.**

[38] The peak-end rule has only been tested and confirmed in a limited range of situations and more research is needed to understand the possible application of this rule in a service-marketing context. For instance, the durations of the episodes in these studies have been fairly short and more research is needed to understand the possible impact of the peak-end theory in different time contexts. A service event can range from a fairly short episode to a longer episode, for instance a cruise, and service episodes may be lengthy and consist of several smaller episodes in a longer customer-firm relationship, which might yield different results in terms of the effects of affect intensity and frequency. Also, scholars are encouraged to unpack the possible impact of the peak-end rule for various types of services. For instance, Strombeck and Wakefield (2008) demonstrated that the impact of both pleasure and arousal (affect intensity) on perceived service quality and satisfaction depends upon the hedonic or utilitarian service context.

[39] These results are in line with previous marketing studies on hedonic consumption.

3 METHOD

In this chapter, the research method is presented. The chapter begins with an overall presentation of the two conducted studies and how they relate to each other. This is followed by a motivation of the methodological choices I have made in terms of the use of a survey approach, choice of services, the measures, the sampling and the analysis method.

3.1. Research design

A survey approach was adopted to study the proposed four hypotheses regarding the interrelationships between happiness, mood and service quality. The empirical research consists of two studies: one study on student data (Study 1) and one study conducted on customers in genuine service settings (Study 2), (see Table 2). Study 1 consists of three subsections of data. In each subsection, respondents were asked to evaluate the service quality of five different services. Study 2 consists of empirical data from two service settings: customers visiting a bank and patients visiting a healthcare center. The measures used to study happiness, mood and service quality were the same across all studies. The data were analyzed with partial least square modeling (PLS).

Table 2 Study 1 and Study 2 with substudies

Study	Services	Sample
Study 1a	• Bank • Public transportation • Electricity company • Mobile phone operator • Grocery store	Student sample
Study 1b	• Dentist • Healthcare center • Coffee shop • School course • Educational institution	Student sample
Study 1c	• Communal swimming pool • Ferry cruise • School cafeteria • Clothing store • Introduction lecture to a marketing course	Student sample
Study 2a	• Bank	Bank customers
Study 2b	• Healthcare center	Healthcare customers

3.2. Methodological choices

In this section I will present the methodological choices that were made in this thesis. The choices concern five aspects: 1) the use of a survey approach, 2) choice of services, 3) the measures, 4) the sampling and 5) the analysis method.

3.2.1. A survey approach

A survey approach was chosen to collect data for either rejecting or supporting the postulated hypotheses. Positive psychologists who have studied the effects of happiness on behavior and thought have mostly studied happiness using experimental settings (see especially the work of Lyubomirsky and her colleagues). However, survey approaches are also common, especially when researchers have been interested in studying research problems related to cross-cultural effects on happiness and the effects of happiness on national performance and well-being (see especially work by Diener and his colleagues).

Because the research question in this study concerns studying the effects of happiness on judgment, an experimental approach would have followed the research tradition of many positive as well as social psychologists. The study design in studies on happiness with an experimental approach typically follows a two-step procedure where the researchers first identify the happiest and the unhappiest groups of students (usually the happiest and unhappiest groups out of four equally large groups) from mass questionnaires. The happiest and unhappiest groups of students are then recruited as participants in experiments where the aim is to find differences between them. A survey method was preferred in this study because conducting a mass survey and re-recruiting the happiest and unhappiest respondents requires a large amount of resources in terms of accessibility to data and monetary compensation for the respondents, which was not possible in this research.

3.2.2. Choice of services

A cross-sectional survey approach was chosen to gather empirical evidence to test the postulated hypotheses. This means that I observed a subset of the population of all variables at the same time (Rindfleisch, Malter, Ganesan and Moorman, 2008). Lately, cross-sectional research has received criticism (see the introduction of Rindfleisch and his colleagues, 2008); in particular, the validity of the survey method has been questioned. In order to increase the validity of the study, data from each substudy were collected from different samples of respondents.

A total of 17 service evaluations were collected. More specifically, in Study 1, respondents in each substudy evaluated five different services. This adds up to 15 different services for the three substudies of Study 1. In Study 2, two different services were investigated in two separate substudies. The substudies and investigated services are listed in Table 2.

As the effect of happiness on service quality has not been studied before, it was decided to take a general approach to the services that were investigated, i.e. it was decided that the services would represent a wide range of different types of services. The services were chosen on two premises. Firstly, the services should be of relevance for the

respondents, i.e. services that all the respondents are likely to have at least some experience of. For instance, it can be expected that most people visit a grocery store relatively often, and in Finland, most people can be expected to have been on a cruise at least once in their life (to Stockholm, Sweden, or Tallinn, Estonia). Secondly, the services ranged from almost everyday services like grocery store services to services that the respondents were likely to use relatively infrequently, such as dentist and healthcare services.

In Study 2, the context was bank and healthcare services. Bank services were chosen because banks have been extensively studied in service research in the past, demonstrating that they provide an important service (see for instance Barnes and Howlett, 1998, and specialized journals devoted to marketing of banking services, such as the *International Journal of Bank Marketing*). It is a utility service directed toward the consumers' money and wealth. Although most transactions can be performed online these days, consumers need to visit the bank from time to time while others still prefer to conduct services in the branch office. The current study was conducted on consumers that had just completed a bank transaction at the bank. Also, Andaleeb (2001) argues that the healthcare service sector is important as it is the fastest growing sector in the service economy and in many countries it is currently at the forefront of professional, political, and managerial attention and debate (Berry and Bendapudi, 2007; Dagger and Sweeney, 2007). Healthcare services, on the other hand, are directed primarily toward the person herself and are almost exclusively based on personal interactions with healthcare personnel. It may also be noted that consumer moods might vary more between users of healthcare services than between users of bank services, since sickness might be reflected in mood. Data were collected from consumers that had just visited a healthcare center.

It should also be noted that data for Study 1 and Study 2 were collected in two different time contexts. In Study 1, respondents evaluated the services in retrospect, while in Study 2 they evaluated the services immediately after the service encounter. In Study 1, respondents were asked to name a service provider that they use the most for a given service and evaluate this service provider. In Study 2, respondents evaluated the service right after visiting the bank clerk or the doctor or nurse at the healthcare center.

3.2.3. Survey measures

Three measures were used to capture happiness, mood and service quality. All of the measures were chosen on the premise that they would capture a more abstract level of the concept, that is, overall happiness and service quality, rather than underlying dimensions and be short and easy to administer.

In the literature review of *happiness*, it was shown that three major aspects should be considered when choosing a scale to measure happiness: it should 1) emphasize the high abstraction level of happiness, 2) allow a subjective approach to happiness, and 3), involve comparisons to other people's happiness. Based upon these criteria, Lyubomirsky and Lepper's (1999), happiness scale was chosen. The scale consists of four items, measured on a seven-point Likert-type scale, ranging from 1 (=strongly disagree) to 7 (=strongly agree). The benefits of the scale are that it is short and has been proven to be reliable and robust in several happiness studies (see for instance

Lyubomirsky and Ross, 1997[40]; Taylor, Lerner, Sherman, Sage and McDowell, 2003ab). Also, this happiness measure reflects a broader category of happiness than just momentary feelings (Lyubomirsky and Lepper, 1999). Secondly, the scale allows the respondents to define happiness for themselves, i.e. it is assumed that the individual him- or herself is the best judge of his or her level of happiness (Myers and Diener, 1995, p. 11). Scholars argue that individuals are capable of reporting on the extent to which they are a happy or an unhappy person (Freedman, 1978). Therefore, it is important that the measure allows respondents to make subjective interpretations of their happiness. Thirdly, happiness studies worldwide show that most people underestimate the level of happiness of other people and consequently rate their own happiness as being higher than neutral, but also that few people place themselves in the highest category of happiness (Myers and Diener, 1996). This scale fulfils these criteria.

In this research, Peterson and Sauber's (1983) *mood* scale was used. This scale consists of four items and it measures mood on a seven-point Likert-type scale, ranging from 1 (=strongly disagree) to 7 (=strongly agree). The benefits of the scale are that it is short and captures the transiency of mood, i.e. the range of positive and negative mood. Peterson and Sauber's short-form mood scale is highly popular among marketing scholars, which shows that it is considered a good scale by many (see for instance Batra and Holbrook, 1990; Hill and Ward, 1989; Mattila, 1999; 2000; 2004, Mattila and Enz, 2002; Peterson and Wilson, 1992). However, it should be recognized that this scale captures how the respondent is feeling at the present moment. Thus, Peterson and Sauber 's (1983) measurement scale does not allow a distinction between types of affect in line with the definitions of mood and emotion as they have been defined in previous research (Bagozzi, Gopinath and Nyer, 1999; Gardner, 1985). Thus, there is no way of knowing what type of affective state(s) (emotions or moods) has/have actually been capturedin this research. However, this problem is common to all the affect measures used in the marketing literature and by scholars, and advice for further research is provided in the last chapter. Also, Peterson and Sauber's (1983) measurement scale captures current positive/negative valence of mood, but it does not distinguish between qualitatively different types of mood, for instance sadness, anger or guilt. Many scholars argue that qualitatively different affective states trigger different types of thoughts and behavior (see for instance, Bosmans and Baumgartner, 2005).

Service quality was measured on a four-item, seven-point Likert-type scale, ranging from 1 (=strongly disagree) to 7 (=strongly agree) (Dagger, Sweeney and Johnson, 1997). This scale was chosen because it is short and measures overall service quality. This scale was developed upon the assumption that service quality comprises several abstraction levels. Dagger and her colleagues' (1997) service quality scale comprises three different levels. Their scale allows researchers to measure service quality at any one or all of the three levels depending on the purpose of the study. As the purpose of the study was to test the effects of happiness on firms' general service quality performance, the highest abstraction level of the scale was used because it gives a broad indication of a firm's service quality.

3.2.4. Sample

In Study 1, students were used as respondents for two reasons. Firstly, students have been found to be homogeneous as respondents, which can be beneficial as homogeneity

[40] Note that the scale was in frequent use before it was published.

helps to delimit external influences on the results, like unfamiliarity with interpreting Likert-type scales. Also, students have been found to possess better reading skills and have experience of conducting paper-and-pen tasks (Burnett and Dunne, 1986; James and Sonner, 2001). Moreover, many researchers argue that homogeneous student samples are beneficial for the reliability of the study when, as in this case, the purpose of the study is to investigate psychological phenomena (Lynch, 1982). Secondly, students provided an accessible and inexpensive convenience sample. It is noteworthy that most articles published in prominent marketing journals use student samples in their studies and those psychology scholars almost exclusively use student samples (Cochrane and Duffy, 1974; Dipboye and Flanagan, 1979; Higbee and Wells, 1972; Sears, 1986).

However, some scholars remain critical toward the usage of student samples. There are many arguments for not using student samples; however, two critical arguments against the use of student samples are particularly relevant for this study. Firstly, the most frequent argument against student samples is that students differ from the rest of the population in terms of their social-cultural background, behavior and personality. This means that student samples do not necessarily provide an accurate picture of how consumers in general would perceive and evaluate services. Secondly, students have been found to be somewhat more egocentric than the rest of the population (Sears, 1986). Egocentrism has been negatively related to happiness (Myers, 2000) and therefore there is a risk that students are less happy than the general population. Moreover, this concern is especially relevant for this study where most of the respondents are business students, as business students have been reported to be especially egocentric compared to students in other disciplines (Frank, Gilovich and Regan, 1993). Due to all these reasons, it was decided that Study 2 would be conducted in a real service setting with respondents representing different social classes and age groups (Study 2a).

The study was conducted on Finnish respondents. Since Finland has a reputation of being a rather gloomy culture, the choice of conducting the study in Finland might seem odd. However, results from international studies contradict these prejudices, showing that the Finns are comparatively a very happy nation. For instance, in a well-being study of EU nations, the Finns represented the happiest nation, scoring on average 8 on a 10 point Likert-scale (Böhnke, 2005). Thus, it can be expected that the happiness scores in this research are relatively high.

3.2.5. Data analysis: PLS

The hypotheses were tested using partial least squares modeling (PLS) with SmartPLS 2.0 (beta) (Ringle, Wende and Will, 2005). Partial Least Squares Modeling is a structural equation technique that has lately gained ground among marketing researchers (see for instance, Henseler, Ringle, Sinkovics, (2009), and Hennig-Thurau, Hennig and Sattler (2007)). Being a components-based structural equations modeling technique, PLS is similar to regression, but simultaneously models the structural paths, i.e., theoretical relationships among latent variables and measurement paths, i.e., relationships between a latent variable and its indicators (Chin, Marcolin and Newsted, 1996).

In this thesis, PLS was preferred over other structural equation modeling techniques (e.g., LISREL and AMOS) because PLS places less stringent conditions on sample size

and data distribution (Chin, 1998), i.e., it allows for small sample sizes (as in this study, N ≤ 150) and is not sensitive to the distribution of the variables used (Falk and Miller, 1992). The sample size requirement for PLS is 5-10 times the number of parameters in the model (Barclay, Higgins and Thompson, 1995; Chin, Marcolin and Newsted, 1996). These requirements were met in this thesis. Furthermore, PLS avoids problems that are often associated with LISREL, like inadmissible solutions and factor indeterminacy, by being flexible in its requirements (Fornell and Bookstein, 1982).

PLS uses a three-step ordinary least squares algorithm to obtain path loadings and weights (Chin, 1998). In the first step, an iterative scheme of simple and/or multiple regressions is performed until the solution converges on a set of weights used for estimating the latent variable scores. Stages two and three are non-iterative applications of OLS regressions for obtaining path loadings for the latent variable and its indicators. The weights can be interpreted as principal component loadings within the context of the model, and the path loadings as OLS regression weights (Falk and Miller, 1992). As a consequence of using an iterative algorithm consisting of a series of ordinary least squares analyses, identification is not a problem for recursive (i.e., one-way path) models nor does it presume any distributional form for measured variables (Chin, Marcolin and Newsted, 1996). Rather than assuming equal weights for all indicators of a scale, the PLS algorithm allows each indicator to vary in how much it contributes to the composite score of the latent variable. Thus indicators with weaker relationships to related indicators and the latent construct are given lower weightings. In this sense, PLS is preferable to techniques such as regression, which assume error-free measurement. Using an iterative estimation technique, the PLS approach provides a general model that encompasses, among other techniques, canonical correlation, redundancy analysis, multiple regression, multivariate analysis of variance, and principal components (Chin, Marcolin and Newsted, 1996).

Estimation of the significance of parameter estimates can take place in several ways (e.g., bootstrapping and jack-knifing). A bootstrapping re-sampling method was chosen for the data in this thesis. Bootstrapping is argued to be more suitable for PLS than jack-knifing (Chin, 1998) since it represents a nonparametric approach to statistical inference that relies on large amounts of computation (Mooney, 1996). The PLS program is sensitive to missing values and therefore the missing values were replaced with the mean values. In this research, missing values for the items ranged between 0 to 12 % across all the samples which is in line with other studies.

4 STUDY 1

Study 1 consists of three substudies that were conducted on different participants. In each subsection, respondents were asked to evaluate the service quality of five different services. More specifically, in Study 1a, the focus was on investigating the effect of happiness on service quality for everyday utilitarian services: public transportation and the services provided by a bank, electricity company, mobile phone operator and grocery store. In Study 1b, respondents were asked to evaluate the quality of more complex utilitarian services and one hedonic type of service (coffee shop): dentist, healthcare center, coffee shop, school course and their university. In Study 1c a mix of hedonic and utilitarian services were investigated: a communal swimming pool, ferry cruise, school cafeteria, clothing store and an introduction lecture to an undergraduate marketing course.

4.1. Data collection and sample characteristics

Study 1 was conducted in the spring of 2009 with students as respondents (see Table 3).

Table 3 Age and gender characteristics for Study 1

	Study 1a (N=130)	**Study 1b (N=151)**	**Study 1c (N=115)**
Age	21.3	22.4	20.6
SD	3.34	2.57	1.51
Gender			
Male	50.8	57.2	50.7
Female	49.2	42.8	49.3

Study 1a: Participants in Study 1a were 130 students who took part in a mass lecture and completed a paper-and-pen questionnaire in class. 50.8 percent of the participants were male and 49.2 percent female. Respondents' ages ranged between 18 to 32 and the mean age was 21 years.

Study 1b: Respondents in Study 1b were 151 students who completed a paper-and-pen questionnaire. Respondents were recruited outside and inside school cafeterias and from student organizations. The questionnaires were completed in the school cafeterias or the common rooms of the student organizations. To encourage participation, the students were given free coffee or the opportunity to participate in a lottery to win 50 euros or a free ticket to a student organization party. The sample consisted of 57.2 percent males and 42.8 percent females. The ages of the participants ranged between 17 to 30 and the mean age was 22 years.

Study 1c: Respondents were 115 students who completed a paper-and-pen questionnaire and participated in a mass lecture and a lottery of 50 euros. The questionnaires were completed in class. Respondents consisted of 50.7 percent males and 49.3 percent females. The ages of the participants ranged between 19 and 24 and the mean age was 20.6.

4.2. Questionnaire design

The questionnaires were designed to capture happiness, mood and service quality with the measures that were described previously, but also included other scales that fall out of the scope of this research. Respondents were asked to state the name of the service provider they have used the most and for how long they have been a customer of this particular service provider. Questions relating to demographics were kept to a minimum: only age, gender, name of the service provider and time of the last visit.

Study 1a: Since the study was conducted in the Helsinki area, respondents were asked to evaluate local public transportation (see Table 4 for construct items and their statistics). In order to avoid any order effects, the services were rotated so that, for instance, some respondents evaluated their bank first while others evaluated it last. The rotation resulted in a total of 40 different versions of the questionnaire. The questionnaire ended with demographic questions on the respondents' age and gender. The questionnaire required 10 minutes to complete. Table 4 lists each item and presents the mean, standard deviation, the loading of each item on its construct provided by the PLS-program, skewness and kurtosis.

Table 4 Descriptive statistics on item level in Study 1a

Concepts	Items	Mean	St. Dev.	Loading	Skewness	Kurtosis
Bank quality	The overall quality of the bank is excellent	4.8	1.11	.882	-.599	.04
	The quality of the bank is impressive	4.5	1.23	.885	-.556	.019
	The bank is of high standard	4.6	1.23	.888	-.424	.152
	I believe that the bank offers service that is superior to other banks	4.2	1.33	.859	-.109	-.407
Grocery store quality	The overall quality of the grocery store is excellent	4.9	1.2	.874	.183	-.604
	The quality of the grocery store is impressive	4.8	1.3	.885	.147	-.852
	The grocery store is of high standard	4.9	1.3	.918	.009	-.660
	I believe that the grocery store offers service that is superior to other grocery stores	4.5	1.4	.809	.094	-.494
Mobile phone operator quality	The overall quality of the mobile phone operator is excellent	4.6	1.22	.907	-.251	.189
	The quality of the mobile phone operator is impressive	4.4	1.28	.889	-.253	-.038
	The mobile phone operator is of high standard	4.5	1.29	.908	-.190	-.283
	I believe that the mobile phone operator offers service that is superior to other mobile phone operators	4.2	1.45	.797	-.041	-.360
Electricity company quality	The overall quality of the electricity company is excellent	4.4	1.2	.860	-.453	.606
	The quality of the electricity company is impressive	4.1	1.29	.867	-.139	-.257
	The electricity company is of high	4.2	1.28	.843	-.348	.298

	standard					
	I believe that the electricity company offers service that is superior to other electricity companies	4.1	1.62	.700	-.078	-.408
Public transportation quality	The overall quality of public transportation in the Helsinki area is excellent	4.6	1.14	.859	.350	-.125
	The quality of the public transportation in the Helsinki area is impressive	4.4	1.18	.892	.403	-.030
	The public transportation in the Helsinki area is of high standard	4.6	1.19	.885	.054	-.252
	I believe that the public transportation in the Helsinki area offers service that is superior to other forms of public transportation	3.9	1.5	.670	-.205	-.051
Mood	Currently, I am in a good mood	5	1.26	.807	-.533	.157
	As I answer these questions I feel cheerful	4.2	1.55	.838	-.205	-.542
	For some reason I am not very comfortable now (r)	5.16	1.6	.727	-.676	-.379
	At this moment I feel edgy or irritable (r)	5.4	1.62	.746	-1.04	.340
Happiness	In general, I consider myself (not at all a happy person/a very happy person)	5.5	1.2	.807	-.984	1.116
	Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)	5.3	.99	.746	-.327	-.155
	Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	4.5	1.22	.606	-.308	.104
	Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you? (r)	4.9	1.42	.757	-.490	-.300

Note: (r)denotes the items that were negatively phrased and reverse-coded

Study 1b: The questionnaire of Study 1b followed the same logic as the questionnaire in Study 1a, with the addition of some measures that are out of the scope of this research (see Table 5 for statistics on the concepts). Again, the order of the services was rotated and the rotation resulted in a total of 40 different versions of the questionnaire. The questionnaire required 20 minutes to complete. Table 5 lists each item and presents the mean, standard deviation, the loading of each item on its construct, skewness and kurtosis.

Table 5 Descriptive statistics on item level in Study 1b

Concepts	Items	Mean	St. Dev.	Loading	Skewness	Kurtosis
Dentist quality	The overall quality of the dentist is excellent	4.8	-.721	.900	-.721	-.04
	The quality of the dentist is impressive	4.4	-.248	.920	-.248	-.645
	The dentist is of high standard	4.8	-.363	.894	-.363	-.637
	I believe that the dentist offers service that is superior to other dentists	3.7	.195	.812	.195	-.956
Healthcare quality	The overall quality of the healthcare center is excellent	5.1	-.866	.896	-.866	.308
	The quality of the healthcare center is impressive	4.5	-.473	.890	-.473	.011
	The healthcare center is of high standard	4.9	-.529	.911	-.529	-.280
	I believe that the healthcare center offers service that is superior to other healthcare centers	3.9	-.068	.781	-.068	-.831
Coffee shop quality	The overall quality of the coffee shop is excellent	5	-.604	.899	-.604	.383
	The quality of the coffee shop is impressive	4.5	-.257	.890	-.257	-.189
	The coffee shop is of high standard	4.7	-.486	.883	-.486	-.548
	I believe that the coffee shop offers service that is superior to other coffee shops	4.1	-.217	.814	-.217	-.653
School course quality	The overall quality of the school course is excellent	5	-.675	.878	-.675	.269
	The quality of the school course is impressive	4.5	-.316	.895	-.316	-.473
	The school course is of high standard	4.9	-.537	.907	-.537	.098
	I believe that the school course offers service that is superior to other school courses	4.3	-.143	.696	-.143	-.424
School quality	The overall quality of the school is excellent	5	-.697	.870	-.697	.678
	The quality of the school is impressive	4.8	-.540	.825	-.540	-.135
	The school is of high standard	5.3	-.676	.854	-.676	.248
	I believe that the school offers service that is superior to other schools	5.1	-.707	.773	-.707	-.143
Mood	Currently, I am in a good mood	5.3	-.984	.825	-.984	-.578
	As I answer these questions I feel cheerful	4.4	-.308	.710	-.308	.140
	For some reason I am not very comfortable now (r)	5.3	-1.067	.736	-1.07	-.017
	At this moment I feel edgy or irritable (r)	5.4	-1.153	.710	-1.15	.328
Happiness	In general, I consider myself (not at all a happy person/a very happy	5.5	-.752	.751	-.752	.752

person)					
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)	5.3	-1.596	.770	-.596	.557
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	5	-.752	.832	-.488	.488
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you? (r)	5.3	-.596	.624	-.671	-.671

Note: (r) denotes the items that were negatively phrased and reverse-coded

Study 1c: The questionnaire of Study 1b followed the same logic as the questionnaire in Study 1a and b (see Table 6 for item statistics). Again, the order of the services was rotated and the rotation resulted in a total of 40 different versions of the questionnaire. Table 6 lists each item and presents the mean, standard deviation, the loading of each item on its construct, skewness and kurtosis.

Table 6 Descriptive statistics on item level in Study 1c

Concepts	Items	Mean	St. Dev.	Loading	Skewness	Kurtosis
Ferry cruise quality	The overall quality of the ferry cruise is excellent	3.9	1.40	.888	-.133	-.808
	The quality of the ferry cruise is impressive	3.5	1.34	.904	.134	-.532
	The ferry cruise is of high standard	3.5	1.39	.875	.226	-.544
	I believe that the ferry cruise offers service that is superior to other ferry cruises	3.3	1.6	.786	.315	-.661
School cafeteria quality	The overall quality of the school cafeteria is excellent	4	1.32	.896	-.376	-.493
	The quality of the school cafeteria is impressive	3.6	1.34	.877	-.129	-.684
	The school cafeteria is of high standard	3.9	1.35	.892	-.099	-.466
	I believe that the school cafeteria offers service that is superior to other school cafeterias	3.1	1.44	.755	.191	-.637
Swimming pool quality	The overall quality of the swimming pool is excellent	4.6	1.28	.856	-.429	-.159
	The quality of the swimming pool is impressive	4.1	1.27	.903	-.041	-.422
	The swimming pool is of high standard	4.4	1.39	.916	-.142	-.509

	I believe that the swimming pool offers service that is superior to other swimming pools	4	1.54	.724	.055	-.587
Introduction lecture quality	The overall quality of the introduction lecture is excellent	4.7	1.19	.902	-.916	1.00
	The quality of the introduction lecture is impressive	4.3	1.27	.844	-.463	-.180
	The introduction lecture is of high standard	4.8	1.42	.906	-.683	.253
	I believe that the introduction lecture offers service that is superior to other introduction lectures	4.1	1.58	.702	-.216	-.408
Clothing store quality	The overall quality of the clothing store is excellent	4.9	1.39	.879	-.447	-.297
	The quality of the clothing store is impressive	4.4	1.5	.841	-.435	-.400
	The clothing store is of high standard	4.6	1.75	.863	-.292	-.667
	I believe that the clothing store offers service that is superior to other clothing stores	4.1	1.76	.714	-.228	-.723
Mood	Currently, I am in a good mood	5	.90	.491	-.856	.584
	As I answer these questions I feel cheerful	4	.98	.611	.027	-.451
	For some reason I am not very comfortable now (r)	4.7	1.21	.706	-.360	-.963
	At this moment I feel edgy or irritable (r)	4.5	1.47	.818	-.406	-.652
Happiness	In general, I consider myself (not at all a happy person/a very happy person)	5.5	1.13	.806	-.544	.247
	Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)	5.3	1.24	.819	-.457	-.210
	Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	4.9	1.17	.678	-.688	.779
	Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you? (r)	4.8	1.18	.611	-.468	-.581

Note: (r) denotes the items that were negatively phrased and reverse-coded

4.3. Analysis of construct validity

All scales were subjected to principal component analysis (PCA) using SPSS 16 and 18 (Mac version) in order to test scale validities. After having ascertained construct

validity, the scale items were averaged to provide a single composite score. The factor analyses were conducted as follows: Firstly, the service quality measures of all services were factor analyzed in a single analysis in order to test construct validity and discriminant validity between the service quality of each service. Secondly, each service quality construct was factor analyzed together with mood and happiness to investigate discriminant validity between these constructs. The descriptive statistics of all the factor analyses can be found in the appendix.

4.3.1. Factor analysis of Study 1a

First, the service quality measures were factor analyzed for all the five services together (see Appendix 1 for a table). The Kaiser-Meyer-Olkin (KMO) value of .803 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974). Principal component analysis with Varimax rotation yielded the five expected factors – one for each service – that together explain 80 percent of the variance. According to the recommendation of Pallant (2001), coefficients under .3 were suppressed. These results indicate that the respondents answered the quality scales carefully, distinguishing the service quality of each service. All service quality items were retained. The results support discriminant validity between the service quality of each service and the construct validity of the service quality measures (see appendix for statistics). Nunnally (1978) recommends that Cronbach's alphas should exceed .7. The Cronbach's alphas were good: They were high for bank service quality (.935), grocery store quality (.909), mobile operator quality (.917), electricity company service (.836), and public transportation (.863).

After the analysis of the service quality measures, mood and happiness were factor analyzed together with each service quality construct (see Appendix 2 for an example table on bank quality). The Kaiser-Meyer-Olkin (KMO) value of .804 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974). Coefficients under .3 were suppressed. Principal component analysis with Varimax rotation yielded the three expected factors that together explain 70 percent of the variance. These results show a clear separation between the concept of service quality, mood and happiness. Cronbach's alphas were good: service quality items (.935), mood (.815), and happiness items (.740). The item loadings as well as the Cronbach's alphas for all scales showed internal consistency and were averaged to provide single composite scores.

4.3.2. Factor analysis for Study 1b

Firstly, all the service quality measures were factor analyzed for all the five services (see Appendix 3 for a table). The Kaiser-Meyer-Olkin (KMO) value of .748 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974). Principal component analysis with Varimax rotation yielded the five expected factors that together explain 76.7 percent of the variance. Coefficients under .3 were suppressed. The items were retained and composed into a single score. Cronbach's alphas were very good: dentist service quality items (.909), healthcare quality items (.922), coffee shop quality items (.897), school course quality items (.873) and school quality items (.858).

Next, mood, happiness and the service quality of each service were factor analyzed (see Appendix 4 for an example with dentist quality). The Kaiser-Meyer-Olkin (KMO) value of .837 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974). Coefficients under .3 were suppressed. Principal component analysis with Varimax rotation yielded a four factor solution that together explains 68.4 percent of the

variance. The quality, mood and happiness items clearly loaded on separate constructs. Cronbach's alphas were very good for the dentist service quality scale (.909) and satisfactory for the mood scale (.742) and the happiness scale (.755). All of the scales were combined and averaged to provide single composite scores.

4.3.3. Factor analysis for Study 1c

Just as in Study 1a and b, all the service quality measures were factor analyzed for all the five services (see Appendix 5 for a table). The Kaiser-Meyer-Olkin (KMO) value of .773 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974). Principal component analysis with Varimax rotation yielded the five expected factors, one for each service, that together explain 74.8 percent of the variance. Coefficients under .3 were suppressed. These results show that respondents have distinguished service quality for each service. Cronbach's alphas were very good: They were high for the ferry cruise items (.898), the school cafeteria items (.896), the swimming pool items (.869), school course introduction (.863), and clothing store quality (.847).

Next, mood, happiness and all the service quality constructs were the ferry cruise scales were factor analyzed (see Appendix 6 for an example with ferry cruise service quality). The Kaiser-Meyer-Olkin (KMO) value of .740 showed that the service quality data was suitable for factor analysis (Kaiser and Rice, 1974). Coefficients under .3 were suppressed. Principal component analysis with Varimax rotation yielded the three expected factors that together explain 62 percent of the variance. The results show a clear separation between the concept of mood and happiness. One item on the mood scale also loaded on the happiness scale (.444), but it was decided to retain the item as it loaded more highly on the mood scale (.491) and Cronbach's α (.625) was higher when all original items were retained[41]. The mood scale showed only adequate inner consistency. As Cronbach's alpha was low for all the items of the happiness scale, it was examined in greater depth. An examination of the inner consistency showed that small improvement of Cronbach's α would be yielded if an item would be dropped (.755 in comparison to .692 for all the four items. All the items retained for the scales were composed and averaged to provide single composite scores.

4.4. Results measurement models and construct statistics

Study 1a: Table 7 shows correlations, mean, standard deviation, skewness, kurtosis, composite reliability, average variance extracted and square root values of average variance extracted (bolded on the diagonal). The AVE values are extracted in the bootstrap output generated by the PLS program. Table 7 lists the descriptive statistics on a factor level for Study 1a.

[41] Dropping the first mood item would yield a Cronbach's α of .589.

Table 7 Descriptive statistics on factor level in Study 1a.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) Electricity company SQ	**.911**						
(2) Public transportation SQ	.417**	**.889**					
(3) Mobile operator SQ	.334**	.030	**.728**				
(4) Bank SQ	.473**	.207*	.317**	**.943**			
(5) Grocery store SQ	.215*	.187*	.257**	.232**	**.755**		
(6) Happiness	.248*	.256**	.097	.304**	.124	**.755**	
(7) Mood	.258*	- .021	.114	.289**	.144	.343**	**.806**
Mean	4.4	4.2	4.4	4.7	4.5	4.9	4.9
St. deviation	1.1	1.1	1.17	1.16	1.09	.09	1.2
Skewness	.350	-.452	-.008	.198	-.518	-.565	-.448
Kurtosis	-.180	.222	-.125	-.797	.196	.711	-.168
Composite reliability	.836	.863	.917	.935	.909	.740	.815
Average variance extracted	.83	.79	.53	.89	.57	.57	.65

**. Correlation is significant at the .001 level (2-tailed)
*. Correlation is significant at the .05 level (2-tailed)
Note: Square root values of average variance extracted are bolded on the diagonal.

Reliability. Inspection of the individual item loadings presented in Table 4 shows that all items load higher than 0.50 on their respective construct, which provides support for a high degree of individual item reliability (Hulland, 1999). Composite reliability was used to assess the internal consistency of items hypothesized to measure a single construct (Fornell and Larcker, 1981). The factor analyses in appendix 1 and 2 and the items measuring the constructs can be considered internally consistent, as in all instances all composite reliability values exceed the 0.70 guideline suggested by Nunnally and Bernstein (1994).

Validity. Within-method convergent validity of the constructs is provided by inspection of each construct's average variance extracted (see Table 7). As all average variance extracted values are above 0.50, it can be concluded that the within-method convergent validity of the constructs used in this study is acceptable (Chin and Newsted, 1999). Also, discriminant validity is assessed by a test of average variance extracted (Fornell and Larcker, 1981). For all the constructs, the square of the average variance extracted from the traits exceeds the correlation between the two respective constructs. This provides evidence for the presence of discriminant validity (Chin, 1998).

The total happiness scores, ranging from 2 to 7, revealed no gender differences, which is in line with previous studies (Lyubomirsky and Lepper, 1999). The median happiness score was 4.7 and the mean happiness 4.9. Thus, the respondents' levels of happiness were in line with previous studies using the same scale (Lyubomirsky and Lepper, 1999)[42]. An examination of the happiness scores showed that the data was negatively skewed (-.565), which is in line with previous research showing that most people rate their own level of happiness as higher than neutral, but also that few people place themselves in the highest category of happiness (Myers and Diener, 1996). Further, the data revealed that respondents were in a good mood on average (M=4.9).

[42] In their scale development studies, Lyubomirsky and Lepper (1999) found mean happiness scores ranging from 4.63 to 5.62 in their samples. Most of the samples had a mean score around 5.

Study 1b: Table 8 lists the statistics on factor level, showing correlations, mean, standard deviation, skewness, kurtosis, composite reliability, average variance extracted and square root values of average variance extracted (bolded on the diagonal).

Table 8 Descriptive statistics on factor level in Study 1b.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) Dentist SQ	**.866**						
(2) Healthcare SQ	.289**	**.768**					
(3) Coffee shop SQ	.052	.113	**.872**				
(4) Course SQ	.090	.143	.087	**.854**			
(5) School SQ	- .056	.059	.184*	.299**	**.794**		
(6) Happiness	.153	.209*	.136	.012	.084	**.812**	
(7) Mood	.087	- .035	.123	.147	.067	.272**	**.775**
Mean	4.4	4.6	4.6	4.7	5.0	5.3	5.1
St. deviation	1.4	1.32	1.25	1.20	1.18	.973	1.09
Skewness	-.283	-.572	-.443	-.532	-.714	-.443	-.797
Kurtosis	-.578	.140	-.017	.328	.832	1.0	.691
Composite reliability	.909	.922	.897	.873	.858	.755	.742
Average variance extracted	.75	.59	.76	.73	.63	.66	.60

**. Correlation is significant at the .001 level (2-tailed)

*. Correlation is significant at the .05 level (2-tailed)

Note: Square root values of average variance extracted are bolded on the diagonal.

Reliability. Inspection of the individual item loadings presented in Table 5 shows that all items load higher than 0.50 on their respective construct, which provides support for a high degree of individual item reliability (Hulland, 1999). Composite reliability was used to assess the internal consistency of items hypothesized to measure a single construct (Fornell and Larcker, 1981). The factor analyses in appendix 3 and 4 and the items measuring the constructs showed that the scales can be considered internally consistent, as in all instances all composite reliability values exceed the 0.70 guideline suggested by Nunnally and Bernstein (1994).

Validity. As can be seen from Table 8, the within-method convergent validity of the constructs is provided by inspection of each construct's average variance extracted. As all average variance extracted values are above 0.50, it can be concluded that the within-method convergent validity of the constructs used in this study is acceptable (Chin and Newsted, 1999). Discriminant validity is assessed by a test of average variance extracted (Fornell and Larcker, 1981). For all the constructs, the square of the average variance extracted from the traits exceeds the correlation between the two respective constructs. This provides evidence for the presence of discriminant validity (Chin, 1998).

The happiness scores ranged from 2.3 to 7 with a mean of happiness of 5.3, which is in line with previous studies of happiness (Lyubomirsky and Lepper, 1999). An examination of the happiness scores showed that the data was negatively skewed (-.443) and thus the data is in line with previous research. However, in contrast to studies in positive psychology, significant gender differences in happiness were found. Women (M_{women} 5.56) were found to be happier than men (M_{men} 5.04), $p < .001$. Similarly, women reported themselves to be in a significantly better mood than did

men (M_{men} 4.86, M_{women} 5.44), $p < .001$. The reasons for this could be that the majority of the data was collected at a male-dominated university of technology and computer science and there is a possibility that these students differ from the average population. However, the gender difference in happiness is not expected to affect the construct relationships. Similar to Study 1b, the mean of mood was good (5.1) and in general the mean score for the respondents' service quality evaluations was 4 or higher. From the evaluated services, the ratings of school quality stood out as particularly high, meaning that most respondents evaluated the quality of their educational institution as better than neutral.

Study 1c: Table 9 describes the statistics on factor level, indicating correlations, mean, standard deviation, skewness, kurtosis, composite reliability, average variance extracted and square root values of average variance extracted (bolded on the diagonal).

Table 9 Descriptive statistics on factor level in Study 1c.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) School cafeteria SQ	**.872**						
(2) Swimming pool SQ	.134	**.854**					
(3) Lecture SQ	.132	.130	**.854**				
(4) Clothing store SQ	.195*	- .025	.078	**.831**			
(5) Ferry SQ	.198*	.004	.005	.239**	**.877**		
(6) Happiness	.503	- .153	.004	.091	.05	**.726**	
(7) Mood	.133	.169*	.180	- .035	- .107	.221**	**.742**
Mean	3.5	4.2	4.3	4.4	3.4	5.2	4.7
St. Deviation	1.17	1.72	1.13	1.13	1.24	.84	1.2
Skewness	-.061	.002	-.811	-.105	.301	-.781	-.076
Kurtosis	-.547	-.545	.715	-.309	-.333	1.05	-.455
Composite reliability	.896	.869	.863	.847	.898	.692	.625
Average variance extracted	.76	.73	.73	.69	.77	.527	.55

**. Correlation is significant at the .001 level (2-tailed)

*. Correlation is significant at the .05 level (2-tailed)

Note: Square root values of average variance extracted are bolded on the diagonal.

Reliability. Inspection of the individual item loadings presented in Table 6 shows that all items load higher than 0.50 on their respective construct, which provides support for a high degree of individual item reliability (Hulland, 1999). Composite reliability was used to assess the internal consistency of items hypothesized to measure a single construct (Fornell and Larcker, 1981). The factor analyses in appendix 5 and 6 and the items measuring the constructs and the scales can be considered internally consistent, as in all instances all composite reliability values, except for mood (.625) and happiness (.692), exceed the 0.70 guideline suggested by Nunnally and Bernstein (1994). These values for mood and happiness are relatively low which might influence the results.

Validity. Table 9 shows that the within-method convergent validity of the constructs is provided by inspection of each construct's average variance extracted. As all average variance extracted values are above 0.50, it can be concluded that the within-method convergent validity of the constructs used in this study is acceptable (Chin and Newsted, 1999). Also, discriminant validity is assessed by a test of average variance

extracted (Fornell and Larcker, 1981). For all the constructs, the square of the average variance extracted from the traits exceeds the correlation between the two respective constructs. This means that evidence for the presence of discriminant validity is provided (Chin, 1998).

The happiness levels, ranging from 2 to 7 and with a mean of 5.2 on the 7-point happiness scale, revealed no gender differences and were in line with results obtained in previous studies (Lyubomirsky and Lepper, 1999) (Table 15). An examination of the happiness levels showed that the data was skewed (-.781), which is in line with previous research. The mean for mood was good (4.7). Respondents gave the service quality of the swimming pool, the introduction lecture and the clothing store a mean rating of 4 or higher while the average total service quality score for the ferry cruise and the school cafeteria stood out as being particularly low in comparison to the rest of the services in Study 1c.

4.5. Findings of Study 1

The empirical results for the structural model are presented in Table 10. The *t*-values accompanying the individual coefficients are obtained via a bootstrap procedure consisting of 500 runs (White, Varadarajan and Dacin, 2003).

Table 10 Results for structural model in Study 1.

Study 1	Relationship	β coeff.	p-value	T-value	Conclusion
Study 1a	Happiness ➔ Bank SQ	.304	.001	3.347	H3 is supported
	Mood ➔ Bank SQ	.289	.001	3.402	H1 is supported
	Happiness ➔ Public transportation SQ	.256	.005	2.759	H3 is supported
	Mood ➔ Public transportation SQ	-.021	ns.	-.238	H1 is rejected
	Happiness ➔ Electricity company SQ	.248	.005	2.275	H3 is supported
	Mood ➔ Electricity company SQ	.258	.005	2.575	H1 is supported
	Happiness ➔ Grocery store SQ	.124	ns.	1.312	H3 is rejected
	Mood ➔ Grocery store SQ	.144	ns.	1.636	H1 is rejected
	Happiness ➔ Mobile phone operator SQ	.097	ns.	1.019	H3 is rejected
	Mood ➔ Mobile phone operator SQ	.114	ns.	1.288	H1 is rejected
	Happiness ➔ Mood	.343	.000	3.836	H2 is supported
Study 1b	Happiness ➔ Dentist SQ	.153	ns.	1.791	H3 is rejected
	Mood ➔ Dentist SQ	.087	ns.	1.004	H1 is rejected
	Happiness ➔ Healthcare SQ	.209	.005	2.497	H3 is supported
	Mood ➔ Healthcare SQ	-.035	ns.	-.403	H1 is rejected
	Happiness ➔ Coffee shop SQ	.136	ns.	1.620	H3 is rejected
	Mood ➔ Coffee shop SQ	.123	ns.	1.455	H1 is rejected
	Happiness ➔ School course SQ	.017	ns.	.196	H3 is rejected
	Mood ➔ School course SQ	.147	ns.	1.74	H1 is rejected
	Happiness ➔ Educational institution SQ	.084	ns.	.936	H3 is rejected
	Mood ➔ Educational institution SQ	.067	ns.	.742	H1 is rejected
	Happiness ➔ Mood	.272	.001	3.43	H2 is supported
Study 1c	Happiness ➔ Ferry cruise SQ	.050	ns.	.521	H3 is rejected
	Mood ➔ Ferry cruise SQ	-.107	ns.	-1.143	H1 is rejected
	Happiness ➔ School cafeteria SQ	.179	ns.	1.02	H3 is rejected
	Mood ➔ School cafeteria SQ	.131	ns.	.957	H1 is rejected
	Happiness ➔ Swimming pool SQ	-.114	ns.	.755	H3 is rejected
	Mood ➔ Swimming pool SQ	.211	ns.	1.816	H1 is rejected
	Happiness ➔ Introduction lecture SQ	.206	ns.	1.00	H3 is rejected
	Mood ➔ Introduction lecture SQ	-.127	ns.	.891	H1 is rejected
	Happiness ➔ Clothing store SQ	.154	ns.	.962	H3 is rejected
	Mood ➔ Clothing store SQ	-.066	ns.	.440	H1 is rejected
	Happiness ➔ Mood	.340	ns.	1.46	H2 is rejected

Hypothesis 1: H1 stated that mood positively affects service quality. This hypothesis was supported for the services provided by the bank (β = .289, t = 3.402, p <.001) and electricity company (β = .258, t = 2.759, p <.005), but was non-significant for the other services and therefore H1 was rejected for public transportation, grocery store and mobile phone operator services. For Study 1b and 1c, the relationship between mood and service quality was insignificant for all services and thus hypothesis 1 was rejected.

Hypothesis 2: H2 proposed that happiness positively affects mood. This hypothesis was supported in Study 1a (β = .343, t = 3.836, p <.000) and Study 1b (β = .272, t = 3.43, p <.001), but rejected for Study 1c.

Hypothesis 3: H3 stated that happiness is positively related to service quality. This hypothesis was supported for bank services (β = .304, t = 3.347, p <.001), public transportation (β = .256, t = 2.759, p <.005), and electricity company services (β = .248, t = 2.275, p <.005). The effect of happiness on mobile phone operator and grocery store quality was insignificant and H3 was thus only partly supported for these services. For Study 1b, H3 was supported for the service quality of the healthcare services (β = .205, t = 2.497, p <.005) but was insignificant for dentist, coffee shop, school course and educational institution (school) services. For Study 1c, H3 was rejected for all the services.

4.5.1. Testing mood as a mediator between happiness and service quality

Hypothesis 4 proposes that mood mediates the relationship between happiness and service quality. A mediator is an intervening variable that is an indicative measure of the process through which an independent variable is thought to impact a dependent variable (see Figure 5). The researcher seeks to assess the extent to which the effect of the independent variable on the dependent variable is direct or indirect via the mediator (Iacobucci, Saldanha and Deng, 2007).

Figure 5 Simple, standard trivariate mediation, X = independent variable, M = mediator and Y = dependent variable, a, b, c = path coefficients.

The literature is divided on the method used for calculating mediation. One of the most well-known methods is Baron and Kenny's (1986) mediation test. In this study, the recommendations for mediations of Iacobucci and his colleagues were used. This method builds upon the usage of a SEM-method as well as extends on Baron and Kenny's mediation test. Iacobucci and colleagues (2007) summarize the steps for calculating mediation with the following steps (see Iacobucci, Saldanha and Deng, 2007, p. 152 for further details):

Firstly, they suggest that a model should be fitted by SEM, so the direct and indirect paths are fit simultaneously so as to estimate either effect while partialing out, or statistically controlling for, the other. They argue that some mediation is always found when both the X→M and M→Y coefficients are significant. However, if one or both of the paths are not significant there is no mediation. In Study 1, these conditions were met by the models on bank and electricity company service quality.

Secondly, a *z*-value should be calculated to test explicitly the relative sizes of the indirect (mediated) vs. direct paths. The z-value was calculated with the Sobel test equation. This test omits the third term of the variance estimate in the denominator. The z-value was calculated with the following formula: $z\text{-value} = a*b/\text{SQRT}(b^2*s_a^2 + a^2*s_b^2)$ (MacKinnon, Warsi and Dwyer, 1995).

Thirdly, Iacobucci, Saldanha and Deng (2007, p. 152) suggest categorical reporting of mediation ("no", "partial" or "full" mediation) and give the following recommendations:

a. If the *z* is significant and the direct path X→ Y is not, then the mediation is complete.

b. If both the z and the direct path X→ Y are significant, then the mediation is "partial"

c. If the z is not significant but the direct path X→ Y is (and recall that the indirect, mediated path, X→M, M→ Y is significant) the mediation is "partial".

d. If neither the z nor the direct path X→ Y are significant, then the mediation is "partial".

Table 10 lists the z-value, its standard error and p-value. As can be seen from Table 10, mood partially mediated happiness and service quality for the bank and the electricity company service.

Table 11 Results for mediation test in Study 1.

Services	z-value	St.error	p-value	Conclusion
Bank quality	2.36	.042	.02	Significant z-value and significant *X→ Y:* *Partial mediation supported*
Electricity company quality	2.43	.036	.015	Significant z-value and significant *X→ Y:* *Partial mediation supported*

4.6. Summary of results

Table 11 provides a summary table of the services in Study 1 and results of hypotheses testing.

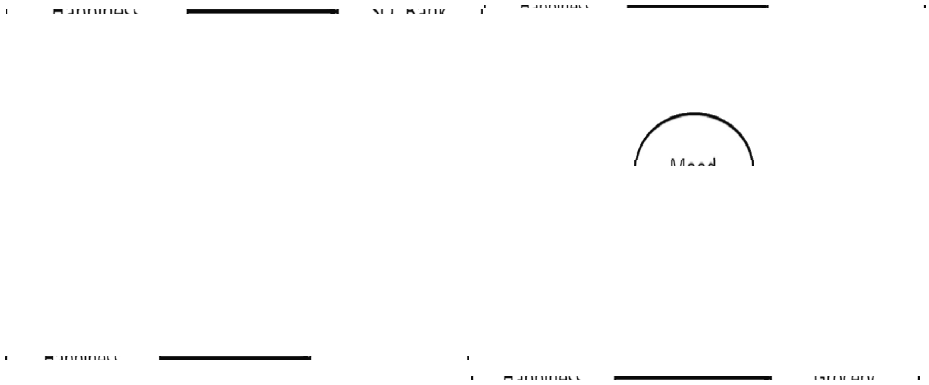
Table 12 Support for the hypotheses in Study 1.

Service	H1	H2	H3	H4
Bank	Yes	Yes	Yes	Yes
Electricity company	Yes	Yes	Yes	Yes
Public transportation	No	Yes	Yes	No
Healthcare	No	Yes	Yes	No
Dentist	No	Yes	No	No
Swimming pool	No	Yes	No	No
Grocery store	No	Yes	No	No
Mobile phone operator	No	Yes	No	No
School course	No	Yes	No	No
Educational institution	No	Yes	No	No
Ferry cruise	No	No	No	No
School cafeteria	No	No	No	No
Coffee shop	No	No	No	No
Introduction lecture	No	No	No	No
Clothing store	No	No	No	No

Note: Yes indicates that the hypothesis was supported, No that it was rejected

Study 1 provided weak support for hypothesis H1, which states that mood positively affects service quality in the case of the bank and electricity company. Study 1 supported hypothesis H2, confirming the mounting evidence in previous studies showing that happiness positively affects mood (Larsen, Diener and Emmons, 1986; Diener, Sandvik and Pavot, 1991; Lyubomirsky and Lepper, 1999; Schimmack and Diener, 1997).

Study 1 provided support for H4 – which postulates that mood mediates the relationship between happiness and service quality – only in the case of the bank service and the electricity company service. Also, Study 1 provided weak support regarding H3, which states that happiness has a direct positive effect on service quality. Happiness had a direct positive effect on service quality for four of the services (bank, public transportation, electricity company, healthcare). A graphical summary of the interrelationships between happiness, mood and service quality for the different services is presented in Figure 6.



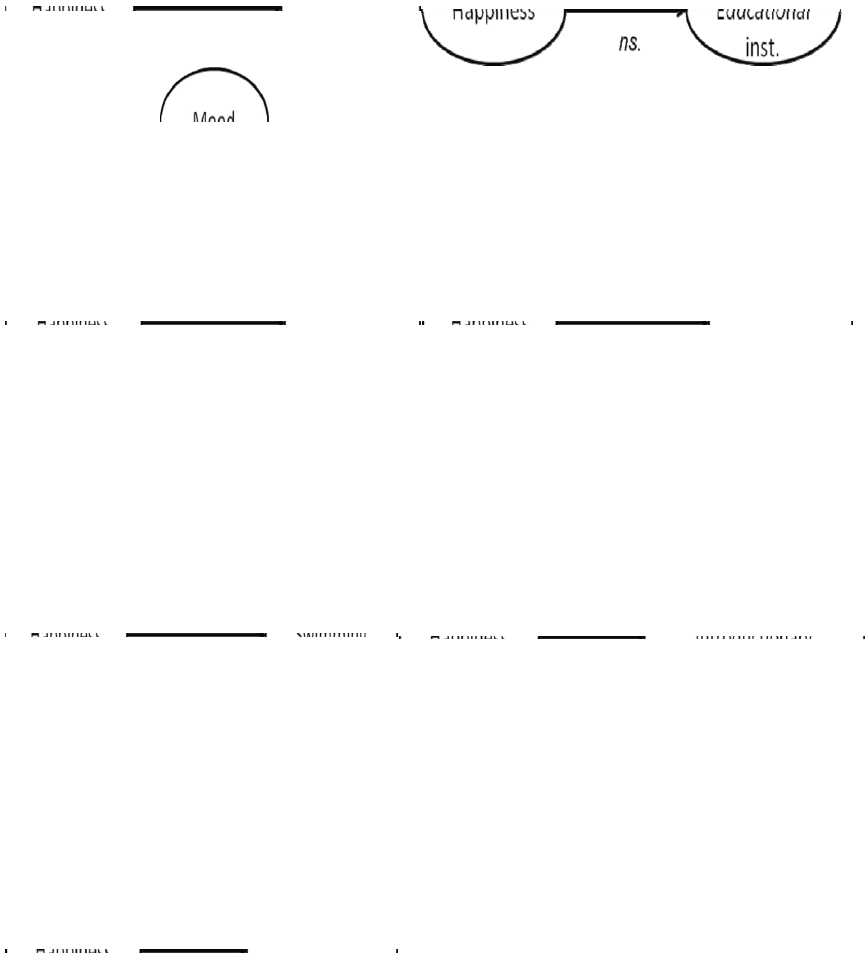


Figure 6 Relationships between happiness, mood and service quality.

4.7. Limitations

Study 1 has three main limitations: 1) the student sample, 2) the retrospective evaluation of service settings, and 3) the large variety of services evaluated.

The first limitation of Study 1 concerns the usage of student data. Today, student samples are commonly used in marketing and other social sciences. However, some scholars are still skeptical toward the usage of student samples. In the beginning of this chapter, two arguments against using student samples were identified, i.e., 1) differences between students and non-students, and 2) egocentrism of students (Sears, 1986). For these reasons, in Study 2 it was decided to conduct a study in a real service setting with respondents representing different backgrounds and age groups (Study 2a). All of these arguments together suggest that in Study 2, at least one sample of respondents should be non-students and one sample should consist of students studying different disciplines.

The second limitation in Study 1 is that the respondents were asked to recall a service they had experienced; it was not conducted in a natural service setting, i.e., the evaluation did not take place immediately after the service experience. On the other hand, this limitation can also be seen as a strength. It is common practice to conduct satisfaction surveys some time after the actual service has been experienced and the results of Study 1 can therefore be applied to that type of customer survey. However, in Study 2 the evaluation should take place directly after the service experience.

The third limitation of Study 1 concerns the large variety of the services investigated. In Study 1 the respondents were asked to choose a service of their own, which resulted in evaluations of a wide range of service concepts, for instance dentist services in the army and private clinic dentist services. From the study design in Study 1, it is not possible to distinguish whether happy respondents or respondents in a positive mood actually evaluated services in a more positive manner or if they simply chose to evaluate services of which they have had positive experiences. This limitation can also be seen as a strength, as enabling respondents to choose a service on their own gave the data more variety and thus makes it more generalizable.

5 STUDY 2

Study 2 consists of empirical data from customers visiting a bank and customers visiting a healthcare center. This chapter is structured as follows: First, I will introduce Study 2 and motivate how it complements Study 1. Second, I will describe the research design, the data collection procedure and the data analyses of Study 2.

Chapter 4 ended with a discussion of three limitations of Study 1. In Study 2, the limitations of Study 1 have been considered as follows: Firstly, Study 2a is conducted on a non-student sample of bank customers and Study 2b on a sample of students representing different disciplines in higher-level education. Secondly, in Study 2 the evaluation takes place in an authentic service setting and immediately after the service encounter. Third, because the services evaluated, i.e., bank and healthcare services, are the same for each group of respondents, service choice was not based on mood.

5.1. Data collection and sample description

Study 2 was conducted at the end of spring and in early summer in 2009. Data were collected from customers in real service settings, either in a bank or in a healthcare center lobby directly after the respondents were served by the staff. To encourage participation in the study, the respondents were given a five-euro gift card to a local department store in exchange for participation in the study. All respondents were encouraged to ask questions if anything in the questionnaire was unclear to them. Assistance in terms of translation of difficult words and explanation of questions was offered whenever the respondents requested it.

Data collection for Study 2a: Data on bank services were collected from bank customers in Helsinki from two different banks during the course of three days. Approximately one third of all customers asked chose to participate in the study. Respondents were asked to participate in the study immediately after being served by the bank clerk. This resulted in 150 completed questionnaires from bank customers.

Data collection for Study 2b: Data from the healthcare service were collected from students who visited one of the Finnish Student Health Service (FSHS) healthcare centers[43]. Respondents were asked to participate in the study immediately after they had visited a nurse or physician. Approximately half of all people who were asked to participate in the study chose to do so. During the course of two days, 150 respondents participated in the study. Assistance was provided when respondents asked for it.

5.2. Sample description

Since the sample consisted of students with generally low income, education and income data were not collected

[43] FSHS provides health and medical care, mental health as well as dental care services for students enrolled at universities and tertiary-level science and art schools. FSHS is a nationwide organization with offices in 16 Finnish cities. In towns where universities have ancillary branches, the services of FSHS are purchased from local providers. FSHS covers more than 140,000 students.

Study 1 was conducted in the spring of 2009 on bank and healthcare customers (see Table 12).

Table 13 Sample characteristics of Study 2.

Study 2	Bank (N=150)	Healthcare (N=150)
Mean age	37	26
SD	18.1	5.9
Gender		
Male	41.6	18.8
Female	58.4	81.2

Sample description of Study 2a: Respondents consisted of bank customers of 41.6 percent males and 58.4 percent females with a wide range in age from 15 to 85 years old and a monthly net income between under 300 euros to 4500 euros (Table 13). The mean age was 37 and the mean monthly net income was 1500-2000 euros. As can be seen from the table, most respondents reported an income level around 1500 to 2500 euros. Most respondents had a higher education degree from a university or college.

Table 14 Income and education of the bank sample.

Monthly net income (in euros)	Percent of the sample
Under 300	6.4
300-500	8.5
500-1000	14.2
1000-1500	12.1
1500-2000	17.7
2000-2500	15.6
2500-3000	9.9
3000-3500	4.3
3500-4000	3.5
4000-4500	7.8
Education	**Percent of the sample**
Elementary school	14.4
High school	25.3
Institute	16.4
University or college	43.8

Sample description of Study 2b: Respondents were 18.8 percent males and 81.2 percent females. It is unknown why the number of females is so high in comparison to the number of males. It can be speculated that the healthcare center might have more female customers than male customers considering the greater awareness of health-related issues among women. Studies have shown that women seem to be more interested in healthcare-related questions (Gummerus, Liljander, Pura and van Riel, 2004). Nevertheless, all customers who were about to exit the healthcare center were provided an equal chance to take part in the study. Participants' ages ranged from 19 to

54 and the mean age was 26 years. The average study time ranged from 1 year to 17 years and the mean study time was 4.7 years. In general, participants had visited the healthcare center five times before. Since the sample consisted of students with generally low income, education and income data were not collected.

5.3. Questionnaire design for study 2

Study 2a: The questionnaire included measures of the core concepts, same as in Study 1 (see Table 14 for items and their statistics). The following demographic questions were collected: age, income, education level and gender. The questionnaire was translated into the two national languages Finnish and Swedish and three people proofread each translation for accuracy. The questionnaire required 15 minutes to complete. Table 15 lists each item and presents the mean, standard deviation, the loading of each item on its construct, skewness and kurtosis.

Table 15 Descriptive statistics on item level in Study 2a

Concepts	Items	Mean	St. Dev.	Loading	Skewness	Kurtosis
Bank quality	The overall quality of the bank is excellent	5.1	1.28	.900	-.740	.514
	The quality of the bank is impressive	4.9	1.33	.906	-.423	-.307
	The bank is of high standard	5.3	1.26	.903	-.901	.702
	I believe that the bank offers service that is superior to other banks	4.5	1.36	.758	-.292	.078
Mood	Currently, I am in a good mood	5.7	1.37	.698	1.2	1.83
	As I answer these questions I feel cheerful	5.2	1.37	.728	-.630	.249
	For some reason I am not very comfortable now (r)	5.7	1.44	.809	-1.5	1.87
	At this moment I feel edgy or irritable (r)	5.7	1.5	.790	-1.17	.458
Happiness	In general, I consider myself (not at all a happy person/a very happy person)	5.6	1.18	.800	-.842	.739
	Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)	5.4	1.17	.815	-.902	1.363
	Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	5.2	1.33	.788	-.608	-.005
	Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you? (r)	5.2	1.47	.588	-.718	-.168

Note: (r) denotes the items that were negatively phrased and reverse-coded

Study 2b: The questionnaire for the healthcare service followed the study design of Study 2a. In contrast to the bank setting, it was decided that the questionnaire did not need to be translated into Finnish and Swedish as the respondents would be higher education students and it was assumed that their English would be fluent enough to answer the questionnaire in English. The questionnaire ended with demographic questions asking for age and gender. The questionnaire required 15 minutes to complete. Table 15 lists each item and present the mean, standard deviation, the loading of each item on its construct, skewness and kurtosis.

Table 16 Descriptive statistics on item level in Study 2b

Concepts	Items	Mean	St. Dev.	Loading	Skewness	Kurtosis
Healthcare quality	The overall quality of the healthcare clinic is excellent	5.5	1.12	.854	-1.29	1.75
	The quality of the healthcare clinic is impressive	4.8	1.15	.835	-.278	-.449
	The healthcare clinic is of high standard	5.4	1.03	.850	-.382	-.352
	I believe that the healthcare clinic offers service that is superior to other healthcare clinics	4.6	1.53	.730	-.367	-.635
Mood	Currently, I am in a good mood	5.1	1.3	.769	-.739	.359
	As I answer these questions I feel cheerful	4.5	1.34	.577	-.025	-.545
	For some reason I am not very comfortable now (r)	5.1	1.62	.859	-.722	-.399
	At this moment I feel edgy or irritable (r)	5.4	1.57	.825	-.891	.132
Happiness	In general, I consider myself (not at all a happy person/a very happy person)	5.2	1.33	.901	-.894	.451
	Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)	5.1	1.28	.912	-.662	.162
	Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?	4.6	1.43	.873	-.708	-.230
	Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you? (r)	5.1	1.47	.818	-.817	.055

Note: (r) denotes the items that were negatively phrased and reverse-coded

5.4. Analysis of discriminant validity and scale reliability

The analysis of the measures is structured as follows: All scales were subject to principal component analysis (PCA) using SPSS 16 and 18 (Mac version) in order to test scale validities. Based on the results from the factor analyses, the scale items were averaged to provide a single composite score. The service quality scales were factor analyzed together with mood and happiness. The descriptive statistics of all the factor analyses can be found in the appendix.

5.5. Factor analysis for Study 2a

Before proceeding to explore differences in the interrelationships between constructs, the dataset was tested for its suitability for factor analysis (Kaiser and Rice, 1974). Coefficients under .3 were suppressed. The Kaiser-Meyer-Olkin (KMO) value was .767 (see Appendix 7 for a table). Principal component analysis with Varimax rotation yielded the three expected factors that together explain 67.3 percent of the variance. These results indicate a clear separation between the concepts of service quality, mood and happiness. All the items were composed and averaged to provide single composite scores. In line with Nunnally's (1978) criterion of .7, the Cronbach's alphas were good for bank quality (.894), mood (.793), and happiness (.763).

5.6. Factor analysis in Study 2b

Firstly, the service quality, happiness and mood were factor analyzed. The Kaiser-Meyer-Olkin (KMO) value of .756 showed that the data was suitable for factor analysis (Kaiser and Rice, 1974) (see Appendix 8 for a table). Coefficients under .3 were suppressed. Principal component analysis with Varimax rotation yielded the three expected factors that together explain 70 percent of the variance. These results show a clear separation between the constructs of service quality, mood and happiness and the scales were composed into single composite scores. In line with Nunnally's (1978) criterion of .7, the Cronbach's alphas were good: healthcare (.825), mood (.779), and happiness (.907).

5.7. Results measurement models and construct statistics

Study 2a: Table 17 describes the statistics on factor level, indicating correlations, mean, standard deviation, skewness, kurtosis, composite reliability, average variance extracted and square root values of average variance extracted (bolded on the diagonal).

Table 17 Descriptive statistics on factor analysis in Study 2a.

	(1)	(2)	(3)
(1) Bank SQ	**.931**		
(2) Happiness	- .034	**.979**	
(3) Mood	.199*	.444**	**.916**
Mean	4.9	5.3	5.6
St. Deviation	1.14	.99	1.14
Skewness	-.672	-.428	-.932
Kurtosis	.356	-.479	.734
Composite reliability	.894	.763	.793
Average variance extracted	.866	.958	.839

*. Correlation is significant at the .05 level (2-tailed)
**. Correlation is significant at the .001 level (2-tailed)
Note: Square root values of average variance extracted are bolded on the diagonal.

Reliability. Inspection of the individual item loadings presented in Table 14 shows that all items load higher than 0.50 on their respective construct, which provides support for a high degree of individual item reliability (Hulland, 1999). Composite reliability was used to assess the internal consistency of items hypothesized to measure a single construct (Fornell and Larcker, 1981). The factor analysis in Appendix 7 and the items measuring the constructs (except for one happiness item, loading .588 on the scale) and the scales can be considered internally consistent, as in all instances all composite reliability values exceed the 0.70 guideline suggested by Nunnally and Bernstein (1994).

Validity. Within-method convergent validity of the constructs is provided by inspection of each construct's average variance extracted. As can be seen from Table 16, all average variance extracted values are above 0.50, and thus it can be concluded that the within-method convergent validity of the constructs used in this study is acceptable (Chin and Newsted, 1999). Also, discriminant validity is assessed by a test of average variance extracted (Fornell and Larcker, 1981). For all the constructs, the square of the average variance extracted from the traits exceeds the correlation between the two respective constructs. Thus, evidence for the presence of discriminant validity is provided (Chin, 1998).

The happiness scores, ranging from 2.3 to 7, revealed no gender differences and were in line with results obtained in previous studies (Lyubomirsky and Lepper, 1999). The mean happiness score of 5.34 showed that the respondents' levels of happiness were in line with previous studies using the same scale (Lyubomirsky and Lepper, 1999). The mean for mood was 5.6. In line with previous studies on happiness, which show that most people rate their own level of happiness as higher than neutral, but also that few people place themselves in the highest category of happiness (Myers and Diener, 1996), the happiness scores showed that the data was negatively skewed (-.428). The mean for perceived service quality for the bank was 4.9.

Study 2b: Table 17 describes the statistics on factor level, indicating correlations, mean, standard deviation, skewness, kurtosis, composite reliability, average variance extracted and square root values of average variance extracted (bolded on the diagonal).

Table 18 Descriptive statistics on factor level in Study 2b.

	(1)	(2)	(3)
(1) Healthcare SQ	**.759**		
(2) Happiness	.013	**.942**	
(3) Mood	.136	.314**	**.928**
Mean	5.1	5.0	5.1
St. Deviation	.99	1.22	1.13
Skewness	-585	-.925	-.549
Kurtosis	.291	.397	.131
Composite reliability	.825	.907	.779
Average variance extracted	.576	.887	.861

*. Correlation is significant at the .05 level (2-tailed)
**. Correlation is significant at the .001 level (2-tailed)
Note: Square root values of average variance extracted are bolded on the diagonal.

Reliability. Inspection of the individual item loadings presented in Table 15 shows that all items load higher than 0.50 on their respective construct, which provides support for a high degree of individual item reliability (Hulland, 1999). Composite reliability was used to assess the internal consistency of items hypothesized to measure a single construct (Fornell and Larcker, 1981). The factor analysis in Appendix 8 and the items measuring the constructs and all scales can be considered internally consistent, as in all instances all composite reliability values exceed the 0.70 guideline suggested by Nunnally and Bernstein (1994).

Validity Within-method convergent validity of the constructs is provided by inspection of each construct's average variance extracted. Table 17 shows that as all average variance extracted values are above 0.50, it can be concluded that the within-method convergent validity of the constructs used in this study is acceptable (Chin and Newsted, 1999) and discriminant validity is assessed by a test of average variance extracted (Fornell and Larcker, 1981). For all the constructs, the square of the average variance extracted from the traits exceeds the correlation between the two respective constructs. Thus, evidence for the presence of discriminant validity is provided (Chin, 1998).

The happiness scores for the healthcare sample, ranging from 1 to 7, revealed no gender differences, which is in line with previous studies (Lyubomirsky and Lepper, 1999). The mean of happiness was 5, which is in line with previous happiness studies (Lyubomirsky and Lepper, 1999). Examination showed that the happiness score was skewed (-.925) as expected. The mean value for mood was 5.1, while it was 5.1 for healthcare center quality.

5.8. Findings of Study 2

In this chapter I will present the results for the structural model on the bank and healthcare data in Study 2. The results will be discussed in more detail in the following chapter.

5.9. Results for the structural model

The empirical results for the structural model are presented in Table 18. The *t*-values accompanying the individual coefficients were obtained via a bootstrap procedure consisting of 500 runs (White, Varadarajan and Dacin, 2003).

Table 19 Results from Study 2.

Study 2	Relationship	β coefficient	p-value	T-value	Conclusion
Study 2a	Happiness ➔ Bank SQ	-.140	ns.	.909	H3 is rejected
	Mood ➔ Bank SQ	.250	ns.	1,706	H1 is rejected
	Happiness ➔ Mood	.446	.000	4,326	H2 is accepted
Study 2b	Happiness ➔ Healthcare SQ	.068	ns.	.539	H3 is rejected
	Mood ➔ Healthcare SQ	.252	ns.	1,863	H1 is rejected
	Happiness ➔ Mood	.291	.005	2,16	H2 is accepted

Hypothesis 1: H1 stated that mood positively affects service quality. This hypothesis was rejected for the bank service and for the healthcare service.

Hypothesis 2: H2 proposed that happiness positively affects mood. This hypothesis was supported for the bank service (β = .446, t = 4,326, p <.000) and for the healthcare service (β = .291, t = 2.16, p < .005).

Hypothesis 3: H3 stated that happiness is positively related to service quality. The proposed direct relationship between happiness and service quality was insignificant for both the bank and the healthcare service and thus hypothesis 4 was rejected.

Hypothesis 4: H4 stated that mood mediates the relationship between happiness and service quality. This hypothesis was rejected for both services.

5.10. Summary results from Study 2

Table 19 provides a summary of the support for the hypotheses for the services in Study 2.

Table 20 Summary of the hypotheses in Study 2.

Hypotheses	Study 2a	Study 2b
H1: Mood has a positive effect on service quality.	No	No
H2: Happiness has a positive effect on mood.	Yes	Yes
H3: Happiness has a positive effect on service quality.	No	No
H4: Mood mediates the relationship between happiness and service quality.	No	No

Figure 7 graphically illustrates the interrelationships between happiness, mood and service quality.

Figure 7 Relationships between happiness, mood and service quality in Study 2.

6 CONCLUSIONS

The following chapter concludes the findings of the thesis. First, the contributions of the study are discussed. Second, some practical implications for managers are outlined. Third, I will critically review the thesis, focusing on its limitations. The chapter ends with an outline of topics for further research.

6.1. Discussion of contribution

The point of departure of this thesis was the popularity of the happiness concept among laymen and scientists. As the literature review demonstrated, much research attention has been devoted to understanding the effect of happiness. Moreover, for marketers, a potentially interesting finding was that empirical evidence from the positive psychology field suggests that happiness yields numerous positive outcomes for both individuals and society to the extent that happiness researchers have called for happiness to be used as a measure of the success and well-being of countries. As happiness can be argued to be a resource for individuals and society that is worthwhile investing in, this thesis set out to answer whether happiness can also be considered a resource for firms. More specifically, the purpose was to study if happiness affects customer perceived service quality. The literature review provided evidence both for and against this proposition. It was proposed that happiness might affect service quality directly but also indirectly through a momentary affective state – mood. On the other hand, evidence was provided to expect no relationship between happiness and service quality.

The contribution of this study is twofold. Firstly, it demonstrates that happiness does not affect consumer evaluations of service quality, although happiness has been found to have a positive effect on how people view other things in their lives. Secondly, the literature review revealed that there are problems in current measures of affect as used in the marketing literature. Although they were not studied in the focal empirical study, these findings in the literature review contribute to marketing research and pinpoint problems with the interpretation of past findings. These contributions and other findings from the focal study are expanded upon below.

As has been shown in the findings from the two conducted studies, there is enough evidence to conclude that the positive effects of happiness on service evaluation fall out of the scope of the benefits that happiness may yield. Out of 17 different investigated services, happiness was found to positively affect service quality in only four cases. Based on the collective results in this study, keeping its limitations in mind, it can be concluded that the evidence for a positive relationship between happiness, mood and service quality is weak. The lack of significant results from this research, combined with findings from other studies showing a strong correlation between self-esteem and happiness, suggests that viewing everything, including firms, positively is not the main function of happiness in the western world. It is possible, although not tested in this thesis, that happiness instead works as a self-protecting mechanism, drawing the positive to oneself and helping to minimize the effects of negative things in one's life. Previous research has shown that happy people perceive other people more positively and view their own life more positively (see for instance Lyubomirsky and Tucker, 1998). However, it is a common characteristic of these studies that they examine how happy people derive positive meaning for themselves and others, but these contexts are not sufficient to conclude that happy people would perceive everything more positively.

Although the results show that happiness does not affect service quality, happiness might not be an irrelevant concept for marketers, as was shown in the literature review. Mainly, the yearning to be happier seems to be a driver for consumption, and furthermore consumption yields consequences for happiness. Further research is required to study these relationships and in particular how they may relate to service consumption.

The results from the two studies also provide weak support for a positive relationship between mood and service quality. Out of 17 cases, mood was found to positively affect service quality in only three cases. These results support the findings of studies that have found no significant relationship between affective states and service quality (e.g., Oliver, 1993; Kumar and Oliver, 1997). These studies show that mood should not affect a cognitive concept like service quality, while it can be expected to have an impact on an affective construct like satisfaction. However, others have found a positive relationship between mood (or other types of affect) and service quality (e.g., Chebat, Filiatrault, Gélinas-Chebat and Vaninsky, 1995; Cronin, 2003; Liljander and Strandvik, 1997; Mattila and Enz, 2002; White, 2006).

In light of the results from this research, two observations can be made on the basis of the literature review. Firstly, there are few publications with empirical data on mood and service quality. It is known that social scientists are reluctant to publish null hypotheses (see Hubbard and Armstrong (1992)), which could be one of the reasons for the paucity of studies. However, this is pure speculation, since the number of such studies is unknown. Secondly, the literature on affect and service quality often shows that significant results between affect and service quality come with many exceptions. For instance, White (2006) argues that mood only affects service quality dimensions that are related to human interaction. Also, Strombeck and Wakefield (2008) conclude from their findings that affect influences service quality only in the case of services that are hedonic in nature. As was shown in the literature review, the evidence for effects of mood on other evaluative concepts, such as satisfaction, was also less straightforward than one would expect (see Chapter 2 for more details). If the effects of mood always seem to manifest in exceptions, one can question whether its effects are as widespread as marketing scholars seem to assume. In articles, the positive effect of mood on evaluation is often presented as being "well-established", but it should be noted that the evidence for an impact of mood on service quality (or evaluation in general) is not overwhelming. Rather, it is argued here, there is also a good case for holding that mood does not affect service quality, other than under certain conditions, and that the results of this research support this stream of research[44].

The controversial findings in past research indicate that the relationship merits further research, delving into the reasons for the differing results. For example, it can be noted that the cited studies differ not only in how they have measured affect, but also in their measures of service quality. Differing results could be due to either of these measures, or to contextual factors like the time of measurement or the type of service. Other intervening factors, like length of the relationship, customer engagement in the service, or even the level of service quality could affect the results. For example, the relationship between mood and service quality need not be linear. The effect might be larger at the lower and upper ends of mood measures. Furthermore, a good service worker might recognize when a customer is in a bad mood and manage to lift the customer's mood by providing superior service. Thus there are several unexplored explanations for the

[44] See also Baumeister and his colleagues (2007; 2009) for findings that out of 400 reviewed articles from the most prestigious and influential psychology journal, *Journal of Personality and Social Psychology*, only 18% of the effects of affective states on judgment were significant at the .05 level.

variation in the results. Since none of these explanations were studied in the focal thesis, they remain to be explored in future research to gain a better understanding of the relationship between mood and service quality. The answer may still well be that there is no relationship.

The results from this study do, however, support the findings from previous research that happiness and mood are positively related (Diener, 1994; Diener, Suh, Lucas and Smith, 1999; Lyubomirsky, 2001; Lyubomirsky and Ross, 1997; 1999; Lyubomirsky, Tucker and Kasri, 2001). The results can be interpreted in two ways. First, happy people have been shown to experience positive affective states more frequently and therefore a person who scores high on the happiness scale is more likely to report being in a good mood. However, a second interpretation is that respondents' current moods are reflected in the happiness measure and therefore the results can be biased (Diener, 1984). Moreover, support for partial mediation was found in two cases out of 17 but since there were few significant relationships between both happiness and mood and service quality, it can be concluded that mood does not mediate the relationship between happiness and service quality.

In conclusion, the findings of this thesis support a theory suggesting that happiness does not affect evaluation. Moreover, the findings of this research provide additional evidence that mood does not affect service quality and thus support a stream of literature suggesting that mood does not affect service quality. Also, the results from this research provide additional support for the view that psychological theories cannot be automatically applied in marketing situations and that marketing scholars must test and develop theories in marketing situations. Therefore, the results of this thesis contribute to the literature, providing support for the uniqueness of the marketplace as triggering different kinds of psychological phenomena.

6.2. Managerial implications

Since most of the hypotheses were rejected, it is difficult to draw managerial implications from the study. If the results would have been different, managers could have been advised to include a measure of happiness in customer surveys in order to gain a better understanding of their customer segments. However, even though happiness was found not to be important for evaluation, happiness could be important for firms in other ways. In the literature review, it was shown that happiness and consumption are related in two ways. Firstly, the wish to become happier is a driver for consumption. Secondly, it was shown that consumers can either enhance their happiness or deprive themselves of happiness by their consumption habits, and firms might be able to use this information by designing services to enhance happiness. In particular, there is a need to learn more about consumer service experiences and what kinds of experiences might be related to happiness. Hedonic and thrilling services like parachuting, balloon rides, or pop concerts might have quite a different effect on happiness (or vice versa) than going on a ferry or enjoying an art exhibition. However, these topics require further research to find out if firms can benefit from customers' happiness.

Secondly, one should not draw the conclusion that the current study sheds doubt on the importance of designing affect-enhancing elements for the servicescape (Bitner, 1992), because the study shows that customer evaluations are not impacted by their affective states or affective traits. The servicescape forms part of the service offering that

customers evaluate and previous research has shown that many elements that have also been considered mood-enhancing, such as music and colors, form an important part of the service. However, it should be remembered that the study did not test the effect of servicescape elements on customers' mood and whether it would have had an effect on their overall service quality perceptions. There is a paucity of research on whether service providers can affect customers' mood through the design of the servicescape or by providing excellent service. Thus managers should continue to enhance customers' service experience through different means.

6.3. Limitations

This research has three types of limitations: 1) the measures, 2) the sample, and 3) the method. These limitations will be discussed in detail in this section and have to be taken into account when drawing conclusions.

The first limitation concerns the measures used. This study used Peterson and Saber's (1983) measurement scale on mood, which is problematic for two reasons: 1) it does not empirically distinguish between mood and emotions and thus we do not know to what extent it captures the customer's general mood during that day, and to what extent it is affected by any emotions connected to the service encounter. Thus, there is no way of knowing what types of affective states have actually been studied in this research. However, one might also argue that it measures the customer's mood at that moment and that only that is relevant for the focal service perceptions. Furthermore, 2) Peterson and Sauber's (1983) measurement scale captures the current mood valence of positive and negative affect, but it does not distinguish between qualitatively different types of mood, for instance sadness, anger or guilt. Many scholars argue that qualitatively different affective states trigger different types of thoughts and behavior (see for instance, Bosmans and Baumgartner, 2005). For this reason, a scale comprising qualitatively different moods might have given a different result. For instance, the PANAS scale (Watson, Clark and Tellegen, 1988) with its 10 positive valence and 10 negative valence moods would have enabled an analysis both on a valence level and of specific moods[45].

Also, the happiness measurement used in this thesis measures overall happiness and it is often used in happiness studies (see for instance Lyubomirsky and Ross, 1997; Taylor, Lerner, Sherman, Sage and McDowell, 2003ab). However, it should be noted that there are other happiness measures available that scholars might want to consider in the future. For instance, Diener and his colleagues (2009) suggest a combined scale of long-time affect as well as a scale measuring respondents' perceptions of how their life is going. More specifically, the SPANE (Scale of Positive and Negative Experience) measures how often a specific feeling has been felt during the course of four weeks. The SPANE is a 12-item questionnaire and includes six items to assess positive feelings and six items to assess negative feelings. For both the positive and negative items, three of the items are general (e.g., positive, negative) and three per subscale are more specific

[45] For an eloquent critique of the PANAS scale, see for instance Diener and his colleagues (Diener, Wirtz, Tov, Kim-Prieto, Choi, Oishi and Biswas-Diener, 2010). They argue that the PANAS scale is problematic as some of its items do not represent emotions and that capturing intensity of emotions is a problem for the scale. For respondents who are not native in English, a translation of the scale is recommended. I have used PANAS in two studies and both times the scale failed to generate the expected factors, most probably because the respondents did not comprehend the meaning of the items in English.

(e.g., joyful, sad). This scale should be used alongside the Flourishing Scale (FL) (Diener, Wirtz, Tov, Kim-Prieto, Choi, Oishi and Biswas-Diener, 2010). The Flourishing Scale consists of eight items describing important aspects of human functioning, ranging from positive relationships to feelings of competence and having meaning and purpose in life. As these scales provide more specific information than just overall happiness, it is possible that they capture the concept better than the scale used in this study. Similarly, in this study only overall quality was measured and the study might have benefited from a scale that would also include specific service quality dimensions.

The second limitation concerns the student sample that was used in all studies except for Study 2a. Even though marketing and other social science researchers frequently use student samples and their benefits are widely documented (Burnett and Dunne, 1986; James and Sonner, 2001; Lynch, 1982), student samples are also associated with several problems in terms of generalizability. Students have been argued to differ from the rest of the population in terms of their social-cultural background, behavior and personality. This means that student samples do not necessarily provide an accurate picture of how consumers in general would perceive and evaluate services.

The third limitation of this thesis concerns the method and the usage of a survey approach. Previous studies investigating the effects of happiness have commonly been conducted in an experimental setting. The study design of many positive psychology studies usually follows a two-step procedure in which the happiest and the unhappiest groups of students are first identified from mass questionnaires (see for instance Lyubomirsky and Ross, 1999). The happiest and unhappiest respondents are then re-recruited as subjects in experiments where the aim is to find differences between the groups. This study would have benefited from a similar study design, where respondents would be divided into groups according to their level of happiness. In this case, it would have been possible to manipulate mood across groups and closely study, in a controlled environment, the direct and indirect effects of happiness on service quality. Therefore, scholars who are interested in studying the effects of happiness are advised to use an experimental study design.

6.4. Avenues for further research

In the following section, suggestions for further research will be listed and discussed. This section is organized as follows: First, suggestions for further research on mood will be discussed. This is followed by a presentation of proposed topics for studying happiness in a service setting.

Firstly, I call for empirical research showing that mood and emotions can be reliably distinguished in measurements. It is proposed that a study focusing on this topic would answer mainly two questions. First, measures need to be constructed to match the definitions of the concepts. Second, discriminant validity needs to be determined between mood and emotions if they are to be treated as separate concepts. Can they be reliably measured in the same study, and if so, how? If scholars can show that mood and emotions can be reliably and validly measured, the next step would be to investigate whether mood and emotions have different effects on other marketing constructs and consumer behavior. For instance, do mood and emotions generate different effects on service evaluation?

Secondly, in this thesis, mixed results regarding the effects of affect on service quality and satisfaction were presented. Clearly, there is a need for a thorough investigation of the effects of affect on evaluation in marketing settings. When influential scholars wrote their articles on the effects of affect on marketing, these articles were conceptual in nature (see Bagozzi, Gopinath and Nyer, 1999; Gardner, 1985). However, since then, the role of affect has been tested empirically in a vast number of articles and scholars are advised to conduct a meta-analysis to understand under which conditions affect impacts evaluation.

Thirdly, scholars argue that people who wish to invest in happiness ought to allocate their resources to experiences instead of possessions (Carter and Gilovich, 2010; Nicolao, Irwin and Goodman, 2009; Van Boven, 2005; Van Boven and Gilovich, 2003). The core argument in this work is that physical goods are more likely to have negative consequences for happiness while immaterial services yield positive consequences.

Van Boven's (2005) research raises many questions that are relevant for service marketers. Lately, service marketing scholars have been devoted to understanding the locus of value creation and the debate on the issue divides the literature (see Gummerus (2010) for a discussion of the different streams). The basic idea of the customer-logic proposition of value creation is that value is determined by the customer and that value is created in the sphere of the customer (Grönroos, 2008; Heinonen, Strandvik, Mickelsson, Edvardsson, Sundström and Andersson, 2010). The role of the firm is that of a value facilitator that provides resources to the customer so that the customer can create value. Moreover, this view postulates that the distinction between (material) goods and (immaterial) services is indifferent (Grönroos, 2008), but the findings of Van Boven call into question this assumption.

Van Boven's (2005) work suggests that the type of resources (material and immaterial) is relevant for perceived value because material and immaterial resources seem to trigger different psychological mechanisms. In this process, immaterial resources yield more favorable consequences for happiness than do material resources. Moreover, studies on money suggest that the commercial context in itself yields consequences for how much value customers derive. Quoidbach and her colleagues (2010) showed in a series of studies that just the mere thought of money deprives people of the enjoyment of everyday experiences, suggesting that people enjoy the same service more if it does not take place in a commercial context. These results suggest that customers do not necessarily "use" firm-provided resources to "support" their activities, but the resources actively shape the experience and consequently value creation. In sum, these results would suggest that the type of resource and service are not irrelevant and more research is needed to understand the impact on happiness of the type of resources firms provide to customers.

Also, Van Boven's (2005) work raises questions about the relationship between experiences and happiness. Van Boven (2005) argues that people who are interested in fostering their happiness ought to spend time and money on experiences. However, drawing on previous research showing that happiness is functional, people might have positive experiences because they are happy. Consequently, the causality of the relationship between happiness and experience may be questioned. Miller (2005) argues that what he calls "well-being" might enable a capacity for self-creation that is enacted through the appropriation of market-provided resources including goods and services. Following this line of thought, it would mean that happy consumers might be better at creating more positive and meaningful experiences than unhappier consumers. More specifically, how do the experiences of happier and unhappier

consumers differ in terms of for instance pleasure and creativity, both during the actual experience and in retrospect? If in fact Miller's (2005) proposition is correct that some people are better at self-creating experiences, what consequences does this have for the type of resources that firms should offer their customers? Findings are likely to contribute not only to the understanding of the role of happiness in experiences but also to provide a better understanding of the role of resources in shaping experiences. For instance, if happiness is functional for creating experiences, do happy and unhappy people need different types and/or amounts of resources to create fulfilling experiences?

Fourthly, although the happiness literature provides advice on which happiness-enhancing activities people ought to systematically pursue and alternatively avoid, we do not know *why* these activities work as they do. For marketers, it would be interesting not only to understand which activities enhance and deprive people of happiness, but also *why* they do so, especially because consumption-related activities are associated with unhappiness. While there may be several reasons why different activities have an enhancing and depriving effect, scholars are especially encouraged to investigate the effects of activities that involve an investment in belongingness in a group versus activities involving an investment in autonomy. Many of the happiness-boosting activities – like doing kind deeds for other people (Tkach, 2005), cultivating forgiveness for those who one feels have done one wrong (Harris and Thoresen, 2006; Hebl and Enright, 1993; McCullough, 2001) and spending money on others (Dunn, Aknin and Norton, 2008; Harbaugh, Mayr, and Burghart, 2007; Thoits and Hewitt, 2001) – serve to help people approach others, at least on a symbolic level, and represent an investment in a sense of belonging with other people[46]. Many of the activities that deprive people of happiness, like holding materialistic values and goals (Diener and Biswas-Diener, 2002; Nickerson, Schwarz, Diener and Kahneman, 2003; Solberg, Diener and Robinson, 2004), serve to increase autonomy and thus represent an investment in independence from other people. Studies on the psychology of money have shown that money triggers autonomous behavior; people who are primed with money are less helpful to others, expect less help from others and prefer to work in solitude to a higher extent than the control group (Vohs, Mead and Goode, 2006; Vohs, Mead and Goode, 2008). Moreover, in their experiments, Zhou, Vohs and Baumeister (2009) showed that money works as a social resource and that money priming to some extent reduced distress caused by social exclusion and even diminished physical pain. Thus, people might seek to earn money[47] because it enables them to feel independent; however, this goal might set them off into an autonomous mode, which cannot compensate for a lack of belongingness and investment in interpersonal relationships. These results can help our understanding of which types of services firms can offer in order to enhance their customers' happiness, and services triggering autonomous versus group belongingness might yield different psychological consequences. Scholars are advised to unpack the role of group enhancing versus autonomy enhancing services for enhancing happiness.

Fifthly, the marketing literature has mainly focused on the role of emotions and mood at the marketplace and in consumption situations. However, the positive psychology literature suggests that hedonic pleasure, such as emotions and moods, is not the only ingredient contributing to happiness (Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker and Kasri, 2001). This stream of literature suggests

---

[46] Even though group belongingness might not be achieved, there is a possibility that the mind psychologically rewards us for striving to cultivate interpersonal relationships.

[47] This might be true for material goods as well. Research is needed in order to determine whether goods have the same psychological effects as money.

that a sense of meaning in life[48] is an essential part of human well-being (Baumeister and Vohs, 2002, Lyubomirsky and Ross, 1997; Lyubomirsky and Tucker, 1998; Lyubomirsky, Tucker and Kasri, 2001). For instance, Baumeister (1991) reviewed extensive evidence showing that having children reduces the hedonic pleasantness and satisfaction with life of parents, but argues that this loss of emotional pleasure might be compensated by the sense of meaningfulness that parenthood brings. Similarly, in their article Liu and Aaker (2008) show that donating money enhances happiness, and they discuss paradoxical empirical evidence suggesting that people are willing to donate more when the fund-raising process is painful and effortful (see for instance Olivola and Shafir, 2007). Thus, Liu and Aaker (2008) speculate that the source of happiness may lie in the meaning of the act rather than hedonic pleasures. These results combined suggest that meaningfulness might be as or even more important to people than hedonic pleasure, at least in some situations. Therefore, scholars who are interested in studying happiness are advised to also focus on meaningfulness. For instance, how can marketers help to enhance consumers' sense of meaning? Do some goods or services, such as organic and fair-trade products, or using 'greener' services, like public transport, enhance meaningfulness more than others? If the sense of meaning is important for consumers, how can firms best communicate meaningfulness and how can consumers be supported in their meaning creating processes? Meaningfulness might also offer an explanation for findings suggesting that consumption-related activities and values do nothing to enhance happiness or even deprive people of it. More specifically, while modern life can be argued to offer plenty of opportunities for entertainment and emotional pleasure, it might be worse at offering meaning. Could the reason why consumption does not effectively enhance happiness lie in its failure to provide meaning? Baumeister and Vohs (2002) suggest that lack of meaning is a problem in modern society. In their article, they make a case for arguing that the relative lack of firm, consensually recognized values – a value gap – is the most common and socially pervasive problem in the modern quest for a meaningful life. Therefore, it is suggested that scholars can make a substantial contribution to the happiness of modern people if their research findings can help people with the process of finding ways to see their lives and actions as having value.

6.5. Concluding remarks

The point of departure in this thesis has been the enormous success and popularity of the happiness concept and its linkage to numerous benefits. Therefore, it set out to investigate whether happiness affects the evaluation of firms. This research failed to provide strong evidence supporting a positive impact of either happiness or mood on service quality. Rather, the results from this research suggest that happiness and mood do not affect service quality. Thus, this study provides evidence that goes against the strong theoretical proof provided by the positive psychology literature suggesting that happiness makes people experience things more positively. The findings are also in contrast with the popular belief that mood affects evaluation (and just about everything else) and as some of the literature reviewed here suggests, it can be questioned how well-based those beliefs are.

This is the first study on the effects of happiness on service quality. Although it is not conclusive, due to the limitations discussed earlier, the findings of this study can guide

[48] Baumeister (1991) argues for four different meaning dimensions – purpose, self-worth, fulfillment, value (justification) and efficacy – that are important for human beings to perceive meaningfulness in life. Although he argues that all dimensions are important for the sense of meaning in life, he recognizes that the dimensions can to some extent compensate for each other.

researchers to make decisions on which research questions they should focus their research attention. The literature review and the discussion of topics for future research can help researchers in this process. Understanding the effects of marketing activity and consumption on happiness is especially important as it is suggested that consumption can even deprive people of happiness. As marketing and consumption are a part of modern life for humans, it is proposed here that marketers can make an important contribution if findings can help consumers to consume in a manner that fosters well-being.

7 REFERENCES

Aaker, J, Drolet, A, and Griffin, D (2008): Recalling Mixed Emotions. *Journal of Consumer Research*, vol. 35, nr. 2, pp. 268-278.

Affleck, G and Tennen, H (1996): Construing benefits from adversity: Adaptational significance and disposition underpinnings. *Journal of Personality,* vol. 64, nr. 4, pp. 899-922.

Allen, C T, Machleit, K A and Schultz Kleine, S (1992): A Comparison of Attitudes and Emotions as Predictors of Behavior at Diverse Levels of Behavioral Experience. *Journal of Consumer Research*, vol. 18, nr. 4, pp. 493-504.

Alloy, L B and Abramson, L Y (1979): Judgment of contingency in depressed and nondepressed students: Sadder but wiser. *Journal of Experimental Psychology: General*, vol. 108, nr. 4, pp. 441-485.

American Psychiatric Association. (2000). *Diagnostic and statistical manual of mental disorders* (4th ed., text rev.). American Psychiatric Association: Washington D. C.

American, P.A. (*1994*). *Diagnostic and Statistical Manual of Mental Disorders* (4th ed.) American Psychiatric Association: Washington, DC.

Andaleeb, S S (2001): Service quality perceptions and patient satisfaction: A study of hospitals in developing countries. *Social Science & Medicine,* vol. 52, nr. 9, pp. 1359–1370.

Andrade, E B and Cohen, J B (2007): On the Consumption of Negative Feelings. *Journal of Consumer Research*, vol. 34, nr. 3, pp. 283-300.

Ariely, D and Carmon, Z (2000): Gestalt Characteristics of Experiences: The De®ning Features of Summarized Events. *Journal of Behavioral Decision Making*, vol. 13, nr. 2, pp. 191-201.

Ashby, F G, Isen, A M and Turken, U (1999): A Neuropsychological Theory of Positive Affect and Its Influence on Cognition. *Psychological Review*, vol. 106, nr. 3, pp. 529-550.

Averill, J. R. (1980): A constructionist view of emotions. In *Emotion, theory, research, and experience: Theories of emotion,* Plutchik, R and Kellerman, H (Eds.), vol. 1, CA: Academic Press: San Diego, pp. 305-339.

Averill, J R (1982): *Anger and Aggression: An Essay on Emotion*. New York: Springer-Verlag.

Babakus, E and Boller G W (1992): An Empirical Assessment of the SERVQUAL Scale. *Journal of Business Research*, vol. 24, nr. 3, pp. 253–268.

Bagozzi, R P and Moore, D J (1994): Public Service Advertisements: Emotions and Empathy Guide Prosocial Behavior. *Journal of Marketing*, vol. 58, nr. 1, pp. 56-70.

Bagozzi, R P, Gopinath, M and Nyer, P U (1999): The Role of Emotions in Marketing. *Journal of the Academy of Marketing Science*, vol. 27, nr. 2, pp. 184-206.

Bandura, A. (1997): *Self-efficiency: The exercise of control*, New York: Freeman.

Banerjee, R and Dittmar, H (2008): Individual differences in children's materialism: The role of peer relations. *Personality and Social Psychology Bulletin*, vol. 34, nr. 1, pp. 17-31.

Barclay, D, Higgins, C and Thompson, R (1995): The Partial Least Squares Approach to Causal Modeling: Personal Computer Adoption and Use as an Illustration. *Technology Studies*, vol. 2, nr. 2, pp. 285–324.

Barnes, J G and Howlett, D M (1998): Predictors of equity in relationships between financial services providers and retail customers. *International Journal of Bank Marketing*, vol. 16, nr. 1, pp. 15-23.

Barnes, S J and Vidgen, R T (2002): An integrative approach to the assessment of e-commerce quality. *Journal of Electronic Commerce Research*, vol. 3, nr. 3, pp. 114-127.

Baron, R M and Kenny, D A, (1986), The moderator-mediator variable distinction in social psychological research: Conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, vol. 51, nr. 6, pp. 1173-1182.

Barsky, J D and Nash, L. (2002): Evoking Emotion: Affective Keys to Hotel Loyalty. *Cornell Hotel and Restaurant Administration Quarterly*, vol. 43, nr. 2, pp. 39–46.

Bartlett, M Y and DeSteno D, (2006): Gratitude: Helping when it really costs you. *Psychological Science,* vol. 17, nr. 4, pp. 319-325.

Baruch, G K and Barnett R C, (1986): Role quality, multiple role involvement, and psychological well-being in midlife women. *Journal of Personality and Social Psychology*, vol 51, nr. 3, pp. 578-585.

Batra, R and Holbrook, M B (1990): Developing a typology of affective responses to advertising. *Psychology and Marketing*, vol. 7, nr. 1, pp. 11-25.

Batra R and Ray, M L (1986): Affective Responses Mediating Acceptance of Advertising. *Journal of Consumer Research*, vol. 13, nr. 2, pp. 234-249.

Baumeister, R F (1986): *Identity: Cultural Change and the Struggle for Self*. New York: Oxford University Press.

Baumeister, R F (1991): *Meanings of life*. New York: Guilford Press.

Baumeister, R F (1997): *Evil: Inside Human Violence and Cruelty*. New York: W.H. Freeman.

Baumeister, R F (2005): *The Cultural Animal: Human Nature, Meaning, and Social Life*. New York: Oxford University Press.

Baumeister, R F (2010): *Is There Anything Good About Men?*. New York: Oxford University Press.

Baumeister, R F, Bratslavsky, E, Finkenauer, C and Vohs, K D (2001): Bad is stronger than good. *Review of general psychology*, vol. 5, nr. 4, pp. 323-370.

Baumeister, R F, Campbell, J D, Krueger, J I and Vohs, K D (2003): Does high self-esteem cause better performance interpersonal success, happiness, or healthier lifestyles?. *Psychological Science in the Public Interest,* vol. 4, nr. 1, pp. 1-44.

Baumeister, R F, DeWall, C N, Vohs, K D and Alquist, J L (2009): Does Emotion Cause Behavior (Apart from Making People Do Stupid, Destructive Things)?, In *Then a Miracle Occurs: Focusing on Behavior in Social Psychological Theory and Research,* Agnew, C R, Carlston, D E, Graziano, W G and Kelly, J R (Eds.), New York: Oxford University Press.

Baumeister, R F and Leary, M R (1995): The need to belong: Desire for interpersonal attachments as a fundamental human motivation. *Psychological Bulletin,* vol. 117, nr. 3, pp. 497-529.

Baumeister, R F and Sommer, K L (1997): What do men want? Gender differences and two spheres of belongingness: Comment on Cross and Madson. *Psychological Bulletin*, vol. 122, nr. 1, pp. 38-44.

Baumeister, R F, Smart, L and Boden, J M (1996): Relation of threatened egotism to violence and aggression: The dark side of high self-esteem. *Psychological Review,* vol. 103, nr. 1, ,pp. 5-33.

Baumeister, R F, Tice, D M and Hutton, D G (1989): Self-presentational motivations and personality differences in self-esteem. *Journal of Personality,* vol. 57, nr. 3, pp. 547-579.

Baumeister, R F and Vohs, K D (2002): The Pursuit of Meaningfulness in Life, In *Handbook of positive psychology,* C R Snyder and S J Lopez (Eds.), New York, NY: Oxford University Press, pp. 608-628.

Baumeister R F, Vohs K D, DeWall, D N and Zhung, L. (2007): How Emotion Shapes Behavior: Feedback, Anticipation, and Reflection, Rather Than Direct Causation. *Personality and Social Psychology Review*, vol. 11 nr. 2, pp. 167-203.

Belk, R W (1984): Three scales to measure constructs related to materialism: Reliability, validity, and relationships to measures of happiness, In *Advances In Consumer Research,* T Kinnear (Ed.), vol. 11, Provo UT: Association for Consumer Research, pp. 291-297.

Belk, R W (1985): Materialism: Trait aspects of living in the material world. *Journal of Consumer Research,* vol. 12, nr. 3, pp. 265-280.

Bellah, R N, Madsen, R, Sullivan, W M, Swidler A and Tipton, S M (1985): *Habits of the heart: Individualism and commitment in American life*. Berkeley: University of California Press.

Berenbaum, H, Raghavan, Le, H-N, Vernon, L L and Gomez, J J (2002): A Taxonomy of Emotional Disturbances. *Clinical Psychology: Science and Practice*, vol. 10, nr. 2, pp. 206-226.

Berry, L L and Bendapudi, N (2007): Health Care A Fertile Field for Service Research, *Journal of Service Research*, vol. 10, nr. 2, pp. 111-122.

Biswas-Diener, R and Diener, E (2001): Making the best of a bad situation: Satisfaction in the slums of Calcutta, *Social Indicators Research*, vol. 55, pp. 329–352.

Bitner, M J (1992): Servicescapes: The Impact of Physical Surroundings on Customers and Employees, *Journal of Marketing*, vol. 56, nr. 2, pp. 57-71.

Bitner, M J and Hubbert, A R (1994): Encounter Satisfaction Versus Overall Satisfaction Versus Quality, In *Service Quality: New Directions in Theory and Practice*, Rust, R T and Oliver, R L (Eds), Sage Publications: Thousand Oaks, CA, pp. 72-94.

Blumenthal, J A, Babyak, M A, Moore, K A, Craighead, W E, Herman, S, Khatri, P Waugh, R, Napolitano, M A, Forman, L A, Appelbaum, M, Doraiswamy, P A, Krishnan, K (1999): Effects of Exercise Training on Older Patients With Major Depression, *Archives of Internal Medicine,* vol 159, no. 19, pp. 2349-2356.

Boehem J K and Lyubomirsky S (2009): The promise of sustainable happiness, In *Handbook of positive psychology,* S J Lopez (Ed.), 2nd ed., University Press, pp. 667-677).

Böhnke, P (2005): *First European Quality of Life Survey: Life satisfaction, happiness and sense of belonging*, Luxembourg: Office for Official Publications of the European Communities.

Bolton, R N and Drew, J H (1991): A multistage model of customers' assessments of service quality and value. *Journal of Consumer Research*, vol. 17, nr. 4, pp. 375-384.

Bosmans, A and Baumgarter, H (2005): Goal-Relevant Emotional Information: When Extraneous Affect Leads to Persuasion and When It Does Not. *Journal of Consumer Research*, vol. 32, nr. 3, pp. 424-434.

Bouman, M and van der Wiele, T (1992): Measuring service quality in the car service industry: building and testing an instrument. *International Journal of Service Industry Management*, vol. 3, nr. 4, pp. 4-16.

Boush, D M, Friestad, M and Rose, G M (1994): Adolescent Skepticism toward TV Advertising and Knowledge of Advertiser Tactics. *Journal of Consumer Research*, vol. 21, nr. 1, pp. 165-175.

Bove, L and Mitzifiris, B (2007): Personality traits and the process of store loyalty in a transactional prone context. *Journal of Services Marketing*, vol. 21, nr. 7, pp. 507-19.

Brady, M K and Cronin, J Jr, (2000): Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing,* vol. 76, nr. 2, pp. 193-218.

Brady, M K and Cronin, J Jr, (2001): Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach. *Journal of Marketing*, vol. 65, nr. 3, pp. 34-49.

Brady M K and Robertson, C J. (2001): Searching for a consensus on the antecedent role of service quality and satisfaction: an exploratory cross-national study. *Journal of Business Research*, vol. 51, nr. 1, pp. 53-60.

Braungart, J M, Plomin, R., DeFries, J C and Fulker, D (1992): Genetic Influence on Tester-Rated Infant Temperament as Assessed by Bayley's Infant Behavior Record: Nonadoptive and Adoptive Siblings and Twins. *Developmental Psychology*, vol. 28, nr. 1, pp. 40-47.

Brickman, P, Coates, D and Janoff-Bulman, R (1978): Lottery winners and accident victims: Is happiness relative? *Journal of Personality and Social Psychology*, vol 36, nr 8, pp. 917-927.

Brown, T J, Churchill, G A and Paul J R P (1993): Research Note: Improving the measurement of service quality. *Journal of Retailing*, vol 69, nr. 1, pp. 127-139.

Brown S P, Cron, W L and Slocum, J W (1997): Effects of goal-directed emotions on salesperson volitions, behavior and performance: A longitudinal study. *Journal of Marketing*, vol. 61, nr. 1, pp. 39-50.

Brown, K W and Ryan, R M (2003), The benefits of being present: Mindfulness and its role in psychological well-being. *Journal of Personality and Social Psychology*, vol. 84, nr. 4, pp. 822-848.

Burnett, J J and Dunne, P M (1986): An appraisal of the use of student subjects in marketing research. *Journal of Business Research*, vol. 14, nr. 4, pp. 329-43.

Buttle, F (1996): SERVQUAL: review, critique, research agenda. *European Journal of Marketing*, vol. 30, nr. 1, pp. 8-32.

Carnevale, P J D and Isen, A M (1986): The influence of positive affect and visual access on the discovery of integrative solutions in bilateral negotiation. *Organizational Behavior and Human Decision Processes*, vol. 37, nr. 1, pp. 1-13.

Carter T J and Gilovich T (2010): The relative relativity of material and experiential purchases. *Journal of Personality and Social Psychology*, vol. 98, nr. 1, pp. 146-159.

Chang, E C and Farrehi, A S (2001): Optimism/pessimism and information processing styles: can their influences be distinguished in predicting psychological adjustment?. *Personality and Individual Differences,* vol. 31, nr. 4, pp. 555-562.

Chebat, J-C, Filiatrault, P, Gélinas-Chebat, C and Vaninsky, A, (1995): Impact of Waiting Attraibution and Consumer's Mood on Perceived Quality. *Journal of Business Research*, vol. 34, nr. 3, pp. 191-196.

Chin, W. W. (1998): Issues and Opinion on Structural Equation Modeling. *MIS Quarterly*, vol. 22, vii-xvii.

Chin W W and Newsted, P R (1999): Structural equation modeling analysis with small samples using partial least squares, In Hoyle R. (ed.), Statistical strategies for small sample research. Sage publications, Beverly Hills, CA, 307-341.

Chin, W W, Marcolin, B L and Newsted, P R (1996): A partial least squares latent variable modelling approach for measuring interaction effects: Results from a Monte Carlo simulation study and voice mail emotion/adoption study. Paper presented at the 17th International Conference on Information Systems, Cleveland, OH.

Clark M S and Isen, A M (1982): Towards Understanding the Relationship Between Feeling States and Social Behavior, In Hastof, A. H. and Isen A. M. (Eds.), *Cognitive Social Psychology*, New York: Elsevier, pp. 73-108.

Cochrane, R and Duffy, J. (1974): Psychology and scientific method. *Bulletin of the British Psychological Society*, vol. 27, pp. 117-121.

Cohen, J B and Andrade, E B (2004): Affective intuition and Task-Contingent Affect Regulation, *The Journal of Consumer Research*, vol. 31, nr. 2, pp. 358-67.

Collier, D A (1994): *The service quality solution*, Milwaukee WI: Irwin Professional Publishing.

Collins, R L, Taylor, S E and Skokan, L A (1990): A better world or a shattered vision? Changes in life perspectives following victimization, *Social Cognition*, Vol 8, nr. 3, pp. 263-285.

Costa, P T Jr. and McCrae, R R (1980): Still Stable After All These Years: Personality as a Key to Some Issues in Adulthood and Old Age, In *Life Span Development and Behavior,* Baltes, P B and Brim, O G Jr. (Eds.), vol. 3, New York: Academic Press, pp. 65-102.

Costa, P T, McCrae, R R and Zonderman, A B (1987): Environmental and dispositional influences on well-being: Longitudinal follow-up of an American national sample, *British Journal of Psychology,* vol. 78, nr. 3, pp. 299-306.

Crocker, J and Mayor, B (1989): Social stigma and self-esteem: The self-protective properties of stigma, *Psychological review*, vol. 96, nr. 4, pp. 608-630.

Cronin, J Jr. (2003): Looking Back to See Forward in Services Marketing: Some Ideas to Consider, *Managing Service Quality*, vol. 13, nr. 5, pp. 332-337.

Cronin J Jr. and Taylor, S A (1992): Measuring Service Quality: A Reexamination and Extension, *The Journal of Marketing*, vol. 56, nr. 3, pp. 55-68.

Dabholkar, P, Shepherd C D and Thorpe, D I (2000): A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a longitudinal study, *Journal of Retailing,* vol. 76, nr. 2, pp. 139-173.

Dabholkar P A, Thorpe, D I, and Rentz, J O (1996): A measure of service quality for retail stores: Scale development and validation, Journal of the Academy of Marketing Science, vol. 24, nr. 1, pp. 3-16.

Dagger, T S and Sweeney, J C (2007): Service Quality Attribute Weights: How Do Novice and Longer-Term Customers Construct Service Quality Perceptions?, *Journal of Service Research*, vol. 10, nr. 1, pp. 22-42.

Dagger T S, Sweeney J C and Johnson, L W (1997): A Hierarchical Model of Health Service Quality, *Journal of Service Research,* vol. 10, nr. 2, pp. 123-142.

Darke P R, Chattopadhyay, A and Ashworth, L (2006): The importance and functional significance of affective cues in consumer choice, *The Journal of Consumer Research*, vol. 33, nr. 3, pp. 322–328.

Dember, W N and Penwell, L (1980): Happiness, depression, and the Pollyanna principle, *Bulletin of the Psychonomic Society*, vol. 15, nr. 5, pp. 321-323.

DeNeve, K M and Cooper, H (1998): The Happy Personality: A Meta-Analysis of 137 Personality Traits and Subjective Well-Being, *Psychological Bulletin*, vol. 124, nr. 2, pp. 197-229.

Derbaix, C and Pham, M T (1991): Affective reactions to consumption situations: A pilot investigation, *Journal of Economic Psychology*, vol. 12, nr. 2, pp. 325-355.

Diener, E (1984): Subjective well-being, *Psychological Bulletin*, vol. 85, pp. 542–575.

Diener, E (1994): Assessing Subjective Well-Being: Progress and Opportunities, *Social Indicators Research*, vol. 31, nr. 2, pp. 103-157.

Diener, E (2000). Subjective well-being: The science of happiness and a proposal for a national index. *American Psychologist*, vol. 55, pp. 34-43.

Diener, E and Biswas-Diener, R (2002): Will money increase subjective well-being? A literature review and guide to needed research. *Social Indicators Research*, vol. 57, pp. 119-169.

Diener, E and Diener, C (1995): The wealth of nations revisited: Income and quality of life. *Social Indicators Research*, vol. 36, pp. 275-286.

Diener, E and Diener, C (1996): Most people are happy, *Psychological Science*, vol. 7, pp. 181-185.

Diener, E, Diener, M and Diener, C (1995): Factors predicting the subjective well-being of nations, *Journal of Personality and Social Psychology,* vol. 69, nr. 5, pp. 851-864.

Diener, E and Fuijita, F (1995): Resources, personal strivings, and subjective well-being: A nomothetic and idiographic approach, *Journal of Personality and Social Psychology*, vol. 68, nr. 5, pp. 926-935.

Diener, E, Horwitz, J and Emmons, R A (1985): Happiness of the very wealthy, *Social Indicators Research,* vol. 16, nr. 3, pp. 263-274.

Diener, E, and Larsen, R J (1984): Temporal stability and cross-situational consistency of affective, behavioral, and cognitive responses, *Journal of Personality and Social Psychology*, vol. 47, pp. 871-883.

Diener, E, Larsen, R J, Levine, S and Emmons R A (1985): Intensity and frequency: dimensions underlying positive and negative affect. *Journal of Personality and Social Psychology*, vol. 48, nr. 5, pp. 1253-1265.

Diener, E and Lucas, R E (1999): Personality and subjective well-being. In *Well-being: The foundations of hedonic psychology,* Kahneman, D, Diener, E and Schwartz, N (Eds.), pp. 213-229.

Diener, E, Lucas, R E, Oishi, S and Suh, E M (2002): Looking Up and Looking Down: Weighting Good and Bad Information in Life Satisfaction Judgments, *Personality and Social Psychology Bulletin,* vol. 28, nr. 4, pp. 437-445.

Diener, E, Lucas, R E, Schimmack, U and Helliwell, J (2009): *Well-being for public policy*, New York: Oxford University Press.

Diener, E, Lucas, R and Scollon, C N (2006): Beyond the hedonic treadmill: Revising the adaptation theory of well-being, The science of well-being, In *Social Indicators Research Series*, vol. 37, Springer Netherlands, pp. 103-118.

Diener, E, Napa Scollon, C N and Lucas, R E (2009): The evolving concept of subjective well-being: The multifaceted nature of happiness. In *The psychology of aging,* Costa, P T and Siegler, I C (Eds.)*,* New York: Elsevier Science.

Diener, E, Nickerson, C, Lucas, R E and Sandvik, E (2002): Dispositional affect and job outcomes, *Social Indicators Research*, vol. 59, nr. 3, pp. 229-259.

Diener, E, Sandvik, E and Pavot, W (1991): Happiness is the frequency, not intensity, of positive versus negative affect, In *Subjective well-being*. *An interdisciplinary perspective,* Strack, F, Argyle, N and Schwartz, N (Eds.), New York: Pergamon.

Diener, E, and Seligman, M E P (2004): Beyond money: Toward an economy of well-being, *Psychological Science in the Public Interest*, vol. 5, pp. 1-31.

Diener, E, Suh, E M, Lucas, R E and Smith, H L (1999): Subjective Well-Being: Three Decades of Progress, *Psychological Bulletin*, vol. 125, nr. 2, pp. 276-302.

Diener, E and Oishi, S (2006): *The desirability of happiness across cultures*. Unpublished data. The University of Illinois, Urbana-Champaign.

Diener, E, Wirtz, D, Tov, W, Kim-Prieto, C, Choi, D W, Oishi S and Biswas-Diener, R (2010): New well-being measures: Short scales to assess flourishing and positive and negative feelings, *Social Indicator Research*, vol. 97, nr. 2, pp. 143-156.

Dipboye, R L and Flanagan, M F (1979): Research settings in industrial and organizational psychology: Are findings in the field more generalizable than in the laboratory?, *American Psychologist*, vol. 34, nr. 2, pp. 141-150.

Dube, L, and Morgan, M S, (1996): Trend Effects and Gender Differences in Retrospective Judgments of Consumption Emotions, *Journal of Consumer Research*, vol. 23, nr. 2, pp. 156-162.

Dunn, E W, Aknin, L B and Norton, M I (2008): Spending Money on Others Promotes Happiness, *Science*, vol. 319, nr. 5870, pp. 1687 – 1688.

Easterlin, R A (1995): Will Raising the Incomes of All Increase the Happiness of All?, *Journal of Economic Behavior and Organization*, vol. 27, nr. 1, pp. 35-47.

Edvardsson, B. (2005): Service quality: Beyond cognitive assessment. *Managing Service quality*, vol. 15, no. 2, pp. 127-131.

Edvardsson, B, Gustafsson, A and Roos, I (2005): Service Portraits in Service Research: A Critical Review, *International Journal of Service Industry Management,* vol. 16, nr. 1, pp. 107-121.

Ehrenreich, B (2009): *Smile or die. How Positive thinking fooled America and the world*. Granta Books.

Emmons, R A and McCullough, M E (2003): Counting blessings versus burdens: An experimental investigation of gratitude and subjective well-being in daily life, *Journal of Personality and Social Psychology,* vol. 84, nr. 2, pp. 377–389.

Epstein, S (1991): Integration of the cognitive and psychodynamic unconscious, *American psychologist*, vol. 49, nr. 8, pp. 709-724.

Erevelles, S (1998): The role of affect in marketing, *Journal of Business Research*, vol. 42, nr. 3, pp. 199-215.

Estrada, C A, Isen, A M and Young, M J (1994): Positive Affect Improves Creative Problem Solving and Influences Reported Source of Practice Satisfaction in Physicians, *Motivation and Emotion*, Vol. 18, No. 4, pp. 285-299.

Estrada, C A, Isen, A M and Young, M J (1997): Positive Affect Facilitates Integration of Information and Decreases Anchoring in Reasoning Among Physicians, *Organizational Behavior and Human Decision Processes*, vol. 72, nr. 1, pp. 117-135.

Falk, R F and Miller, N B (1992): *A primer for soft modeling*. Akron: The University of Akron Press.

Fiedler, K (1991): On the task, the measures and the mood in research on affect and social cognition, In *Emotion and social judgments*, Forgas J P (Ed.), Elmsford, NY: Pergamon Press, pp. 83–104.

Fisk, R P, Brown, S W and Bitner, M J (1993): Tracking the Evolution of the Services Marketing Literature, *Journal of Retailing*, vol. 69, nr. 1, pp. 61–103.

Flouri, E (2003): Exploring the relationship between mothers' and fathers' parenting practices and children's materialist values. *Journal of Economic Psychology*, vol. 25, nr. 6, pp. 743-752.

Ford, G T, Smith, D B and Swasy, J L (1990): Consumer Skepticism of Advertising Claims: Testing Hypotheses from Economics of Information, *Journal of Consumer Research*, vol. 16, nr. 4, pp. 433-441.

Forgas, J P (1994): Sad and guilty? Affective influences on the explanation of conflict episodes, *Journal of Personality and Social Psychology*, vol. 66, nr. 1, pp. 56-68.

Forgas, J P (1995): Mood and Judgment: The Affect Infusion Model (AIM), *Psychological Bulletin*, vol. 117, nr. 1, pp. 39-66.

Forgas, J P and Bower, G H (1987): Mood effects on person perception judgments, *Journal of Personality and Social Psychology*, vol. 53, nr. 1, pp. 53–60.

Fornell, C and Bookstein, F L (1982): Two Structural Equation Models: LISREL and PLS Applied to Consumer Exit-Voice Theory, *Journal of Marketing Research*, vol. 19, nr. 4, pp. 440-452.

Fornell, C and Larcker, D F (1981): Structural Equation Models with Unobservable Variables and Measurement Error: Algebra and Statistics, *Journal of Marketing Research*, vol. 18, nr. 3, pp. 382-388.

Frank, R H, Gilovich, T and Regan, D T (1993): Does Studying Economics Inhibit Cooperation?, *Journal of Economic Perspectives*, vol. 7, nr. 2, pp. 159-171.

Frederick, S and Loewenstein, G (1999): Hedonic adaptation. Well-being: The foundations of hedonic psychology, In *Well-being: The foundations of hedonic psychology,* Kahneman, D., Diener, E and Schwarz (Eds.), New York, NY, US: Russell Sage Foundation, vol. xii, pp. 302-329.

Fredrickson, B L and Kahneman, D (1993): Duration neglect in retrospective evaluations of affective episodes, *Journal of Personality and Social Psychology*, vol 65, nr. 1, pp. 45-55.

Freedman, J (1978): *Happy people: What happiness is, who has it and why,* New York: Harcourt Brace Jovanovich.

Fried, R and Berkowitz, L. (1979): Music hath charms ...and can influence helpfulness, *Journal of Applied Social Psychology*, vol 9, nr. 3, pp. 199-208.

Friestad, M and Wright, P (1994): The Persuasion Knowledge Model: How People Cope with Persuasion Attempts, Journal of Consumer Behavior, vol. 21, nr. 1, pp. 1-30.

Frijda, N H (1986): *The emotions*, New York: Cambridge University press.

Frijda, N H (1988): The Laws of Emotion, *American Psychologist*, vol. 43, nr. 5, pp. 349-358.

Frijda, N H (1993): Mood, emotion episodes, and emotions, In *Handbook of emotions,* Lewis M and Haviland J M (Eds.), New York: Guilford Press, pp. 381-403.

Funder, D C (1991): On the accuracy of personality judgement: A realistic approach, *Psychological Review*, vol. 102, nr. 4, 652-670.

Gagliano, K and Hathcote, J (1994): Customer Expectations and Perceptions of Service Quality in Retail Apparel Specialty Stores, *Journal of Services Marketing*, vol. 8, nr. 1, pp. 60-69.

Ganesan-Lim C, Russell-Bennett, R and Dagger, T (2008): The Impact of Service Contact Type and Demographic Characteristics on Service Quality Perceptions, *Journal of Services Marketing,* vol 22, nr. 7, pp. 550-561.

Gardner, M P (1985): Mood States and Consumer Behavior: A Critical Review, *Journal of Consumer Research*, vol. 12, nr. 3, pp. 281-300.

Geuens, M and De Pelsmacker, P D (1999): Affect intensity revisited: Individual differences and the communication effects of emotional stimuli, *Psychology & Marketing*, vol. 16, nr. 3, pp. 195–209.

Goldberg, M E, Gorn, G J, Peracchio, L A and Bamossy, G (2003): Understanding Materialism among Youth, *Journal of Consumer Psychology*, vol. 13, nr. 3, pp. 278-288.

Grönroos, C (1982): An Applied Service Marketing Theory, *European Journal of Marketing*, vol. 16, nr. 7, pp. 30-41.

Grönroos, C (2006): Adopting a service logic for marketing, *Marketing Theory*, vol. 6, nr. 3, pp. 317-333.

Grönroos, C (2008): Service logic revisited: who creates value? And who co-creates. *European Business Review*, vol. 20, nr. 4, pp. 298-314.

Gummerus, J (2010): *Value creation and value outcome determination – Strategies or siblings?*, Unpublished manuscript.

Gummerus, J, Liljander, V, Pura, M and van Riel, A (2004): Customer Loyalty to Content-Based Web Sites: The Case of an Online Health-Care Service, *Journal of Services Marketing*, vol. 18, nr. 3, pp. 175-186.

Harbaugh, W T, Mayr, D R and Burghart, D R (2007): Neural Responses to Taxation and Voluntary Giving Reveal Motives for Charitable Donations, *Science*, vol. 316, nr. 5831, pp. 1622 – 1625.

Harris, A H S and Thoresen, C E (2005): Forgiveness, unforgiveness, health and disease. In *Handbook of Forgiveness,* Worthington E L (Eds.), New York: Routledge, pp. 321-334.

Harris, A H S and Thoresen, C E (2006): Extending the influence of positive psychology interventions into health care settings: Lessons from self-efficacy and forgiveness, *Journal of Positive Psychology*, vol. 1, nr. 1, pp. 27-36.

Hatfield, E, Cacioppo J T and Rapson, R L (1994): Emotional Contagion: Studies in Emotion and Social Interaction, Cambridge and New York: Cambridge University Press.

Haywood-Farmer, J (1987): A Conceptual Model of Service Quality, *International Journal of Operations and Product Management*, vol. 8, nr. 6, pp. 19 – 29.

Hebl, J and Enright, R D (1993): Forgiveness as a psychotherapeutic goal with elderly females, *Psychotherapy: Theory, Research, Practice, Training*, vol. 30, nr. 4, pp. 658-667.

Heinonen, K, Strandvik, T, Mickelsson, K-J, Edvardsson, B, Sundström, E and Andersson, P (2010): A customer-dominant logic of service, *Journal of Service Management*, vol. 21, nr. 4, pp. 531 – 548.

Hennig-Thurau, T, Groth, M, Paul, M and Gremler, D D (2006): Are all smiles created equal? How emotional contagion and emotional labor affect service relationships, *Journal of Marketing*, vol. 70, nr. 3, pp. 58-73.

Hennig-Thurau, T, and Sattler, (2007): Consumer File Sharing of Motion Pictures, *Journal of Marketing*, vol. 71, nr. 4, pp. 1-18.

Henseler, J, Ringle, C, and Sinkovics, R R (2009): The use of partial least squares path modeling in international marketing, *Advances in International Marketing*, vol. 20, pp. 277-319.

Herr, P M and Page, C M (2004): Asymmetric association of liking and disliking judgments: so what's not to like?. *Journal of Consumer Research,* vol. 30, nr. 4, pp. 588–601.

Higbee, K L and Wells, M G (1972): Some research trends in social psychology during the 1960s, *American Psychologist*. vol 27, nr. 10, pp. 963-966.

Hill, R P and Ward, J C (1989): Mood Manipulation in Marketing Research: An Examination of Potential Confounding Effects, *Journal of Marketing Research*, vol. 26, nr. 1, pp. 97-104.

Holbrook M B and Batra, R (1987): Assessing the Role of Emotions as Mediators of Consumer Responses to Advertising, *Journal of Consumer Research*, vol. 14, nr. 3, pp. 404-20.

Holbrook, M B and Corfman, K P (1985): Quality and Value in the Consumption Experience: Phaedrus Rides Again, In *Perceived Quality: How Consumers View*

Stores and Merchandise, Jacoby J and Olson J C (Eds.), Lexington, MA: Lexington Books, pp. 31–57.

Holbrook, M B and Hirschman, E C (1982): The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun, *The Journal of Consumer Research*, vol. 9, nr. 2, pp. 132-140.

Homburg, C, Koschate, N and Hoyer, W D (2006): The Role of Cognition and Affect in the Formation of Customer Satisfaction: a Dynamic Perspective, *Journal of Marketing*, vol. 70, nr. 3, pp. 21-31.

Houston, M B, Bettencourt, L A and Wenger, S (1998): The Relationship Between Waiting In a Service Queue and Evaluations of Service Quality: A Field Theory Perspective, *Psychology & Marketing*, vol. 15, nr. 8, pp. 735-753.

Howard, D J and Gengler, C (2001): Emotional Contagion Effects on Product Attitudes, *Journal of Consumer Research*, vol. 28, nr. 2, pp. 189-201.

Howell, R T, Kern, M L and Lyubomirsky, S (2007): Health benefits: meta-analytic determining the impact of well-being on objective health outcomes, *Health Psychology Review,* vol. 1, nr. 1, pp. 83-136.

Hubbard, R and Armstrong, J S (1992): Are null results becoming an endangered species in marketing?, *Marketing Letters*, vol. 3, nr. 2, pp. 127-136.

Hulland, J S (1999): Use of Partial Least Squares (PLS) in Strategic Management Research: A Review of Four Recent Studies, *Strategic Management Journal*, vol. 20, nr. 2, pp. 195-204.

Hunt, S D (1990): Truth in Marketing Theory and Research, *Journal of Marketing*, vol. 54, nr. 3, pp. 1-15.

Iacobucci, D, Saldanha, N and Deng, X (2007): A meditation on mediation: Evidence that structural equations models perform better than regressions, *Journal of Consumer Psychology,* vol. 17, nr. 2, pp. 139–153.

Ifcher, J and Zarghamee, H (2009): Happiness and Myopia: Evidence from a Random-Assignment Experiment. Working paper.

Isen, A M (1984): Towards understanding the role of cognition, In *Handbook of Social Cognition*, Wyer, R S and Srull, T K (Eds), vol. 3, Hillsdale, NJ: Erlbaumpp, pp. 179-236.

Isen, A M (1993): Positive Affect and Decision Making, In *Handbook of Emotions,* Lewis, M and Haviland, J M (Eds.), New York: Guilford Press, pp. 261-277.

Isen, A M (2001): An Influence of Positive Affect on Decision Making in Complex Situations: Theoretical Issues with Practical Implications, *Journal of Consumer Psychology*, vol. 11, nr. 2, pp. 75-85.

Isen, A M, Shalker, T E, Clark, M and Karp, L (1978): Affect, accessibility of material in memory, and behavior: A cognitive loop?, *Journal of Personality and Social Psychology*, vol 36, nr. 1, pp 1-12.

Izard, C E (1977): Basic Emotions, Relations Among Emotions, and Emotion–Cognition Relations, *Psychological Review*, vol. 99, nr. 3, pp. 561-565.

James, W L. and Sonner, B S (2001): Just Say No to Traditional Student Samples, *Journal of Advertising Research*, (September/October), pp. 63-71.

Kahana, E, Kahuna, B, Hard, Z and Rosner, T (1988): Coping with extreme trauma. In *Human adaptation to extreme stress: From the Holocaust to Vietnam,* Wilson, J P, Harel, Z and Kahana, B (Eds.), New *York:* Plenum, pp. 55-79.

Kahneman, D, Diener, E and Schwarz, N (1999): *Well-being: The foundations of hedonic psychology*. New York: Sage.

Kahneman, D, Krueger, A B, Schkade, D, Schwarz, N and Stone, A A (2006): Would you be happier if you were richer? A focusing illusion, *Science,* vol. 312, nr. 5782, pp. 1908-1910.

Kaiser H F and Rice, J (1974): Little Jiffy, *Educational and Psychological Measurement,* vol. 34, pp. 111-117.

Kashdan, T B and Roberts J E (2004): Trait and state curiosity in the genesis of intimacy: Differences from related constructs, *Journal of Clinical and Social Psychology*, vol. 23, nr. 6, pp. 792-816.

Kassarjian, H H and Sheffet, M J (1991): Personality and Consumer Behavior: An Update. In *Perspectives on Consumer Behavoir*, Kassarjian, H H and Robertson, T S (Eds.), Edglewood Cliffs, NJ: Prentice Hall, pp. 281-303.

Kasser, T and Kanner, A D (2004): Where is the psychology of consumer culture?, Psychology and consumer culture: The struggle for a good life in a materialistic world, In *Psychology and consumer culture: The struggle for a good life in a materialistic world*, Washington, DC, US: American Psychological Association, vol. 297, pp. 3-7.

Kasser, T and Ryan, R M (1993): A dark side of the American dream: Correlates of financial success as a central life aspiration. *Journal of Personality and Social Psychology*, vol 65, nr. 2, pp. 410-422.

Kasser, T and Ryan, R M (1996): Further Examining the American Dream: Differential Correlates of Intrinsic and Extrinsic Goals, *Personality and Social Psychology Bulletin*, vol. 22, nr. 3, pp. 280-287.

Kelley, S. W. and Hoffman, K. D. (1997): An Investigation of Positive Affect, Prosocial Behaviors and Service Quality, *Journal of Retailing*, vol. 73, nr. 3, pp. 407-427.

Kellogg, D L and Chase, R B (1995): Constructing an Empirically Derived Measure for Customer Contact, *Management Science*, vol. 41, nr. 11, pp. 1734-1749.

Kesebir, P and Diener, E (2008): In pursuit of happiness: Empirical answers to philosophical questions, *The Science of Well-Being, Perspectives on Psychological Science*, vol. 3, nr. 2, pp. 117-125.

King, L A and Napa, C K (1998): What makes a life good?, *Journal of Personality and Social Psychology*, vol 75, nr. 1, pp. 156-165.

Klem, M L, Wing, R R, McGuire, M T, Seagle, H M and Hill, J O (1997): A descriptive study of individuals successful at long-term maintenance of substantial weight loss, *American Journal of Clinical Nutrition,* vol. 66, pp. 239-246.

Knowles, P A, Grove, S J and Pickett, G M (1993): Mood and the service customer. Review and propositions, *Journal of Services Marketing*, vol. 7, nr. 4, pp. 41–52.

Knowles, P A, Grove, S J and Pickett, G M (1999): Mood Versus Service Quality Effects on Customers' Responses to Service Encounters, *Journal of Service Research*, vol. 2, nr. 2, pp. 187-199.

Kozma, A and Stones, M J (1978): Some research issues and findings in the assessment of well-being in the aged, *Canadian Psychological Review*, vol. 19, nr. 3, pp. 241-249.

Kumar, A and Oliver, R L (1997): Cognitive appraisals, consumer emotions, and consumer response, *Advances in Consumer Research*, vol. 24, pp. 17-18.

Labroo, A A and Mukhopadhyay, A (2009): Lay Theories of Emotion Transience and the Search for Happiness: A Fresh Perspective on Affect Regulation, *Journal of Consumer Research*, vol. 36, nr. 2, pp. 242-254.

Labroo, A A and Patrick V M (2009): Psychological Distancing: Why Happiness Helps You See the Big Picture, *Journal of Consumer Research*, vol. 35, nr. 5, pp. 800-809.

Labroo, A A and Ramanathan, S (2007): The Influence of Experience and Sequence of Conflicting Emotions on Ad Attitudes, *Journal of Consumer Research*, vol. 33, nr. 4, pp. 523-528.

Larsen, R J and Diener, E (1992): Promises and problems with the circumplex model of emotion. In *Review of personality and social psychology,* Clark, M S (Ed.), Newbury Park: CA. Sage, pp. 25-59.

Larsen, R J, Diener, E and Emmons, R A (1986): Affect Intensity and Reactions to Daily Life Events, *Journal of Personality and Social Psychology*, vol. 51, nr. 4, pp. 803-814.

Larsen, J T, McGraw, A and Cacioppo, J T (2001): Can people feel happy and sad at the same time?, *Journal of Personality and Social Psychology*, vol. 81, nr. 4, pp. 684-696.

Lasch, C (1978): *The Culture of Narcissism: American Life in an Age of Diminishing Expectations*, Norton: New York.

Lasch C. (1991): *The culture of narcissism: American life in an age of diminishing expectations*, Norton: New York.

Lazarus, R S (2003): Does the positive psychology movement have legs?, *Psychological Inquiry*, vol. 14, nr. 1, pp. 93-109.

Lee, G R and Ishii-Kuntz, M. (1987): Social Interaction, Loneliness, and Emotional Well-Being among the Elderly, *Research on Aging*, vol. 9, nr. 4, pp. 459-482.

Lehtinen U and Lehtinen J R (1991): Two Approaches to Service Quality Dimensions, The Service Industries Journal, vol 11, nr. 3, pp. 287-303.

Leith, K P and Baumeister, R F (1996): Why do bad moods increase self-defeating behavior? Emotion, risk taking, and self-regulation. *Journal of Personality and Social Psychology,* vol. 71, nr. 6, pp. 1250-1267.

Lewinsohn, P M, Mischel, W, Chaplin, W and Barton, R (1980): Social competence and depression: The role of illusory self-perceptions, *Journal of Abnormal Psychology*, vol. 89, nr. 2, pp. 203-212.

Liljander, V (1995): Comparison standards in perceived service quality. Ekonomi och Samhälle, No 63. Publications of the Swedish School of Economics and Business Administration, Helsinki, Finland.

Liljander, V and Mattsson, J (2002): Impact of customer preconsumption mood on the evaluation of employee behavior in service encounters, *Psychology & Marketing*, vol. 19, nr. 10, pp. 837-860.

Liljander V and Strandvik, T (1997): Emotions in service satisfaction, *International Journal of Service Industry Management*, vol. 8, nr. 2, pp. 148-169.

Linley, P A, Joseph, S, Harrington, S and Wood, A M (2006): Positive Psychology: Past, Present, and (possible) Future, *The Journal of Positive Psychology*, vol. 1, nr. 1, pp. 3-16.

Liu, W and Aaker, J (2008): The Happiness of Giving: The Time Ask Effect, *Journal of Consumer research*, vol. 35, nr. 3, pp. 543-557.

Loiacono, E T, Watson R T and Goodhue, D L (2002): WEBQUAL: A Measure of Website Quality, In *Marketing Educators' Conference: Marketing Theory and Applications*, Evans, K and Scheer, L (Eds), vol. 13, pp. 432-437.

Lu L and Shih J B (1997): Sources of happiness: A qualitative approach, *Journal of Social Psychology*, vol 137, nr. 2, pp. 181-188.

Lucas, R E, Clark, A E, Georgellis, Y, and Diener, E (2003): Reexamining adaptation and the set point model of happiness: Reactions to changes in marital status, *Journal of Personality and Social Psychology*, vol. 84, nr. 3, pp. 527-539.

Lucas, R E, Clark, A E, Georgellis, Y, and Diener, E (2004): Unemployment Alters the Set Point for Life Satisfaction, *Psychological Science*, vol. 15, nr. 1, pp. 8-13.

Lucas, R E, Diener, E and Suh, E (1996): Discriminant validity of well-being measures, *Journal of Personality and Social Psychology*, vol. 71, nr. 3, pp. 616-628.

Luomala, H and Laaksonen, M (2000): Contributions from mood research, *Psychology & Marketing*, vol. 17, nr. 3, pp. 195-233.

Lykken, D (1999): Happiness: What studies on twins show us about nature, nurture, and the happiness set-point, New York, NY, US: Golden Books.

Lykken D and Tellegen, A (1996): Happiness is a Stochastic Phenomenon, *Psychological Science*, vol. 7, nr. 3, pp. 186-189.

Lynch, J G Jr. (1982): On the external validity of experiments in consumer research, *Journal of Consumer Research*, vol. 9, nr. 3, pp. 225-239.

Lyubomirsky, S (2008): *The How of Happiness. A scientific approach to getting the life you want*. Penguin Press: New York.

Lyubomirsky, S (2001): Why are some people happier than others?: The role of cognitive and motivational processes in well-being, *American Psychologist,* vol. 56, nr. 3, pp. 239-249.

Lyubomirsky, S, King, L A and Diener, E (2005): The benefits of frequent positive effect: Does happiness lead to success?, *Psychological Bulletin*, vol. 131, nr. 6, pp. 803-855.

Lyubomirsky, S and Lepper, H S (1999): A Measure of Subjective Happiness: Preliminary Reliability and Construct Validation, *Social Indicators Research*, vol. 46, nr. 2, pp. 137-155.

Lyubomirsky, S and Ross, L (1997): Hedonic consequences of social comparison: A contrast of happy and unhappy people. *Journal of Personality and Social Psychology*, vol. 73, nr. 6, pp. 1141-1157.

Lyubomirsky, S and Ross, l (1999): Changes In Attractiveness of Elected, Rejected, and Precluded Alternatives: A Comparison of Happy and Unhappy Individuals, *Journal of Personality and Social Psychology*, vol. 76, nr. 6, pp. 988-1007.

Lyubomirsky, S, Sheldon, K M and Schkade, D (2005): Pursuing Happiness: The Architecture of Sustainable Change, *Review of General Psychology*, vol. 9, nr. 2, pp. 111-131.

Lyubomirsky, S, Sousa, L and Dickerhoof, R (2006): The costs and benefits of writing, talking, and thinking about life's triumphs and defeats, *Journal of Personality and Social Psychology,* vol. 90, nr. 4, pp. 692-708.

Lyubomirsky, S, Sousa, L and Dickerhoof, R (2006): The costs and benefits of writing, talking, and thinking about life's triumphs and defeats, *Journal of Personality and Social Psychology*, vol. 90, nr. 4, pp. 692-708.

Lyubomirsky, S, Tkach, C and DiMatteo, M R (2005): What Are the Differences Between Happiness and Self-Esteem?, *Social Indicators Research*, vol. 78, nr. 3, pp. 363-404.

Lyubomirsky, S and Tucker, K L (1998): Implications of individual differences in subjective happiness of perceiving, interpreting, and thinking of life-events, *Motivation and Emotion*, vol 22, nr. 2, pp. 155-186.

Lyubomirsky, S, Tucker, K L and Kasri, F (2001): Responses to Hedonically Conflicting Social Comparisons: Comparing Happy and Unhappy People, *European Journal of Social Psychology*, vol. 31, nr. 5, pp. 511-535.

MacKinnon, D P, Warsi, G and Dwyer, J H (1995): A simulation study of mediated effect measures, *Multivariate Behavioral Research*, vol. 30, nr. 1, pp. 41–62.

Mano and Oliver, (1993): Assessing the Dimensionality and Structure of the Consumption Experience: Evaluation, Feeling, and Satisfaction, *Journal of Consumer Research*, vol. 20, nr. 3, pp. 451-466.

Manrai, L A (1993): Mood effects in services: An integrated conceptual model, In *Advances in services marketing and management,* Swartz, T A and Bowen, D E and Brown S W (Eds.), vol. 2, London: JAI Press. pp. 151–174.

Marks, G N and Fleming, N (1999): Influences and Consequences of Well-being Among Australian Young People 1980-1995, Social Indicators Research, vol. 46, nr. 3, pp. 301-323.

Matlin, M W and Stang, D J (1978): *The Pollyanna Principle: Selectivity in language, memory, and thought*. Cambridge, MA: Schenkman.

Mattila, A. (1999): Do emotional appeals work for services?, *International Journal of Service Industry Management*, vol. 10, nr. 3, pp. 292-306.

Mattila A. (2000): When does mood matter?, *Journal of Hospitality & Leisure Marketing*, vol. 7, nr. 3, pp. 55-66.

Mattila, A. (2004): Consumer behavior research in hospitality & tourism journals, *International Journal of Hospitality Management*, vol 23, nr. 5, pp. 449-458.

Mattila, A S and Enz, C A (2002): The Role of Emotions in Service Encounters, *Journal of Service Research*, vol. 4, nr. 4, pp. 268-277.

Mattila, A and Wirtz, J (2000): The role of preconsumption affect in postpurchase evaluation of services, *Psychology and Marketing*, vol. 17, nr. 7, pp. 587-605.

Mattila, A. and Wirtz, J. (2006): Arousal expectations and service Evaluations, International *Journal of Service Industry Management*, vol. 17, nr. 3, pp. 229-244.

McCrae, R R and Costa, P T Jr. (1989): The structure of interpersonal traits: Wiggins's circumplex and the five-factor model, *Journal of Personality and Social Psychology,* vol. 56, nr. 4, pp. 586-595.

McCrae, R and Costa, P T. Jr. (1997): Personality trait structure as a human universal, *American Psychologist*, vol 52, nr. 5, pp. 509-516.

McCullough, M (2001): Forgiveness: Who does it and how do they do it, *Current Directions in Psychological Science*, vol. 10, nr. 6, pp. 194-197.

McCullough, M E, Emmons, R A and Tsang, J (2002): The grateful disposition: A conceptual and empirical topography, *Journal of Personality and Social Psychology*, vol. *82*, nr. 1, pp. 112-127.

McDougall, G H G and Levensque T (1994): A Revised View of Service Quality Dimensions: An Empirical Investigation, *Journal of Professional Services Marketing*, vol. 11, nr. 1, pp. 189–209.

Mead, N L, Baumeister, R F, Stillman, T F, Rawn, C D and Vohs, K D (2010): Social exclusion causes people to spend and consume in the service of affiliation. *Journal of Consumer Research,* vol. 37 (February).

Mentzer, D J, Flint, D J, and Hult, T M (2001): Logistics Service Quality as a Segment-Customized Process, *The Journal of Marketing*, vol. 65, nr. 4, pp. 82-104.

Miller, D (2005): Materiality: An Introduction, In Materiality, Miller, D (Ed.), Durham, Duke: University Press, pp. 1-50.

Miniard, P W, Bhatla, S and Sirdeshmukh, D (1992): Altering the Consumption Experience: Mood Effects and their Dependency on the Intensity of the Consumption Experience, *Journal of Consumer Psychology*, vol. 1, nr. 2, pp.173-195.

Mitchell, T R, Thompson, L, Peterson, E and Cronk, R (1997): Temporal adjustments in the evaluation of events: The "rosy view", *Journal of Experimental Social Psychology*, vol. 33, nr. 4, pp. 421-448.

Mittal, V and Kamakura, W A (2001): Satisfaction, Repurchase Intent, and Repurchase Behavior: Investigating the Moderating Effect of Customer Characteristics, *Journal of Marketing Research*, vol. 38, nr. 1, pp. 131-142.

Mogilner, C and Aaker J (2009): The Time vs. Money Effect: Shifting Product Attitudes and Decisions through Personal Connection. UC Berkeley, Working Paper Series.

Mooney, C Z (1996): Bootstrap Statistical Inference: Examples and Evaluations for Political Science, *American Journal of Political Science*, vol. 40, nr. 2, pp. 570-602.

Moore, D J, Harris, W D and Chen, H C (1995): Affect Intensity: An Individual Difference Response to Advertising Appeals, *Journal of Consumer Research*, vol. 22, nr. 2, pp. 154-164.

Morgan, I. and Rao, J. (2003): Making Routine Services Fun", *MIT Sloan Management Review*, vol. 45, nr. 1, pp. 93-95.

Morgan, I. and Rao, J. (2006): Growing Negative Services", *MIT Sloan Management Review*, vol. 47, nr. 3, pp. 69-74.

Morris, W N (1989): *Mood: The Frame of Mind*, New York: Springer-Verlag.

Motl R W, Konopack J F, McAuley E, Elavsky S, Jerome G J and Marquez D X (2005): Depressive symptoms among older adults: long-term reduction after physical activity, *Journal of Behavioral Medicine*, vol 28, nr. 4, pp. 385-394.

Murry, J P and Dacin, P A (1996): Cognitive Moderators of Negative Emotions: Implications for Understanding Media-Context Effects, *Journal of Consumer Research*, vol. 22, nr. 4, pp. 439-442.

Myers, D G (1992): *The pursuit of happiness: Who is happy and why,* New York: William Morrow.

Myers, D G (2000): The Funds, Friends, and Faith of Happy People, *American Psychologist*, vol. 55, nr. 1, pp. 56-67.

Myers, D G and Diener, E (1995): Who is happy?, *Psychological Science*, vol. 6, nr. 1, pp. 10-19.

Myers, D G and Diener, E (1996). The pursuit of happiness. *Scientific American*, vol. 274, May, pp. 54-56.

Nickerson, C, Schwarz, N, Diener, E and Kahneman, D (2003): Zeroing on the dark side of the American Dream: A closer look at the negative consequences of the goal for financial success, *Psychological Science,* vol. 14, nr. 6, pp. 531-536.

Nicolao, L, Irwin, J R and Goodman, J K (2009): Happiness for Sale: Do Experiential Purchases Make Consumers Happier than Material Purchases?, *Journal of Consumer Research*, vol. 36, nr. 2, pp. 188-198.

Nolen-Hoeksema, S (2005): Eating, drinking, overthinking: The toxic triangle of food, alcohol, and depression – and how women can break free. New York: Henry Holt.

Nunnally, J. C. (1978): *Psychometric Theory*. New York: McGraw-Hill.

Nunnally J C and Bernstein, I H (1994): *Psychometric Theory*, third ed., New York: McGraw-Hill.

Oishi S, Diener, E and Lucas R E (2007): The optimal level of well-being: Can people be too happy? *Perspectives on Psychological Science,* vol. 2, nr. 4, pp. 346–360.

Oliver, R L (1981): Measurement and Evaluation of Satisfaction Processes in Retail Settings. *Journal of Retailing,* vol. 57, nr. 3, pp. 25-48.

Oliver, R L (1993): Cognitive, Affective and Attribute Bases of the Satisfaction Response. *Journal of Consumer Research,* vol. 20, nr. 3, pp. 418-430.

Oliver, R L (1997): *Satisfaction: A Behavioral Perspective on the Consumer*, New York: McGraw-Hill.

Olivola, C Y and Shafir E (2007): More Pain, More Gained: When the Prospect of Pain and Effort Increases Prosocial Contributions, *working paper*, Department of Psychology, Princeton University.

Pallant J (2001): SPSS survival manual. A step by step guide to data analysis using SPSS for Windows (Version 10). Buckingham: Open University Press.

Pan Y, Zinkhan G M. and Shibin S (2007): The Subjective Well-Being of Nations: A Role for Marketing?, *Journal of Macromarketing*, vol. 27, nr. 4, pp. 360-369.

Parasuraman, A, Zeithaml, V A and Berry, L L (1985): A Conceptual Model of Service Quality and Its Implications for Future Research, *Journal of Marketing*, vol. 49, nr. 4, pp. 41-50.

Parasuraman, A, Zeithaml, V A, and Berry, L L (1988): SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality, *Journal of Retailing*, vol. 64, nr. 1, pp. 12-37.

Passyn, K and Sujan, M (2006): Self-Accountability Emotions and Fear Appeals: Motivating Behavior, *Journal of Consumer Research*, vol. 32, nr. 4, pp. 583-89.

Peck, J and Wiggins, J (2006): It Just Feels Good: Customers' Affective Response to Touch and Its Influence on Persuasion, *Journal of Marketing*, vol. 70, nr. 4, pp. 56–69.

Peterson, R A and Sauber, M (1983): A Mood Scale for Survey Research, In Murphy, P. *et al* (Eds.), *AMA Educators' Proceedings*, Chicago: American Marketing Association, pp. 409-414.

Peterson, R A and Wilson, W R (1992): Measuring Customer Satisfaction: Fact and Artifact, *Joumal of the Academy of Marketing Science,* vol. 20, nr. 1, pp. 61 -71.

Petty, R E, Schumann, D W, Richman, S A and Strathman, A J (1993): Positive Mood and Persuasion: Different Roles for Affect Under High- and Low-Elaboration Conditions, *Journal of Personality and Social Psychology*, vol. 64, nr. 1, pp. 5-20.

Pham, M T (1998): The Logic of Feeling, *Journal of Consumer Psychology*, vol. 14, nr. 4, pp. 360-369.

Pieters, R G M and van Raaij, W F (1988): Functions and Management of Affect: Applications to Economic Behavior, *Journal of Economic Psychology*, vol. 9, nr. 2, pp. 251-282.

Priester, J R and Petty, R E (1996): The gradual threshold model of ambivalence: Relating the positive and negative bases of attitudes to subjective ambivalence, *Journal of Personality and Social Psychology*, vol. 71, nr. 3, pp. 431-449.

Quoidbach, J, Dunn, E W, Petrides, K V and Mikolajczak, M (2010): Money giveth, money taketh away: The dual effect of wealth on happiness. *Psychological Science*, vol. 18, nr. May, pp. 1-5.

Raghunathan, R, Pham, M T and Corfman, K P (2006): Informational Properties of Anxiety and Sadness, and Displaced Coping, *Journal of Consumer Research*, vol. 32, nr. 4, pp. 596-601.

Raskin, R and Hall, C S (1981): The Narcissistic Personality Inventory: Alternative Form Reliability and Further Evidence of Construct Validity, *Journal of Personality Assessment*, vol. 45, nr. 2, pp. 1532-7752.

Richins, M I (1997): Measuring emotions in consumption experience, *Journal of Consumer Research*, vol. 24, nr. 2, pp. 127-146.

Richins, M L and Dawson, S (1992): Materialism as a consumer value: Measure development and validation, *Journal of Consumer Research*, vol. 19, nr. 3, pp. 303-316.

Rindfleisch, A, Malter, A, Ganesan, S and Moorman, C (2007): Cross-Sectional Versus Longitudinal Survey Research: Concepts, Findings, and Guidelines, Working Paper No. 2-2007, Penn State University.

Ringle, C M, Wende, S and Will, A, (2005): SmartPLS, 2.0 (beta), University of Hamburg, Hamburg: Germany, http://www.smartpls.de.

Roehm, M L and Sternthal, B (2001): The Moderating Effect of Knowledge and Resources on the Persuasive Impact of Analogies, *Journal of Consumer Research*, vol. 28, nr. 2, pp. 257-272.

Rook, D and Gardner, M (1993): In the mood: impulse buying's affective antecedents, In *Research in Consumer Behavior*, Janeen, A and Russell, W (Eds), Greenwich, CT: JAI Press, pp. 1-28.

Russell J A (1979): Affective space is bipolar, Journal of Personality and Social Psychology, vol. 37, pp. 345-356.

Russel, JA and Pratt, G (1980): A description of the affective quality attributed to environments, Journal of Personality and Social Psychology, vol. 38, nr. 2, pp. 311-322.

Rust, R T and Oliver R L (1994): Service Quality: Insights and Managerial Implications from the Frontier, in *Service Quality: New Directions in Theory and Practice*, Rust, R T and Oliver, R L (Eds.), Thousand Oaks, CA: Sage Publications, pp. 1–19.

Ruys, K I and Stapel, D A (2008): The secret life of emotions, *Psychological Science*, vol. 19, nr. 4, pp. 385-391.

Ryff, C D (1989): Happiness is everything, or is it? Explorations on the meaning of psychological well-being, *Journal of Personality and Social Psychology*, vol. 57, nr. 6, pp. 1069-1081.

Sandström, S, Edvardsson, B, Kristensson, P and Magnusson, P (2008): Value in Use through Service Experience, *Managing Service Quality*, vol. 18, nr. 2, pp. 112-26.

Sasser, W E, Olsen, R P and Wyckoff, D D (1978): Management of Service Operations: Text, cases and readings. Boston: Allyn & Bacon.

Schachter, S and Singer, J E (1962): Cognitive, Social and physiological determinants of emotional state. *Psychological Review*, vol. 69, pp. 379-399.

Schimmack, U and Diener, E (1997): Affect Intensity: Separating Intensity and Frequency In Repeatedly Measured Affect, *Journal of Personality and Social Psychology*, vol. 73, nr. 6, pp. 1313-1329.

Schroeder, J E and Dugal, S S (1995): Psychological correlates of the materialism construct, *Journal of Social Behavior and Personality*, vol. 10, pp. 143-253.

Schwartz, B (2004): *The paradox of choice. Why more is less*. HarperCollins: New York.

Schwartz, N and Clore, G L (1988): How do I feel about it? Informative functions of affective states, In *Affect, Cognition, and Social Behavior,* Fildler, K. and Forgas, J. (Eds.), Toronto: Hogrefe, pp. 44-62.

Sears, D O (1986): College sophomores in the laboratory: Influences of a narrow data base on social psychology's view of human nature, *Journal of Personality and Social Psychology*, vol. 51, nr. 3, pp. 515-530.

Sedikides, C. (1992): Mood as a determinant of attentional focus, *Cognition and Emotion*, vol. 6, nr. 2, pp. 129-148.

Seligman, MEP (1988): Boomers blues, *Psychology Today*, vol. 22, nr. 10, pp. 50-55.

Seligman, M E P (1991): *Learned optimism*. New York: Knopf.

Sheldon, K M and Lyubomirsky, S (2006): How to increase and sustain positive emotion: The effects of expressing gratitude and visualizing best possible selves, *Journal of Positive Psychology,* vol. 1, nr. 2, pp. 73-82.

Sheldon, K M and Lyubomirsky, S (2009): Change your actions, not your circumstances: An experimental test of the Sustainable Happiness model. In Dutt A K and Radcliff, B (Eds.), Cheltenham, UK: Edward Elgar, pp. 324-342.

Sin, N L and Lyubomirsky, S (2009): Enhancing well-being and alleviating depressive symptoms with positive psychology interventions: A practice-friendly meta-analysis, *Journal of Clinical Psychology: In Session*, vol. 65, pp. 467-487.

Sinha R R and Krueger J (1998): Idiographic Self-Evaluation and Bias, *Journal of Research in Personality*, vol. 32, nr. 2, pp. 131-155.

Slovic, P, Finucane, M L, Peters, E and MacGregor,D G (2003): Affect, risk and decision making. *Health Psychology*, vol. 24, nr. 4, pp. 35-40.

Smith, A K and Bolton, R N (2002): The Effect of Customers' Emotional Responses to Service Failures on Their Recovery Effort Evaluations and Satisfaction Judgments, *Journal of the Academy of Marketing Science,* vol. 30, nr. 1, pp. 5-23.

Solberg, E G, Diener, E and Robinson, M D (2004): Why are materialists less satisfied?, Psychology and consumer culture: The struggle for a good life in a materialistic world, In *Psychology and consumer culture*, Kasser, T and Kanner, A D (Eds.), Washington, DC, US: American Psychological Association. xi, 297 pp. 29-48.

Soteriou, AC and Chase, R B (1998): Linking the Customer Contact Model to Service Quality, *Journal of Operations Management*, vol. 16, nr. 4, pp. 495–508.

Staw, B M, Sutton, R I and Pelled, L H (1994): Employee Positive Emotion and Favorable Outcomes at the Workplace, Organized Science, vol. 5, nr. 1, pp. 51-71.

Steel, P and Ones, D S (2002): Personality and happiness: A national-level analysis, *Journal of Personality and Social Psychology*, vol. 83, nr. 3, pp. 767-781.

Steel, P, Schmidt, J, and Shultz, J (2008): Refining the relationship between personality and subjective well-being, *Psychological Bulletin*, vol. 134, nr. 1, pp. 138-161.

Stones, M J and Kozma, A (1986): Happy are they who are happy...: A test between two causal models of happiness and its correlates, *Experimental Aging Research*, vol. 12, nr. 1, pp. 23-29.

Strömbeck, S D and Wakefield, K L (2008): Situational influences on service quality evaluations, *Journal of Services Marketing*, vol. 22, nr. 5, pp. 409-419.

Suh, E, Diener, E, and Fujita, F (1996): Events and subjective well-being: Only recent events matter, *Journal of Personality and Social Psychology*, vol. 70, nr. 5, pp. 1091-1102.

Sumner, L W (1996). *Welfare, happiness, and ethics*. New York: Oxford University Press.

Sutton, R I and Rafaeli, A (1988): Untangling the Relationship between Displayed Emotions and Organizational Sales: The Case of Convenience Stores, *The Academy of Management Journal*, vol. 31, nr. 3, pp. 461-487.

Szymanski, D M and Henard (2001): Customer satisfaction: A meta-analysis of empirical evidence, Journal of the Academy of Marketing Science, vol. 29, nr. 1, pp. 16-35.

Tamir, M, Robinson, M D and Clore, G L (2002): The epistemic benefits of trait-consistent mood states: An analysis of extraversion and mood, *Journal of Personality and Social Psychology*, vol. 83, nr. 3, pp. 663-677.

Tavris, C (1982): Anger: The misunderstood emotion. New York: Simon & Schuster.
Taylor S E, Way, B M, Welch, W T, Hilmert, C J, Lehman, B J and Eisenberger N I (2006): Early family environment, current adversity, the serotonin transporter polymorphism, and depressive symptomatology, *Biological Psychiatry*, vol. 60, nr. 7, pp. 671–76.

Taylor, S E and Armor, D A (1996): Positive Illusions and Coping with Adversity, *Journal of Personality*, vol. 64, nr. 4, pp. 873-898.

Taylor, S A and Baker, T L (1994): An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions. *Journal of Retailing*, vol. 70, nr. 2, pp. 163-178.

Taylor, S E and Brown, J D (1988): Illusion and Well-Being: A Social Psychology Perspective on Mental Health, *Psychological Bulletin*, vol. 103, nr. 2, pp. 193-210.

Taylor, S E, Lerner, J S, Sherman, D K, Sage, R M and McDowell, N K (2003a): Portrait of the self-enhancer: well-adjusted and well-liked or maladjusted and friendless?, Journal of Personality and Social Psychology, vol. 84, nr. 1, pp. 165–76.

Taylor, S E, Lerner, J S, Sherman, D K, Sage, R M and McDowell, N K (2003b): Are self-enhancing cognitions associated with healthy or unhealthy biological profiles?, *Journal of Personality and Social Psychology*, vol. 85, nr. 4, pp. 605-615.

Thoits, P A and Hewitt, L N (2001): Volunteer Work and Well-Being, *Journal of Health and Social Behavior*, vol. 42, nr. 2, pp. 115-131.

Thompson, M M, Zanna, M P and Griffin, D W (1995): Let's not be indifferent about (attitudinal) ambivalence. Attitude strength: Antecedents and consequences, In *Attitude strength: Antecedents and consequences,* Petty, R E and Krosnick, J A (Eds.), Ohio State University series on attitudes and persuasion, Hillsdale, NJ, England: Lawrence Erlbaum Associates, Inc, vol. 4, pp. 361-386.

Tkach, C (2005): Unlocking the treasury of human kindness: Enduring improvements in mood, happiness, and self-evaluations. Unpublished doctoral dissertation, Department of Psychology, University of California, Riverside.

Tov, W and Diener, E (2008): The well-being of nations: Linking together trust, cooperation, and democracy, In *Cooperation: The political psychology of effective human interaction*, Sullivan, B A, Snyder M and Sullivan J L (Eds.), Malden, MA: Blackwell Publishing, pp. 323-342.

Trope, Y and Liberman, N (2003): Temporal construal, *Psychological Review*, vol. 110, nr. 3, pp. 403-421.

Twenge, J M and Campell, W K (2009): *The narcissism epidemic: Living in the age of entitlement*, New York: Free Press.

Twenge, J M, Konrath S, Foster J D, Campbell W K and Bushman B J (2008): Egos inflating over time: A cross-temporal meta-analysis of the narcissistic Personality Inventory, *Journal of Personality*, vol. 76, nr. 4, pp. 875-901.

Unutzer J, Patrick D, Marmon T, Simon G, Katon W (2002): Depressive symptoms and mortality in a prospective study of 2,558 older adults, *American Journal of Geriatric Psychiatry*, vol. 10, nr. 5, pp. 521–530.

Van Boven, L (2005): Experientialism, materialism, and the pursuit of happiness, *Review of General Psychology,* vol. 9, nr. 2, pp. 132–142.

Van Boven, L, Campbell, M C and Gilovich, T (2010): Stigmatizing materialism: On stereotypes and impressions of materialistic and experiential pursuits. *Personality and Social Psychology Bulletin*, vol. 36, nr. 4, pp. 551–563.

Van Boven, L and Gilovich, T (2003): To Do or to Have? That Is the Question, *Journal of Personality and Social Psychology*, vol. 85, nr. 6, pp. 1193-1202.

Vargo, S L and Lusch, R F (2004): Evolving to a New Dominant Logic for Marketing, *The Journal of Marketing*, vol. 68, nr. 1, pp. 1-17.

Vargo, S L and Lusch, R F (2008a): Service-dominant logic: Continuing the evolution, *Journal of the Academy of Marketing Science*, vol. 36, nr. 1, pp. 1–10.

Vargo, S L and Lusch, R F (2008b): From products to service: Divergences and convergences of logics, *Industrial Marketing Management*, vol. 37, nr. 3, pp. 254–259.

Verhoef, P, Antonides, G and de Hoog, A (2004): Service Encounters as a Sequence of Events: The Importance of Peak experiences, *Journal of Service Research*, vol. 7, nr. 1, pp. 53-64.

Verkley, H and Stolk, J (1989): Does happiness lead into idleness? In *How harmful is happiness?* Veenhoven, R (Ed.). Rotterdam: Universitaire Pers Rotterdam. pp. 79-93.

Vohs, K D and Faber R J (2007): Spent Resources: Self-Regulatory Resource Availability Affects Impulse Buying, *Journal of Consumer Research*, vol. 33, nr. 4, pp. 537-547.

Vohs, K D, Mead, N L and Goode, M R (2006): The psychological consequences of money. *Science,* vol. 314, nr. 17, pp. 1154-1156.

Vohs, K D, Mead, N L and Goode, M R (2008): Merely activating the concept of money changes personal and interpersonal behavior, *Current Directions in Psychological Science,* vol. 17, nr. 3, pp. 208-212.

Wagner, T Hennig-Thureau, T and Rudoplh, T (2009): Does Customer Demotion Jeopardize Loyalty?, *The Journal of Marketing*, vol. 73, nr. 3, pp. 69–85.

Wakefield K L and Blodgett, J G (1999): Customer response to intangible and tangible service factors, *Psychology and Marketing*, vol 16, nr. 1, pp. 51-68.

Wallach, M A and Wallach, L (1983): *Psychology's sanction for selfishness: The error of egoism in theory and theraphy*. San Fransisco: Freeman.

Ward, S and Wackman, D (1971): Family and Media Influences on Adolescent Consumer Learning, *American Behavioral Scientist,* vol. 14, nr. 3, pp. 415-427.

Watkins, P C, Grimm, D L and Kolts, R (2004): Counting your blessings: Positive memories among grateful persons, *Current Psychology: Developmental, Learning, Personality, Social,* vol. 23, nr. 1, pp. 52-67.

Watson, D, Clark, L A and Tellegen, A (1988): Development and validation of brief measures of Positive and Negative Affect: The PANAS Sates, *Journal of Personality and Social Psychology,* vol. 54, pp. 1063-1070.

Watson, D and Tellegen, A (1985): Toward a consensual structure of mood. *Psychological Bulletin*, vol. 98, nr. 2, pp. 219-235.

Westbrook, R A (1987): Product/Consumption-based Affective Responses and Postpurchase Processes, *Journal of Marketing Research,* vol. 24, nr. 3, pp. 258-270,

Westbrook, R A and Oliver, R L (1991): The Dimensionality of Consumption Emotion Patterns and Consumer Satisfaction Robert A. Westbrook and Richard L. Oliver, *The Journal of Consumer Research*, vol. 18, nr. 1, pp. 84-91.

White, C J (2006): Towards An Understanding of the Relationship Between Mood, Emotions, Service Quality and Customer Loyalty Intensions, *The Service Industries Journal*, vol. 26, nr. 8, pp. 837-847.

White, CJ (2010): The impact of emotions on service quality, satisfaction, and positive word-of-mouth intensions over time, *Journal of Marketing Management*, vol. 26, nr. 5 & 6, pp. 381 – 394.

White, J C, Varadarajan, P R and Dacin, P A (2003): Market Situation Interpretation and Response: The Role of Cognitive Style, Organizational Culture, and Information Use, *Journal of Marketing*, vol. 67, nr. 3, pp. 63–79.

Whitley, B E (1983): Sex role orientation and self-esteem: A critical meta-analytic review, *Journal of Personality and Social Psychology*, vol 44, nr. 4, pp. 765-778.

Wilson, T D and Gilbert, D T (2003): Affective forecasting, In *Advances in experimental social psychology,* Zanna M P (Ed.), vol. 35, New York: Elsevier, pp. 345-411.

Wilson T D and Gilbert, D T (2005): Affective Forecasting: Knowing What to Want, *Current Directions in Psychological Science*, vol. 14, nr. 3, pp. 131-134.

Wirtz, D, Kruger, J, Scollon, C N and Diener, E (2003): What to do on Spring Break? The role of predicted, online, and remembered experience in future choice, *Psychological Science*, vol. 14, nr. 5, pp. 520-524.

Wortman, C B and Silver, R C (1987): Coping with irrevocable loss. In *Cataclysms, crises, and catastrophes: Psychology in action,* VandenBos G R and Bryant B K (Eds.), Washington, DC: American Psychological Association, pp. 189-235.

Wortman, C B and Silver, R C (1989): The myths of coping with loss, *Journal of Consulting and Clinical Psychology*, vol. 57, nr. 3, pp. 349-357.

Wylie R (1979): *The self-concept (Vol. 2)*, Lincoln: University of Nebraska.

Yeung, C W M and Wyer R S Jr. (2004): Affect, Appraisal, and Consumer Judgments, *Journal of Consumer Research*, vol. 31, nr. 2, pp. 412–424.

Zeithaml, V A (1987): *Defining and Relating Price. Perceived Quality, and Perceived Value*, MA: Marketing Science Institute, Cambridge.

Zeithaml, V A (1988): Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, vol. 52, nr. 3, pp. 2-22.

Zeithaml, V and Bitner, M J (2000): Services Marketing: Integrating Customer-Focus Across the Firm, 2nd ed., McGraw-Hill, New York, NY.

Zeithaml, V, Berry L L and Parasuraman, A (1988): Communication and control processes in the delivery of service quality. *Journal of Marketing*, vol. 64, April, pp. 35-49.

Zeithaml, V, Parasuraman, A and Berry L (1990): Delivering quality service: Balancing customer perceptions and expectations. New York: Free Press.

Zhou X, Vohs K D, Baumeister R F (2009): The symbolic power of money: reminders of money alter social distress and physical pain, *Psychological Science,* vol. 20, nr. 6, pp. 700-706.

Zillman, D (1993): Mental control of angry aggression. In *Handbook of mental control*,Wegner, D M and Pennebaker, J W (Eds.), Englewood Cliffs, NJ: Prentice-Hall.

Electronical sources:

http://www.thecocacolacompany.com/presscenter/presskit_open_happiness_ads.html

APPENDIX 1, FACTOR ANALYSIS OF THE SERVICES IN STUDY 1A

Factor analysis of the services in Study 1a.

Constructs and items	Component loadings				
Bank quality, α =.935					
The overall quality of the bank is excellent	**.882**				
The quality of the bank is impressive	**.885**				
The bank is of high standard	**.888**				
I believe that the bank offers service that is superior to other banks	**.859**				
Grocery store quality, α =.909					
The overall quality of the grocery store is excellent		**.874**			
The quality of the grocery store is impressive		**.885**			
The grocery store is of high standard		**.918**			
I believe that the grocery store offers service that is superior to other grocery stores		**.809**			
Mobile phone operator quality, α =.917					
The overall quality of the mobile phone operator is excellent			**.907**		
The quality of the mobile phone operator is impressive			**.889**		
The mobile phone operator is of high standard			**.908**		
I believe that the mobile phone operator offers service that is superior to other mobile phone operators			**.797**		
Electricity company, quality, α =.836					
The overall quality of the electricity company is excellent				**.860**	.319
The quality of the electricity company is impressive				**.867**	
The electricity company is of high standard				**.843**	
I believe that the electricity company offers service that is superior to other electricity companies				**.700**	
Public transportation, quality, α =.863					
The overall quality of the public transportation is excellent					**.859**
The quality of the public transportation is impressive					**.892**
The public transportation is of high standard					**.885**
I believe that the public transportation offers service that is superior to other forms of public transportation					**.670**
Variance explained	16,9	16,6	16,1	15,7	14,8
Total variance explained			80,3		

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes items that were negatively phrased and reverse-coded.

APPENDIX 2, FACTOR ANALYSIS OF MOOD, HAPPINESS AND BANK SERVICE QUALITY IN STUDY 1A

Factor analysis of mood, happiness and bank service quality in Study 1a.

Constructs and items	Component loadings		
Bank quality, α =.935			
The overall quality of the bank is excellent	**.919**		
The quality of the bank is impressive	**.918**		
The bank is of high standard	**.913**		
I believe that the bank offers service that is superior to other banks	**.850**		
Mood, α = .815			
Currently, I am in a good mood		**.807**	
As I answer these questions I feel cheerful		**.838**	
For some reason I am not very comfortable now[r]		**.727**	.351
At this moment I feel edgy or irritable[r]		**.746**	
Happiness, α = .740			
In general, I consider myself: (not at all a happy person/a very happy person)			**.807**
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)			**.746**
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?			**.606**
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?[r]			**.757**
Variance explained	22,5	20,6	20,8
Total variance explained		66,9	

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes items that were negatively phrased and reverse-coded.

APPENDIX 3, FACTOR ANALYSIS OF THE SERVICES IN STUDY 1B

Factor analysis of the services in Study 1b.

Constructs and items	Component loadings				
Dentist quality, α =.909					
The overall quality of the dentist is excellent	**.900**				
The quality of the dentist is impressive	**.920**				
The dentist is of high standard	**.894**				
I believe that the dentist offers service that is superior to other dentists	**.812**				
Healthcare quality, α =.922					
The overall quality of the healthcare center is excellent		**.896**			
The quality of the healthcare center is impressive		**.890**			
The healthcare center is of high standard		**.911**			
I believe that the healthcare center offers service that is superior to other healthcare centers		**.781**			
Coffee shop quality, α =.897					
The overall quality of the coffee shop is excellent			**.899**		
The quality of the coffee shop is impressive			**.890**		
The coffee shop is of high standard			**.883**		
I believe that the coffee shop offers service that is superior to other coffee shops			**.814**		
School course, quality, α =.873					
The overall quality of the school course is excellent				**.878**	
The quality of the school course is impressive				**.895**	
The school course is of high standard				**.907**	
I believe that the school course offers service that is superior to other school courses				**.696**	
School, quality, α =.858					
The overall quality of the school is excellent					**.870**
The quality of the school is impressive					**.825**
The school is of high standard					**.854**
I believe that the school offers service that is superior to other schools					**.773**
Variance explained	16	15,7	15,5	14,9	14,4
Total variance explained			76,7		

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes items that were negatively phrased and reverse-coded.

APPENDIX 4, FACTOR ANALYSIS OF MOOD, HAPPINESS AND DENTIST QUALITY IN STUDY 1B

Factor analysis of the mood, happiness and dentist quality constructs in Study 1b.

Constructs and items	Component loadings		
Dentist quality, α =.909			
The overall quality of the dentist is excellent	**.904**		
The quality of the dentist is impressive	**.930**		
The dentist is of high standard	**.904**		
I believe that the dentist offers service that is superior to other dentists	**.807**		
Mood, α =.742			
Currently, I am in a good mood		**.825**	
As I answer these questions I feel cheerful		**.710**	
For some reason I am not very comfortable now[r]		**.736**	
At this moment I feel edgy or irritable[r]		**.710**	
Happiness, α = .755			
In general, I consider myself: (not at all a happy person/a very happy person)			**.751**
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)			**.770**
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?			**.832**
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?[r]			**.624**
Variance explained	31,1	22,2	15,1
Total variance explained		68,4	

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes the items that were negatively phrased and reverse-coded.

APPENDIX 5, FACTOR ANALYSIS OF THE SERVICES IN STUDY 1C

Factor analysis of the services in Study 1c.

Constructs and items	Component loadings				
Ferry cruise quality, α =.898					
The overall quality of the ferry cruise is excellent	**.888**				
The quality of the ferry cruise is impressive	**.904**				
The ferry cruise is of high standard	**.875**				
I believe that the ferry cruise offers service that is superior to other ferry cruises	**.786**				
School cafeteria quality, α =.896					
The overall quality of the school cafeteria is excellent		**.896**			
The quality of the school cafeteria is impressive		**.877**			
The school cafeteria is of high standard		**.892**			
I believe that the school cafeteria offers service that is superior to other school cafeterias		**.755**			
Swimming pool quality, α =.869					
The overall quality of the swimming pool is excellent			**.856**		
The quality of the swimming pool is impressive			**.903**		
The swimming pool is of high standard			**.916**		
I believe that the swimming pool offers service that is superior to other swimming pools			**.724**		
Introduction lecture, quality, α =.863					
The overall quality of the introduction lecture is excellent				**.902**	
The quality of the introduction lecture is impressive				**.844**	
The introduction lecture is of high standard				**.906**	
I believe that the introduction lecture offers service that is superior to other introduction lectures				**.702**	
Clothing store, quality, α =.847					
The overall quality of the clothing store is excellent					**.879**
The quality of the clothing store is impressive					**.841**
The clothing store is of high standard					**.863**
I believe that the clothing store offers service that is superior to other clothing stores					**.714**
Variance explained	15,6	15,5	14,9	14,6	14,3
Total variance explained			74,8		

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes items that were negatively phrased and reverse-coded.

APPENDIX 6, FACTOR ANALYSIS OF MOOD, HAPPINESS AND FERRY CRUISE QUALITY IN STUDY 1C

Factor analysis of mood, happiness and ferry cruise quality in Study 1c.

Constructs and items	Component loadings		
Ferry cruise quality, α =.898			
The overall quality of the ferry cruise is excellent	**.888**		
The quality of the ferry cruise is impressive	**.916**		
The ferry cruise is of high standard	**.889**		
I believe that the ferry cruise offers service that is superior to other ferry cruises	**.801**		
Mood, α = .625			
Currently, I am in a good mood		**.491**	.444
As I answer these questions I feel cheerful		**.611**	
For some reason I am not very comfortable now[r]		**.706**	
At this moment I feel edgy or irritable[r]		**.818**	
Happiness, α = .692			
In general, I consider myself: (not at all a happy person/a very happy person)			**.806**
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)			**.819**
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?			**.678**
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?[r]			**.611**
Variance explained	27.29	22	12.65
Total variance explained		62	

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes items that were negatively phrased and reverse-coded.

APPENDIX 7, FACTOR ANALYSIS FOR STUDY 2A

Factor analysis for Study 2a.

Constructs and items	Component loadings		
Bank quality, α =.894			
The overall quality of the bank is excellent	**.900**		
The quality of the bank is impressive	**.906**		
The bank is of high standard	**.903**		
I believe that the bank offers service that is superior to other banks	**.758**		
Mood, α = .793			
Currently, I am in a good mood.		**.698**	.360
As I answer these questions I feel cheerful		**.728**	
For some reason I am not very comfortable now[r]		**.809**	
At this moment I feel edgy or irritable[r]		**.790**	
Happiness, α = .763			
In general, I consider myself: (not at all a happy person/a very happy person)			**.800**
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)			**.815**
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?			**.788**
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?[r]			**.588**
Variance explained	10,7	25,08	31,1
Total variance explained		67,3	

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes the items that were negatively phrased and reverse-coded.

APPENDIX 8, FACTOR ANALYSIS FOR STUDY 2B

Factor analysis for Study 2b.

Constructs and items	Component loadings		
Healthcare quality, α =.825			
The overall quality of the healthcare is excellent	**.854**		
The quality of the healthcare is impressive	**.835**		
The healthcare is of high standard	**.850**		
I believe that the healthcare clinic offers service that is superior to other healthcare clinics	**.730**		
Mood, α = .779			
Currently, I am in a good mood.		**.769**	
As I answer these questions I feel cheerful		**.577**	
For some reason I am not very comfortable now[r]		**.859**	
At this moment I feel edgy or irritable[r]		**.825**	
Happiness, α = .907			
In general, I consider myself: (not at all a happy person/a very happy person)			**.901**
Compared to most of my peers, I consider myself (not at all a happy person/a very happy person)			**.912**
Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterization describe you?			**.873**
Some people are generally not very happy. Although they are not depressed, they never seem as happy as they might be. To what extent does this characterization describe you?[r]			**.818**
Variance explained	26,2	23,5	20,3
Total variance explained		70	

Note: Factor analysis using Varimax rotation. Bold values indicate the factor on which each item predominantly loads.
[r]Denotes the items that were negatively phrased and reverse-coded.

EKONOMI OCH SAMHÄLLE
Skrifter utgivna vid Svenska handelshögskolan

ECONOMICS AND SOCIETY
Publications of the Hanken School of Economics

188. JOACIM TÅG: Essays on Platforms. Business Strategies, Regulation and Policy in Telecommunications, Media and Technology Industries. Helsinki 2008.

189. HENRIK TÖTTERMAN: From Creative Ideas to New Emerging Ventures. Entrepreneurial Processes Among Finnish Design Entrepreneurs. Helsinki 2008.

190. ANNIKA RAVALD: Hur uppkommer värde för kunden? Helsingfors 2008.

191. TOM LAHTI: Angel Investing in Finland: An Analysis Based on Agency Theory and the Incomplete Contracting Theory. Helsinki 2008.

192. SYED MUJAHID HUSSAIN: Intraday Dynamics of International Equity Markets. Helsinki 2009.

193. TEEMU TALLBERG: The Gendered Social Organisation of Defence. Two Ethnographic Case Studies in the Finnish Defence Forces. Helsinki 2009.

194. JONAS HOLMQVIST: Language Influence in Services. Perceived Importance of Native Language Use in Service Encounters. Helsinki 2009.

195. ENSIO ERÄ-ESKO: Beskattningsrätt och skattskyldighet för kyrkan i Finland. Steuerrecht und Versteuerung der Kirche in Finnland. Mit einer deutschen Zusammenfassung. Helsingfors 2009.

196. PIA BJÖRKWALL: Nyttighetsmodeller - ett ändamålsenligt innovationsskydd? Helsingfors 2009.

197. ARTO THURLIN: Essays on Market Microstructure. Price Discovery and Informed Trading. Helsinki 2009.

198. PETER NYBERG: Essays on Risk and Return. Helsinki 2009.

199. YANQING JIANG: Growth and Convergence: The Case of China. Helsinki 2009.

200. HANNA WESTMAN: Corporate Governance in European Banks. Essays on Bank Ownership. Helsinki 2009.

201. CATHARINA von KOSKULL: Use of Customer Information. An Ethnography in Service Development. Helsinki 2009.

202. RITVA HÖYKINPURO: Service Firms' Action upon Negative Incidents in High Touch Services: A Narrative Study. Helsinki 2009.

203. SUVI NENONEN: Customer Asset Management in Action. Using Customer Portfolios for Allocating Resources Across Business-to-Business Relationships for Improved Shareholder Value. Helsinki 2009.

204. CAMILLA STEINBY: Multidimensionality of Actors in Business Networks. The Influence of Social Action in Pharmacy Networks in Finland. Helsinki 2009.

205. JENNIE SUMELIUS: Developing and Integrating HRM Practices in MNC Subsidiaries in China. Helsinki 2009.

206. SHERAZ AHMED: Essays on Corporate Governance and the Quality of Disclosed Earnings – Across Transitional Europe. Helsinki 2009.

207. ANNE HOLMA: Adaptation in Triadic Business Relationship Settings. A Study in Corporate Travel Management. Helsinki 2009.

208. MICHAL KEMPA: Monetary Policy Implementation in the Interbank Market. Helsinki 2009.

209. SUSANNA SLOTTE-KOCK: Multiple Perspectives on Networks. Conceptual Development, Application and Integration in an Entrepreneurial Context. Helsinki 2009.

210. ANNA TALASMÄKI: The Evolving Roles of the Human Resource Function. Understanding Role Changes in the Context of Large-Scale Mergers. Helsinki 2009.

211. MIKAEL M. VAINIONPÄÄ: Tiering Effects in Third Party Logistics: A First-Tier Buyer Perspective. Helsinki 2010.

212. ABDIRASHID A. ISMAIL: Somali State Failure. Players, Incentives and Institutions. Helsinki 2010.

213. ANU HELKKULA: Service Experience in an Innovation Context. Helsinki 2010.

214. OLLE SAMUELSON: IT-innovationer i svenska bygg- och fastighetssektorn. En studie av förekomst och utveckling av IT under ett decennium. Helsingfors 2010.

215. JOANNA BETH SINCLAIR: A Story about a Message That was a Story. Message Form and Its Implications to Knowledge Flow. Helsinki 2010.

216. TANJA VILÉN: Being in Between. An Ethnographic Study of Opera and Dialogical Identity Construction. Helsinki 2010.

217. ASHIM KUMAR KAR: Sustainability and Mission Drift in Microfinance. Empirical Studies on Mutual Exclusion of Double Bottom Lines. Helsinki 2010.

218. HERTTA NIEMI: Managing in the “Golden Cage”. An Ethnographic Study of Work, Management and Gender in Parliamentary Administration. Helsinki 2010.

219. LINDA GERKMAN: Topics in Spatial Econometrics. With Applications to House Prices. Helsinki 2010.

220. IHSAN ULLAH BADSHAH: Modeling and Forecasting Implied Volatility. Implications for Trading, Pricing, and Risk Management. Helsinki 2010.

221. HENRIK HÖGLUND: Detecting Earnings Management Using Neural Networks. Helsinki 2010.