MOOD REGULATION, CUSTOMER PARTICIPATION, AND CUSTOMER VALUE CREATION IN HOSPITALITY SERVICES

Mood regulation, customer participation, and customer value creation in hospitality services

Abstract

Purpose- Customers play a key role in value creation. Not surprisingly, research has investigated customers' motivations to engage in the creation of value. However, the link between mood regulatory processes and customer participation in value creation has so far been neglected.

Design/methodology- This study develops a model that relates mood regulatory processes to customer participation and customer value creation, and tests it with a sample of 419 hotel customers, using PLS.

Findings- We find that: mood clarity relates directly with customer relational value; mood monitoring relates directly with customer participation as well as directly and indirectly with customer economic and relational value; and mood repair relates directly with customer participation and customer economic value, as well as indirectly with customer economic and relational value.

Research limitations/implications- It is a cross-sectional study. It is limited only to hotels in Iran. This is the first study to evaluate the relationship between mood regulation with customer participation and value creation. Hospitality service organizations interested in promoting customer participation may consider mood as a segmentation criterion.

Originality- Value creation theory was applied to identify the relationship among customer mood regulation, participation, economic value and relational value, as it is first attempted in the hospitality studies.

Keywords Customer participation, mood regulation, economic value, relational value

Paper type Research paper

Introduction

In service-related industries such as hospitality, the interaction between frontline employees and customers plays a vital role in the service encounter. Thus, customer participation is expected to influence the value customers get from the hospitality service and experience. Empirical research generally supports this view and finds that customers act as "part-time employees" of firms (Schneider and Bowen, 1995), actively collaborate with service personnel (Prahalad and Ramaswamy, 2004), and that such customers help secure long-term success for service firms (Bendapudi and Leone, 2003). As a result of increased participation, the boundary between firm and customer becomes increasingly blurred (Prahalad and Ramaswamy, 2004), and close interactions make the customer an important resource of the firm (Zeithaml *et al.,* 2006). This new perspective on the exchange process and the customer's role in it – also known as value co-creation – are key elements of the Service-Dominant Logic (SDL) (Chathoth *et al.,* 2016).

However, increasing participation and relying on customers to co-create value comes at a price: while employees are under the direct control of the firm, customers are not. Customers cannot be managed in the same way as employees and as a consequence, customer participation has to be "earned" by the firm rather than demanded. Customers do not always feel like participating and their willingness to co-create is influenced by their affective state, their mood (Chen *et al.,* 2015; Jaakkola and Alexander, 2014). Hence, understanding customer moods is essential for firms that rely on the active involvement of the customer in the value creation process. Moods are defined as affective states that refer to subjective feelings that do not have specifiable causes (Swinkels and Giuliano, 1995). Compared to emotions, moods work subconsciously and have been shown to influence consumers' attitudes and behaviors (Chathoth *et al.,* 2013; Tang *et al.,* 2016). Research indicates, for example, that customer mood can play an important role in how they interact with staff, as well as in their evaluations of staff and the amount they tip (Di Muro and Murray, 2012).

Undistinguishably connected to tourism is the hotel industry, in which mood regulation, customer participation, and customer value play very important roles. Firstly, in order for hotels to remain competitive it is crucial for them to be able to offer customers some unique and memorable experiences. Creating these unique and memorable experiences is facilitated with customer participation, whereby customers are actively involved in assisting the hotel tailoring the service to the customers' particular desires, thereby creating an exclusive experience (Grissemann *et al.,* 2012). Secondly, customer moods are important in the hospitality service (e.g., hotels) because "…customer-personal interaction is comparatively high" (Koc and Boz, 2014, p.144) and customer moods are expected to impact the experienced consequence of a service encounter (White, 2006). Thirdly, echoing previous studies, affective states (such as moods) and constructive customer participation in service creation in the tourism and hospitality industry have been related to important outcomes such as service quality, service evaluation, and satisfaction (O'Cass and Sok, 2015; Shaw *et al.,* 2011; Prebensen and Rosengren, 2016).

Although customer moods, participation, and value creation are concepts which have been examined in the literature, there are still some knowledge gaps which need to be addressed. First, regardless of theoretical awareness of the role of customers in contributing to the service

delivery, there has been little practical research on the antecedents and consequences of customer participation in the hospitality industry (Cha *et al.,* 2016). Second, the link between mood regulation and customer participation has been largely neglected despite its obvious importance, namely for tourism. Mood regulation concerns the extent to which individuals monitor, understand and adjust their affective states (Arnold and Reynolds, 2009). Given the role of moods in affecting behavior (Shaw *et al.,* 2011), it is important to understand the relationship between mood regulation, customer participation and value creation. Third, despite acknowledging the importance of value creation in the tourism and hospitality industry, empirical research on the topic has been scarce. Consequently, there have been calls for more research to investigate the drivers of value creation in the hospitality industry (Grissemann *et al.,* 2012).

Therefore, the purpose of this study is to develop a model that explores the drivers of value creation by exploring the link between mood regulatory processes and customer participation in value creation. To this end, the paper addresses the following research questions: (1) What is the impact of mood regulatory processes on customer participation and value creation? (2) Does customer participation lead to value creation? Addressing these research questions provides the following contributions. Firstly, we investigate how mood regulation dimensions are associated with customer participation in the tourism experience. Secondly, we investigate how the dimensions of mood regulation and customer participation influence the creation of value. Understanding the relationship between mood regulation, customer participation and value creation is of the utmost importance for organizations interested in maximizing returns from customer participation (cf. Auh *et al.,* 2007; Cabiddu *et al.,* 2014). Such a research avenue is also in line with calls for the consideration of consumers' affective states in customer participation and value creation (see Gallan *et al.,* 2013).

Research background and hypotheses development

Customer participation

Customer participation is defined as a "behavioral construct that measures the extent to which customers provide or share information, make suggestions, and become involved in decision making during the service co-creation and delivery process" (Chan *et al.,* 2010, p. 49). Firms need customer participation in order to create the service successfully (Yi and Gong, 2013). Participation is equally important for customers as it increases the likelihood that their specific needs are met (Zeithaml *et al.,* 2006).

Researchers have identified a variety of ways in which customers can participate in the service delivery process. For example, hotels often send emails to customers asking them to check-in online prior to their arrival. Yen et al. (2004, p.9) further highlight that "customers need to share information with service providers in order to ensure that their service needs are met". Customers also participate by inquiring about the services available at a particular touristic place. Therefore, the nature and extent of customer participation during service delivery ends up

influencing the value perception of the outcome (Chathoth *et al.,* 2013). For instance, Premier Inn in the UK has introduced the "Good Night Guarantee," which gives customers a clear role in defining service quality. If a customer is not happy with the service, they may seek an immediate solution to the problem, provide suggestions for improvement, and/or be given their money back. The argument proposed by Vargo and Lusch (2015) that the customer is always a co-creator serves as one of the building blocks for the SDL. As customers participate they help produce the resources, both tangible and intangible, which they assimilate within their consumption or usage process, thereby accruing value (Vargo and Lusch, 2015).

Value creation

According to O'Cass and Sok (2015, p.187), "value is created at the point of proposition by the firm, while perceived use value (…) is subjectively assessed by the customer, and exchange value is realized at the point of exchange via firm-customer interaction." Thus, customers assess the value creation through their views of what is given, how it is participated, and what is expected. Chan et al. (2010) propose that the concept of value creation should tap the two different domains of economic value and relational value. Economic value refers to the beneficial values and cost outcomes of the core services, while relational value requires the value derived from emotional or relational bonds between customers and service employees (Chan *et al.,* 2010). The customer perceptions of the worth of the service provided in the exchange helps define the economic value. It is, therefore, this perceived trade-off between benefits and costs that defines economic value.

With respect to relational value, Vargo and Lusch (2015) indicate that service provision and the co-creation of value necessitate a relational exchange. Value is created through the interconnected activities of the customer and the service employees and is conceived through the relationship itself. In this vein, the study by Chathoth et al. (2016) in the tourism and hospitality industries shows that relational value helps customers build emotional ties with the service provider, therefore becoming more committed to the organization. As a result, customers should obtain economic value from their participation in service provision, namely by ensuring that they receive the service they really desire, as well as relational value, since by working together with the firm's employees they strengthen the bonds between the two co-creating parties (Shaw *et al.,* 2011; Prebensen and Rosengren, 2016).

Mood regulation

Moods are defined as affective states that are non-specific and capable of extensively impacting cognition and behavior (Lischetzke and Eid, 2003). Mood significantly influences behavior and the way one perceives the world (Das and Fennis, 2008). However, although past studies examine the influence of mood on constructs such as social interaction (Erber *et al.,* 1996), and purchasing behavior (Spies *et al.,* 1997), the effect of mood-related issues on customer participation and value creation has been largely ignored.

Mood regulation, following an emotional intelligence approach (Arnold and Reynolds, 2009), concerns the ongoing process "whereby individuals continually reflect upon their

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feelings, monitoring, evaluating, and regulating them" (Salovey *et al.,* 1995, p. 127). Hence, mood regulation concerns the processes through which individuals manage their affective states (Koole, 2009). Koole (2009) further adds that "the prototype of emotion regulation is a deliberate, effortful process that seeks to override people's spontaneous emotional responses" (p. 6), but she also notes that some forms of emotion regulation are somewhat effortless and automatic.

The core processes through which individuals regulate their moods involve mood clarity, mood monitoring, and mood repair, which are comparatively independent of each other (Salovey *et al.,* 1995). In a consumer context, these regulation processes have been related to the perceived hedonic and utilitarian value of a shopping trip (Arnold and Reynolds, 2009). There is also evidence that mood regulation deficits are linked with compulsive buying. This is evidence that mood regulation processes are related to the evaluations made by individuals as well as their behaviors. This paves the way to expect mood regulation to be related to customer participation and value creation. We subsequently derive these hypotheses.

Mood regulation, customer participation and value creation

Mood clarity concerns the extent to which individuals are able to identify and differentiate their feelings such as guilt, sadness, or happiness (Wilkowski and Robinson, 2008). Swinkels and Giuliano (1995) determined that individuals with higher mood clarity are more capable of communicating their feelings to others, have lower social anxiety, have higher social skills, interact more easily with others, are more open to social support-seeking when needing information, and denote higher satisfaction with social support. The consideration that customer participation involves customers taking a role in making decisions, making suggestions and sharing information (Chan et al. 2010), leads to the conclusion that the ability to communicate and relate to others is key for customer participation. Thus, mood clarity should be associated with customer participation, as it should lead individuals to look more positively at the intricacies of interacting with hotel employees.

As customers approach service providers in order to meet their needs, control theory predicts that customers compare their desired goals with their current state, in order to initiate action to eradicate discrepancies should they appear (Wilkowski and Robinson, 2008). However, a lack of clarity regarding one's emotions is likely to negatively interfere with such assessment (Larsen, 2000), since knowledge about our feelings provides information about the situation. This suggests that interacting with a service provider in order to jointly create services that better meet customer needs (Chathoth *et al.,* 2013) should be adversely affected by low mood clarity.

H1a: Mood clarity is positively associated with customer participation.

Mood clarity assists individuals in assessing the progression towards hedonic or utilitarian end goals (e.g., Larsen, 2000). Accordingly, an unclear mood, by making it more difficult to diagnose a situation, should render the assessment of the economic and relational value extracted from transactions more strenuous. Furthermore, individuals high in mood clarity denote higher social skills, tend to look for social support, are extravert, and are better at expressing to others

their affective states (Swinkels and Giuliano, 1995). These characteristics should contribute to the development of good relationships with hotel service providers (Auh *et al.,* 2007), regardless of the participation level, thus leading to relational value. In addition, mood clarity should lead to customer economic value, as the good communication abilities and social skills with which it is associated, reduce interaction efforts, that is, the strain and time spent in making suggestions and providing information, thus enhancing the perception of the ratio of benefits against incurred costs.

H1b: Mood clarity is positively associated with customer economic value

H1c: Mood clarity is positively associated with customer relational value.

Mood monitoring concerns the extent to which individuals scrutinize, that is, pay attention to, their feelings (Extremera and Fernandez-Berrocal, 2005). Of particular importance to a service context, frequently marked by a high degree of interpersonal interaction, is the finding that individuals who pay attention to their feelings rely on coping styles that include not acting prematurely, expressing their emotions, and seeking social support for instrumental reasons (e.g., seeking for information and advice), as well as for emotional reasons (e.g., obtaining sympathy and understanding) (Gohm and Clore, 2002). As these individuals look for social support they should anticipate a more positive assessment of their interaction with the service provider, thus leading to more intensive participation during service interaction, including greater information sharing and customer compliance with the role the service provider expects him/her to perform. Additionally, it is possible that attention to one's moods as well as to others' moods may not exist independently (Salovey and Mayer, 1990). Such attention to others' moods contributes to smooth interpersonal interaction (Salovey and Mayer, 1990), and this should support efforts to maximize customer participation.

H2a: Mood monitoring is positively associated with customer participation.

Individuals high in mood monitoring are more likely to look to others for instrumental and emotional support (Gohm and Clore, 2002). Such a reliance on others should lead individuals to positively assess others' help and, therefore, to favorably assess the outcomes resulting from one's own intervention. This suggests that customers high on monitoring should perceive higher customer relational and economic value. Furthermore, seeking social support should help in building relationships with hotel employees, thus leading to customer relational value. Moreover, the routine of monitoring individual's mood states conveys with it an improved sensitivity to moods in general (Swinkels and Giuliano, 1995). Hence, by paying attention to others' moods, interpersonal interaction is smoothed, which is positive in itself for building good interpersonal relationships with hotel staff.

H2b: Mood monitoring is positively associated with customer economic value.

H2c: Mood monitoring is positively associated with customer relational value.

Mood repair concerns the extent to which individuals perceive they that they are able to adjust their own emotions (Extremera and Fernandez-Berrocal, 2005). Underlying this is the motivational view that individuals strive "to feel good, to create and maintain generally pleasant or positive subjective states," which drives individuals in their daily lives to do the things that make them feel good as well as to avoid those things that make them feel bad (Larsen, 2000, p. 131). Accordingly, the discrepancy between the current and desired subjective state ignites behaviors and/or cognitive mechanisms to eradicate such discrepancy. Not surprisingly, repairing mood enables individuals to deal with their emotions with more productive strategies (Salovey *et al.,* 2000), and thus obtain better outcomes.

Research shows that positive feelings tend to initiate more positive assessments of the environment, whereas negative feelings cause less favorable assessments of it, thereby restraining action (Andrade, 2005). As customer participation involves costs (e.g., time, effort), some motivation is required to co-create (Chathoth *et al.,* 2016). Since mood repair is related to positive feelings, it should contribute to more positive assessments of the participation process, thus increasing the likelihood of participation. Accordingly, customers are more likely to mobilize the resources for an active engagement in the different stages of the participation process (Shaw *et al.,* 2011). More specifically, individuals high on mood repair, and because of their positive assessments of the situation, should embrace to a greater extent the tasks of planning the service interaction, sharing information, monitoring and changing the direction of the behavior of hotel employees, assuming the role of partial employee of the hotel, and making more decisions related to hotel service provision.

H3a: Mood repair is positively associated with customer participation.

The heightened social abilities of those good at adjusting their moods should contribute positively to richer interactions with service providers, resulting in better relationships with employees, thus originating customer relational value. In addition, as individuals high on repairing emotions are able to terminate or reduce negative and sustain positive moods, they should face more positive experiences (Arnold and Reynolds, 2009). Accordingly, mood repair should contribute to higher relational and economic value. This is in line with the view that positive feelings lead to more favorable evaluations of the situation, that is, of the outcomes of their participation (Andrade, 2005).

H3b: Mood repair is positively associated with customer economic value.

H3c: Mood repair is positively associated with customer relational value.

Customer participation is expected to lead to perceived relational and economic value. Increased participation means that customers engage in greater information exchange, providing more information about their needs, monitoring and redirecting, if needed, the direction of service providers' efforts, and making more decisions. This would likely lead to the service being more closely aligned with customer needs (Chan *et al.,* 2010). Accordingly, participation may result in the delivery of customized services, higher quality, economic savings, greater customer control and, therefore, higher customer economic value (Chan *et al.,* 2010). Relatedly, Shaw et al.

(2011) note that there is a demand for customized experiences in hotels, wherein value can be created during the actual interaction process. Moreover, customer participation implies high involvement of the customer in the interaction with the service provider. This provides greater opportunities for both parties to get to know each other and, thus, for employee-customer relationships to develop. This is likely to be beneficial, since customer engagement and employee engagement reinforce each other (Taheri *et al.,* 2014).

H4a: Customer participation is positively associated with customer economic value.

H4b: Customer participation is positively associated with customer relational value.

Method

Data collection and measures

We gathered data in the summer of 2014 from domestic travelers of all six hotels (one 3*, three 4* and two 5* hotels) in a major Iranian city, which is one of the most famous destinations in Iran. These hotels were identified from the official organization for tourism and touring in Iran (ITTO). Using convenience sampling, we collected data through a paper-and-pencil method relying on a professional research company with ample experience in Iran. We approached domestic travelers on the basis of their accessibility/availability. We approached domestic travelers on the basis of their accessibility /availability. We surveyed a total of 600 travelers, and 419 surveys were returned yielding a 70% response rate, which is satisfactory based on Fowler's (2002) recommendation. We designed the questionnaire and provided exact instructions on how data collection should be carried out. The questionnaire itself was translated into Farsi and subsequently back-translated into English to verify the meaning of the questions. We handed the questionnaires to domestic travelers by trained interviewers at various places in the hotels.

To assess non-response bias, we compared the early and late informants based on the differences in characteristics. The findings showed no significant differences, indicating that non-response bias was not an issue for this study (Armstrong and Overton, 1977). While 37.5% of the sample was aged 18-25, 18.6% was between 26-35, 14.3% between 36-45, 17.7% between 46-55, 5.5% of the sample was aged over 55. 6.4% of the participants did not provide their age. In gender terms, 47% of the respondents were female. As to the purpose of travel, 61% of the respondents traveled for leisure and the rest for business purposes. As for the level of education, 16.9% of the participants had post-graduate degrees, 37% of them had completed an under-graduate degree, while the rest (46.1%) of them had finished basic education or high school.

We relied on established, multi-item scales to measure the constructs. Our measures for mood clarity and mood monitoring are borrowed from Swinkels and Giuliano (1995), while mood repair is from Salovey et al. (1995). Customer participation, customer economic value, and customer relational value are adapted from Chan et al. (2010). We controlled for several

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variables that could threaten the accuracy of our model estimation including age, gender, hotel rating and purpose of travel.

As all the data come from a self-report questionnaire, common method variance (CMV) may effect systematic measurement error and biased estimations (Liang, *et al.,* 2003). In order to minimize this problem, we adopted a number of procedural remedies (Podsakoff *et al.,* 2003): (1) Respondents were informed that their responses will be treated anonymous, and this should have helped to minimize social desirability bias and obtain access to respondents' true feelings; (2) informants were not informed about the research purpose, which should have made respondents less likely to bias their answers to please the researchers, thereby reducing response bias; (3) the independent and dependent scales were placed in different parts of the questionnaire, thus generating a proximal separation between them; and finally, (4), the reliance on formerly validated constructs and the view of a local academic with expertise on questionnaire design should have helped to decrease item ambiguity.

We also conducted two post-hoc statistical examinations in order to determine the extent of CMV. Firstly, we used the Harman single-factor to test whether the majority of the variance could be described by a single factor. An unrotated exploratory factor analysis (with a principal components extraction) on the questionnaire items showed the presence of six distinctive factors (F_1: 8.048; F_2: 2.585; F_3: 1.843; F_4: 1.330; F_5: 1.204; F_6: 1.042) with an eigenvalue above 1, which together account for 64.208% of the variance. The highest portion of variance explained by a single factor was 32.194%, which is less than the 50% recommended threshold. The Kaiser-Meyer-Olkin (KMO) was 0.890 (> than 0.5) and Bartlett's Test of Sphericity was significant at .000 (below $p < 0.05$). Secondly, we introduced a common method factor to the structural model (Liang *et al.,* 2007). The result indicated that all loadings of the indicators into the common method factor were non-significant. Furthermore, the average variance of the items elucidated by the construct of interest was 62.6%, whereas the average method-based variance was 1.1%, suggesting a ratio of 57:1. Hence, CMV does not seem to be a major concern of the study.

Results

We employed partial least squares estimation (PLS) to examine our research model. PLS is appropriate to develop theories in exploratory research by concentrating on clarifying the variance in the dependent variables when investigating the model (Hair *et al.,* 2017). A variance-based method such as PLS is preferable to covariance-based methods as it is more suitable for the early stage of theory building and adding new scale(s) that previously have received little attention (Wells *et al.,* 2016; Hair *et al.,* 2017). PLS uses a bootstrapping approach in order to test the constancy of estimates. SmartPLS 3.0 software was used to test hypotheses (Ringle *et al.,* 2014). The non-parametric bootstrapping technique was tested with 419 cases, 5,000 sub-samples (Hair *et al.,* 2017).

Measurement validation

The results indicated that the factor loadings, CR, and Cronbach's alpha reached values above the obligatory thresholds of 0.7 (Hair *et al.,* 2017). The AVE exceeded the threshold of 0.5 for all constructs (see **Table 1**). Further, discriminant validity using Fornell and Larcker's recommendation was obtained (Hair et al., 2017) (**Table 2**). Following the recommendation of Ali (2016) and Wells et al. (2016), we used the heterotrait-monotrait ratio of correlations' (HTMT) procedure. HTMT values ranged from 0.401 to 0.732, which are underneath the threshold of 0.85. Moreover, the HTMT inference test shows that the confidence interval values do not contain the value of one, ranging from 0.457 to 0.799, and this implies that all scales were empirically diverse (Henseler *et al.,* 2015). Hence, the construct measures are reliable and valid.

Table 1 here

Table 2 here

Structural model fit

Before testing the hypotheses, we used cross validation communality and redundancy indices to assess the predictive relevance of the model (Hair *et al.,* 2017). Stone-Geisser's Q^2 values were used to test the criterion of predictive relevance by using the blindfolding procedure (Hair *et al.,* 2017) (**Table 3**). Following Wells et al. (2016), omission distances of 7 and 11 are suitable as it was not an integer with the 419 sample size. All Q^2 values were similar across omission distances and positive, thus ratifying the predictive reliance and stability of our model (**Table 3**). Goodness of fit (GoF) index was also calculated using procedures from Wells et al. (2016). We assessed the index against the GoF criterion for small (0.10), medium (0.25) and large (0.36) effect sizes based on Cohen's cut-off criteria. The overall GoF is 0.51, which indicates a tremendous model fit. We also calculated Standardized Root Mean Square Residual (SRMR) as another GoF indicator. The SRMR value for our model was 0.067, which is less than the recommended value of 0.08 (Henseler *et al.,* 2014). The explanatory power of the conceptual model is fairly high, with R^2 values for customer economic value = 0.248, customer participation = 0.435, and customer relational value =0.408.

Table 3 here

Hypotheses testing

Figure 1 presents the path model, including the test of hypotheses. We tested Cohen's effect size (f^2) for significant paths in the model, which are above the recommended value of 0.02, yielding satisfactory influences for the endogenous latent constructs (**Table 4**) (Hair *et al.,* 2017). **Table 4**

shows that mood clarity relates positively to customer relational value, supporting H1c (β = 0.124; t = 2.297). Surprisingly, the results failed to support H1a (β = 0.008; t = 0.923), and H1b (β = 0.065; t = 1.332), which concern the positive effects of mood clarity on customer participation and customer economic value, respectively. As expected, mood monitoring contributes positively to customer participation (H2a: β = 0.260; t = 6.014), customer economic value (H2b: β = 0.211; t = 3.982), and customer relational value (H2c: β = 0.170; t = 4.443). As to mood repair, we find that it is positively related to both customer participation and economic value, thus supporting H3a (β = 0.528; t = 12.516) and H3b (β = 0.291; t = 4.280). However, no support is obtained for the link between mood repair and relational value (H3c: β = -0.082; t = 1.159). Finally, and as predicted, customer participation contributes to both economic and relational value, supporting H4a (β = 0.160; t = 2.291) and H4b (β = 0.461; t = 9.277).

In terms of the control variables, age was found to be significantly positively connected to participation, as well as to economic and relational value. Gender has no significant effect on the dependent variables. Finally, education, hotel rating, education and purpose of travel (leisure or business) were found to be positively related to participation, economic value and relational value (see also **Table 4**).

Figure 1 here

Table 4 here

In order to exam the existence of mediating effects, we followed the procedures suggested by Williams and MacKinnon (2008) (**Table 5**). Accordingly, we relied on bootstrapping analysis for the significance of the indirect effects considering the t-values as well as the confidence interval (CI). Consequently, a significant indirect and direct effect suggests partial mediation. If, however, the direct effect is not significant, we have full mediation.

Our findings indicate that mood monitoring indirectly influences customer economic value through customer participation (CI: 0.033-0.091). Since the direct impact was significant, the results reveal that customer participation partially mediates the influence of mood monitoring on customer economic value. Similarly, mood monitoring indirectly influences customer relational value through customer participation (CI: 0.105-0.139). Since the direct influence was also significant, the findings reveal that customer participation partially mediates the influence of mood monitoring on customer economic value. As to mood repair, we determined that it indirectly influences customer economic value through customer participation (CI: 0.057-0.108). Since the direct influence was significant, customer participation partially mediates the influence of mood repair on customer economic value. Finally, mood repair indirectly influences customer relational value through customer participation (CI: 0.158-0.210). As there is no significant direct relationship between these two constructs, the findings reveal that customer participation fully mediates the influence of mood repair on customer economic value.

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Table 5 here

Discussion and implications

Discussion

Previous studies have recognized the importance of customer participation, moods and value creation in tourism, travel, hospitality and marketing research (e.g., Chan *et al.,* 2010; O'Cass and Sok, 2015). This study addressed calls for exploring relationships between these three concepts. Most of our predictions obtained empirical support. In particular, we determined that mood clarity was positively related to customer relational value, but unrelated to customer participation and customer economic value. Being clear about one's moods may imply that the interaction with hotel employees is more straightforward. The customer may be clearer of his/her hotel needs, implying that there is a lower need to interact with the frontline employee, to make suggestions or to redirect employee efforts, thus adversely affecting participation-levels. This negative effect may have countered the positive one we predicted, thus yielding a non-significant relationship between mood clarity and customer participation.

As to the non-significant effect on economic value, a similar rationale may be at play. Mood clarity may lead individuals to anticipate a lower need to be actively involved in service production, and this could lead them to perceive less positive economic benefits from their participation. As we predicted, mood monitoring has a positive direct effect on customers' participation and value creation (Salovey and Mayer, 1990). Moreover, **Table 4** indicates that customer participation partially mediates the influence of mood monitoring on customer relational and economic value.

In line with our hypotheses, mood repair also relates positively to customer participation and customer economic value, but is unrelated to relational value. **Table 5** indicates that customer participation partially mediates the effects of mood repair on economic value, and fully mediates its effects on relational value. A possible explanation for the non-significant relationship between mood repair and relational value is that individuals with a high ability to repair their moods may be more independent, and this may lead them to rely less on hotel service employees, rendering null the relational outcomes of their participation. This would countervail the positive effect for mood repair on customer relational value, thus yielding a non-significant path.

Theoretical implications

This study uncovers vital and novel findings concerning the understanding of how the different dimensions of mood regulation influence customer participation, and the creation of value in the tourism and hospitality industry. Results suggest that mood monitoring and repair are the most

important mood facets affecting customer participation and customer value creation. Noteworthy are the positive outcomes we obtained for mood monitoring, which contrast with many negative results reported in previous studies. "High monitors may indeed be at risk for negative outcomes, but they may also enjoy the benefits of being more perceptive of the moods of others. In general, then, mood monitoring may not always evoke unpleasant consequences, although it may typically do so" (Swinkels and Giuliano, 1995, p. 946). The nature of tourism services with a high degree of personal interaction may have contributed to this study's contrasting findings.

To the best of our knowledge, this is the first study to investigate the relationship between mood regulation with customer participation and customer value creation. Individuals are different in how much they attend, understand and repair their affective states (Arnold and Reynolds, 2009), and this study highlights that it affects their participation as well as their assessment of value creation, which have important customer outcomes, including satisfaction and loyalty (e.g., Auh *et al.,* 2007). Hence, the results underscore the relevance of mood regulatory processes in determining customer behavior. This addresses calls for understanding the behavior of consumers as active participants in value creation (e.g., Xie *et al.,* 2008).

A significant body of research has explored the impact of emotion regulation on employee behavior. However, studies on the effects of emotion regulatory processes on customer attitudes and behaviors in service settings, including tourism and hospitality, are rather scarce. Consequently, our results addressed the call for additional research on affective issues in such settings (e.g., Gallan *et al.,* 2013). Taken together, our study provides new insights into how the different dimensions of mood regulation influence customer participation and value creation. Considering such antecedents of participation is important for guiding firms' behavior. Similarly, by focusing on the determinants of value creation, we contribute to the literature on understanding the process of value creation (Chan *et al.,* 2010; O'Cass and Sok, 2015).

Practical implications

For managerial practice, the results propose that service firms interested in promoting customer participation should consider mood as a segmentation criterion. In addition, tourism and hospitality organizations can emphasize in their promotional efforts (e.g., through advertising and personal communication) how customers are likely to feel upon consuming their services, therefore taking advantage of mood regulating mechanisms. This follows findings that products that enable customers to uplift their moods are more favorably evaluated, which could fuel customers' willingness to pay higher prices for hotel services (Cabiddu *et al.,* 2014).

The results concerning mood regulation further suggest that service providers should induce positive affective states on customers, as this would contribute to increase participation as well as economic and relational value. Transposing the study's results into human resources management suggests that tourism and hospitality organizations should hire frontline employees that are good at mood regulation, as this should have positive benefits for the relationships these employees foster with customers. In addition, as it is important that tourism and hospitality employees understand customers' prior service moods, managers can provide training to help employees interpret their customers' moods, emotions and facial cues (Kim and Jang, 2016). The

role of employees' affective experiences should not be underscored. Hotel managers should also train employees to show their positive emotions through postural, facial, tone, and vocal expressions, which through contagion customers mimic and can then start experiencing those emotions themselves (cf. Duclos *et al.,* 1989). In addition, the customer may look at others' emotions as social information on how he/she should be feeling. Accordingly, employees with positive affect should help customers, for example, to clarify and repair their feelings, and this contributes to the devotion of greater effort into participating in the service delivery.

It is noteworthy that positive emotions can also be inspired in customers by carefully tailoring the physical environment of hotels. In fact, Bitner (1992) collected evidence that environments could be used to elicit specific emotions from both customers and employees. Accordingly, future research could further explore whether physical evidence affects customer participation and customer value through mood regulation. This would further add to the tools hotels, and services in general, could rely upon to promote the involvement of customers in service provision and, thereby, enhancing customer loyalty.

Limitations and future research

This study is not without limitations. First, this is a cross-sectional study. While the results are in line with the theoretical reasoning, the study design is unable of confirming causal predictions. Future research may address this matter by using a longitudinal design or experiments. Second, it is possible that the effects of mood on customer participation and customer value are moderated by contextual variables, e.g., customer involvement with the service, service complexity, as well as culture. Hence, multi-setting and multi-nation studies are likely to have important payoffs. Third, given that our data comes from a single city in one country, replications in other contexts/countries/cultures should be undertaken to enhance generalizability of findings. Moreover, the surveyed customers may not be representative of hotel customers' in Iran, and this should be addressed in future studies. Fourth, it is possible that apart from the direct effects of mood on customer participation and customer value, there might also be effects through mediating variables not included in the study. This would provide additional insight into the transmission mechanisms for mood effects. Fifth, our results should be tested in other tourism setting such as airlines, cruise sector in order to extend the generalizability of the results. Moreover, future studies may want to consider using qualitative comparative analysis (QCA) and complexity theory for developing and testing the proposed model. This approach can help explain causal conditions for predicting behavioral outcomes of the customers and modeling of other complex phenomena (see Hsiao *et al.,* 2015; Olya and Altinay, 2016).

Research on the effect of mood regulation on customer behavior in tourism and hospitality settings is scant. Our results signal the potential explanatory power of mood regulation. Hence, important payoffs should result from extending its effects to other customer attitudes and behaviors in tourism and hospitality settings. This should contribute to enlarge our understanding of travelers in these industries and, thus, ameliorate customer experiences and, ultimately, managerial effectiveness.

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Table 1. Assessment of the Measurement Model and Descriptive Statistics.

Constructs and Items	Mean	Loading	t-statistic	CR	AVE
Mood Clarity				0.819	0.604
I'm usually "tuned in" to my emotions.	3.956	0.836	38.687		
It is easy for me to label my feelings.	4.191	0.804	27.677		
Right now, I know what kind of mood I'm in.	5.588	0.882	15.801		
Mood Monitoring				0.878	0.591
I often evaluate my mood.	5.067	0.795	35.507		
I find myself thinking about my mood during the day.	5.033	0.770	15.775		
On my way home from work, I find myself evaluating my mood.	4.609	0.773	30.654		
I am sensitive to changes in my mood.	4.981	0.814	38.040		
I pay much attention to my moods.	5.505	0.783	20.200		
Mood repair				0.899	0.749
Although I am sometimes sad, I have a mostly optimistic outlook.	3.956	0.829	47.958		
No matter how badly I feel, I try to think about pleasant things.	4.226	0.863	56.860		
When I am upset, I realize that the "good things in life" are illusions (rev).	4.098	0.832	45.460		
I try to think good thoughts no matter how badly I feel.	4.137	0.841	45.585		
Customer Participation				0.841	0.570
I spend a lot of time sharing information about my needs and opinions with the staff during the service process.	4.830	0.729	20.130		
I put a lot of effort into expressing my personal needs to the staff during the service process.	4.347	.753	26.749		
I always provide suggestions to the staff for improving the service outcome.	5.091	0.744	31.014		
I have a high level of participation in the service process.	4.714	0.706	15.409		
I am very much involved in deciding how the services should be provided.	4.846	0.781	25.002		
Customer Economic Value				0.886	0.611
My participation helps me receive higher quality services.	3.886	0.759	26.968		
My participation helps me receive more customized services.	3.884	0.842	51.231		
My participation helps me receive more professional services.	3.988	0.804	36.180		
My participation helps me receive more control over the services quality.	4.014	0.797	21.659		
My participation helps me receive less service failure.	3.893	0.796	19.701		
Customer Relational Value				0.827	0.615
My participation helps me build a better relationship with the service provider.	5.091	0.747	25.274		
My participation makes the service interaction more enjoyable.	3.981	0.819	36.912		
My participation helps me receive relational approval from the service provider	3.862	0.785	26.628		

Note: *t*-values for the item loadings to one-tailed test: $t>1.64$ at $p<0.05$, $t>2.34$ at $p<0.01$.

Table 2. Correlation Matrix.

	1	2	3	4	5	6
1 Customer Economic Value	**0.781**					
2 Customer Participation	0.362**	0.**755**				
3 Customer Relational Value	0.389**	0.615*	**0.784**			
4 Mood Clarity	0.438**	0.532*	0.478**	**0.777**		
5 Mood Monitoring	0.328*	0.434**	0.427**	0.522*	**0.769**	
6 Mood Repair	0.409**	0.499**	0.375**	0.670*	0.296**	**0.865**

Note: ** Significant at the 0.01 level; * Significant at the 0.05 level. Square root of AVE is shown on the diagonal of the matrix in boldface, and inter-construct correlation is shown off the diagonal.

Table 3. Blindfolding Results.

		Omission distance = 7		Omission distance = 11	
		Communality Q^2	Redundancy Q^2	Communality Q^2	Redundancy Q^2
Construct	R^2				
Mood Clarity	n/a	0.226	n/a	0.228	n/a
Mood Monitoring	n/a	0.370	n/a	0.375	n/a
Mood Repair	n/a	0.500	n/a	0.515	n/a
Customer Participation	0.248	0.258	0.205	0.250	0.208
Customer Economic Value	0.435	0.412	0.148	0.406	0.147
Customer Relational Value	0.408	0.233	0.243	0.235	0.243

Note: n/a = not applicable.
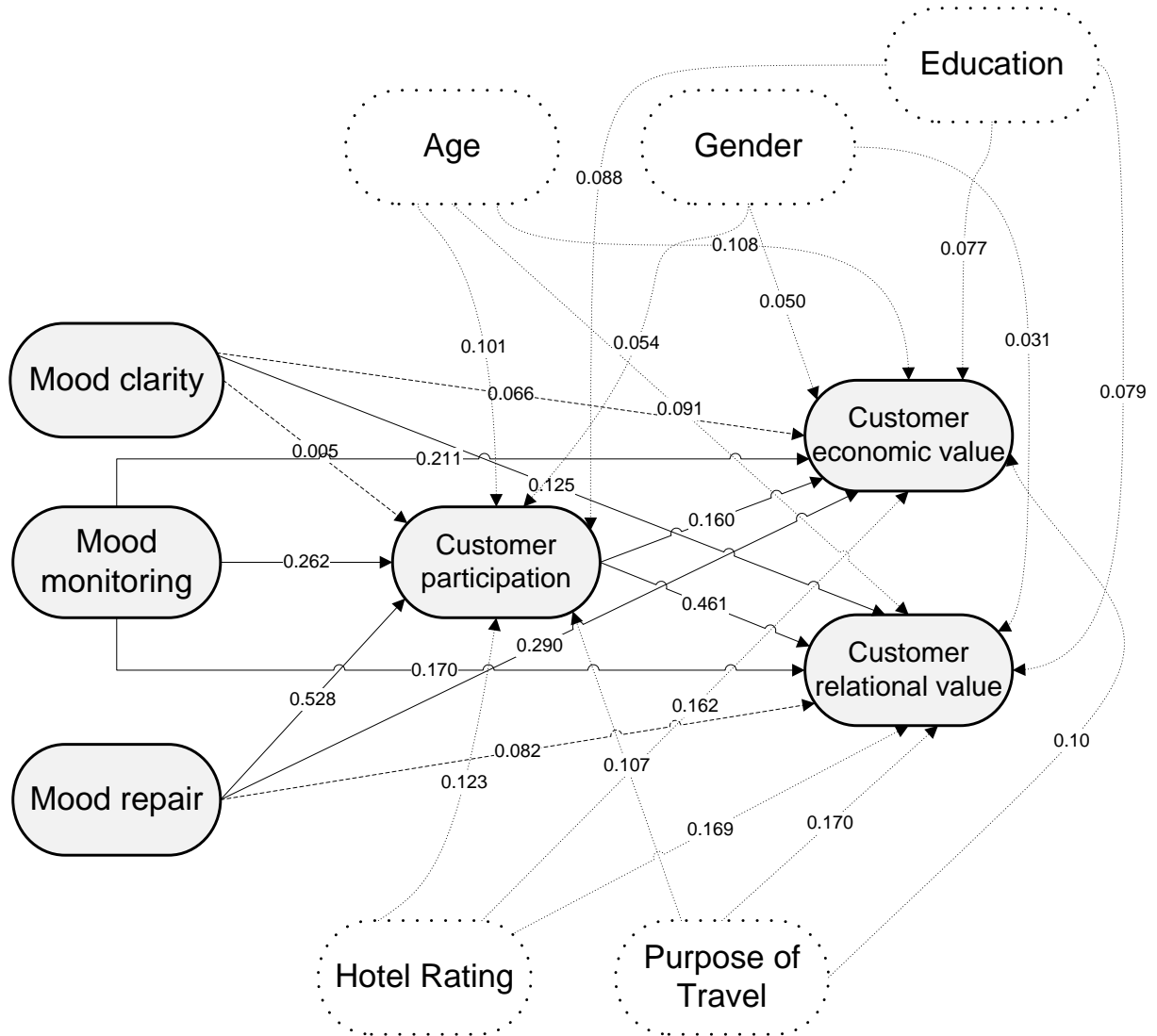
Table 4. Significant Direct and Total Effects.

Path	Total effects	Direct effects	f^2	Hyp.
Mood Clarity → Customer Relational Value	0.124 (2.297)	0.124 (2.297)	0.087	H1c
Mood Monitoring → Customer Participation	0.260 (6.014)	0.260 (6.014)	0.041	H2a
Mood Monitoring → Customer Economic Value	0.248 (3.97)	0.211(5.95)	0.116	H2b
Mood Monitoring → Customer Relational Value	0.281 (6.401)	0.170 (4.443)	0.098	H2c
Mood Repair → Customer Participation	0.528 (12.516)	0.528 (12.516)	0.077	H3a
Mood Repair → Customer Economic Value	0.373 (6.377)	0.291 (4.280)	0.111	H3b
Mood Repair → Customer Relational Value	0.245 (8.111)			H3c
Customer Participation → Customer Economic Value	0.160 (2.291)	0.160 (2.291)	0.101	H4a
Customer Participation → Customer Relational Value	0.461 (9.277)	0.461 (9.277)	0.139	H4b
Control variables				
Age → Customer Participation	0.101 (2.901)			
Age → Customer Relational Value	0.093 (2.231)			
Age → Customer Economic Value	0.108 (2.019)			
Gender → Customer Participation	0.054 (0.754)			
Gender → Customer Relational Value	0.031 (0.436)			
Gender → Customer Economic Value	0.050 (0.690)			
Hotel Rating → Customer Participation	0.123 (3.091)			
Hotel Rating → Customer Relational Value	0.162 (2.908)			
Hotel Rating → Customer Economic Value	0.169 (3.032)			
Purpose of Travel → Customer Participation	0.107 (2.239)			
Purpose of Travel → Customer Relational Value	0.10 (2.001)			
Purpose of Travel → Customer Economic Value	0.170 (3.981)			
Education → Customer Participation	0.088 (2.990)			
Education → Customer Relational Value	0.079 (2.531)			
Education → Customer Economic Value	0.077 (2.021)			

Note: t-values for the item loadings to one-tailed test: $t>1.64$ at $p<0.05$, $t>2.34$ at $p<0.01$.

Table 5. Estimates of Indirect Paths.

Path	Indirect effect	*t-* values	Low CI	High CI
Mood Monitoring → Customer Participation → Customer Economic Value	0.037	2.069	0.033	0.091
Mood Monitoring → Customer Participation → Customer Relational Value	0.111	5.239	0.105	0.139
Mood Repair → Customer Participation → Customer Economic Value	0.082	2.284	0.057	0.108
Mood Repair → Customer Participation → Customer Relational Value	0.163	8.111	0.158	0.210

*Note: t-*values for the item loadings are one-tailed tests: $t>1.64$ at $p<0.05$, $t>2.34$ at $p<0.01$; 95%; Confidence intervals (CI) obtained from Bootstrapping.

The figure guide:

Indirect paths:

Mood monitoring → Customer participation → Customer economic value

Mood monitoring → Customer participation → Customer relational value

Mood repair → Customer participation → Customer economic value

Mood repair → Customer participation → Customer relational value

Arrows meaning:

Significant relationships ⟶

Non-significant relationships ⇢

Relationship between control variables and constructs ⋯⟶

Figure.1. Research model (standardized solution)