

BRIEF REPORT

The Art and Science of Guessing

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This research examined how one affectively reacts to others' guesses at a value one cares about, such as one's income. Conventional wisdom suggests that people will feel happier upon receiving more favorable guesses (e.g., higher income) than less favorable guesses. We found the opposite pattern. We propose a model to explain the effect and identify its boundaries and report experimental evidence for the model. This research enriches existing literature on self-enhancement and yields practical implications for how to approach guessing in interpersonal communications.

Keywords: affect, happiness, self-enhancement, interpersonal communication, contrast and assimilation

In interpersonal communications individuals often make guesses about events that others (e.g., their friends or spouses) care about, such as test scores, personal income, the price of a newly bought house, and so on. The question this research seeks to address is whether a person will feel happier upon hearing a favorable guess or an unfavorable guess.

For example, will a job hunter who hopes to find a job that pays \$70,000 a year feel happier if he hears his friends guessing that he can find a \$90,000/year job (a relatively favorable guess) or a \$50,000/year job (a relatively unfavorable guess)? Will a partygoer who wears a 1-carat diamond ring feel happier if she hears her friends guessing that her diamond is 2 carats (a relatively favorable guess) or that her diamond is only 0.5 carat (a relatively unfavorable guess)? Questions like these are important in a practical sense. Suppose that the listener is your friend, your client, or your boss, and you are taking a guess and want to make the listener happy (at least, not make the person unhappy). Would you rather guess high or guess low? We address this question in the present research.

For ease of exposition, let us define a few terms: We call the person making a guess the “guesser,” the person receiving the guess the “listener,” and the true value to be guessed at (e.g., the

actual weight of the diamond) the “truth.” We refer to guesses that are more favorable than the truth—or what the listener perceives to be the truth—as “overguesses” and those less favorable as “underguesses.” In the real world, guesses are rarely perfectly accurate; in most situations, people either over- or underguess. If the listener feels happier upon hearing an over- than an underguess, we call the effect the “happier-with-overguessing” effect. In contrast, if the listener feels happier upon hearing an under- than an overguess, we call it the “happier-with-underguessing” effect.^{1,2}

With these terms, our research question becomes: Is the happier-with-overguessing or the happier-with-underguessing effect more likely to arise? Both existing literature and conventional wisdom would predict the happier-with-overguessing effect. It is well-documented that individuals seek self-enhancement (e.g., Allport, 1937; Epstein, 1973; Hull, 1943; Jones, 1973) and want to view themselves positively, rather than negatively (e.g., Chan & Sengupta, 2010; Dunning, 2007; Ilgen, 1971; Jussim, Yen, & Aiello, 1995; McFarlin & Blascovich, 1981; Moreland & Sweeney, 1984; Quinlinvan & Leary, 2005; Rucker & Galinsky, 2008; Sedikides, Gaertner, & Toguchi, 2003; Shrauger, 1975; Vonk, 2002). For example, individuals felt more positively after receiving feedback that they had high, rather than low, problem-solving skills

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¹ In this research, we examine only variables for which greater values are generally regarded as better, such as income, test scores, and diamond sizes. However, our theory can be equally applied to variables for which smaller values are generally regarded as better, such as age, as long as we switch the terms “overguessing” and “underguessing.”

² Guesses are different from feedback. Feedback is a reaction to or an evaluation of someone's performance or activity, whereas a guess is an estimate of a certain value without sufficient knowledge about the value. For example, we can say, “Joe gives Lucy feedback on her paper,” rather than “Joe takes a guess at Lucy's paper,” and we can say, “Lucy takes a guess at Joe's income,” rather than “Lucy provides feedback on Joe's income.” Our article is about guesses, not about feedback.

(McFarlin & Blascovich, 1981), or that they had high, rather than low, social self-confidence (Swann, Griffin, Predmore, & Gaines, 1987). In fact, individuals would respond positively to flattering comments even if they consciously recognized that the comments were insincere (Chan & Sengupta, 2010).

Overguesses imply positive evaluations, and underguesses imply negative evaluations. Thus, it seems obvious that individuals would feel happier upon hearing overguesses, rather than underguesses. For example, chances are that the job hunter in the opening example would feel happier upon hearing a high-salary than a low-salary guess, and the partygoer would feel happier upon hearing a 2-carat than a 0.5-carat guess.

However, can the opposite, happier-with-underguessing effect ever arise? The remainder of the article is organized as follows: We first present empirical evidence showing that the happier-with-underguessing effect can, indeed, happen (Studies 1 and 2). We then propose a model to explain why it happens. According to the model, both the “happier-with-overguessing” effect and the “happier-with-underguessing” effect can arise, but they arise in different situations, and the model predicts when one effect dominates and when the other effect prevails. Next, we report another study that directly tests the model (Study 3). Finally, we conclude with a discussion of the theoretical and practical implications of this work.

Study 1: Income

Method

Study 1 was designed to demonstrate the happier-with-underguessing effect. Respondents in this study were 40 employees from multiple companies in a large city in China. They all graduated from the same department at the same university 6 months prior to the study. An ex-classmate of the respondents, who was a graduate student, called each respondent individually (in Chinese) and chatted on the phone as they had used to do in college days. During the phone conversation, the caller started by discussing unrelated topics, such as weather and popular restaurants in town. After talking with the respondent for a while (about 5 min), the caller initiated a casual conversation on the respondent’s current situation and gently checked whether he or she had found a job. All said yes. Then, the caller volunteered to take a guess at the respondent’s monthly income and asked them not to reveal the truth. (It was not uncommon in China to guess friends’ income.) For half of the respondents, she took a high guess (“Let me guess. Uhmm . . . ¥7,500?”) and, for the other half, a low guess (“Let me guess. Uhmm . . . ¥2,500?”). The type of guess a respondent received was randomly determined. After that, the caller casually asked the respondents how they felt upon hearing the guess and encouraged them to indicate their affective reactions on a 9-point scale, ranging from 1 (*very bad*) to 9 (*very good*). All respondents were debriefed and thanked afterward.

Results and Discussion

According to the department from which our respondents graduated, their median monthly income was ¥5,000; less than 2% had a monthly income below ¥2,500 and less than 4% a monthly

income above ¥7,500. Therefore, in our terminology, the ¥2,500 guess was an underguess and the ¥7,500 guess was an overguess.

Contrary to what common wisdom and existing literature would suggest, the study revealed a happier-with-underguessing effect: Those who heard the ¥2,500 guess reported significantly greater happiness than those who heard the ¥7,500 guess ($M = 5.60$ vs. 4.61 , $t(39) = 2.80$, $p < .05$). To the best of our knowledge, this was the first study to document such an effect.

Study 2: Test Score

To establish some generality of our finding, we conducted another study. The study tested American, rather than Chinese, participants and concerned academic performance, rather than income.

There were two other noteworthy differences between Studies 1 and 2. First, whereas Study 1 had only an under- and an overguess condition, Study 2 had a third condition—an accurate-guess condition. We were curious whether an underguess could render greater happiness than an accurate guess. Existing literature on self-verification (e.g., Swann, 1983, in press; Swann, Chang-Schneider, & McClarty, 2007) deems it unlikely, because, according to the literature, people prefer self-verifying information, and, to the extent people have accurate self-knowledge, accurate guesses should be more self-verifying than inaccurate guesses.

Another difference between the studies is that Study 2 involved hypothetical values (hypothetical test scores), whereas Study 1 involved real values (real income). Although using real values has high external validity, it has low controllability as different respondents have different values (income). For better control yet without loss of realism, in Study 2 (and also Study 3), we used hypothetical scenarios that were highly relevant to the participants.

Method

Participants in this study were 107 business students from a large university in the United States. They were asked to imagine the following scenario. They were applying to business schools and very much hoped to get into a good program. For this purpose, they took the GMAT (the Graduate Management Admission Test) and scored 650 on the test. (All of our participants were familiar with the GMAT and knew that scores usually ranged from 500 to 800, and that a score of 650 was in the middle.) The participants were further asked to imagine that they heard a friend talking about them and taking a guess at their GMAT score, yet that they did not plan to disclose their score.

The study consisted of three between-participants conditions: underguess, overguess, and accurate guess. In the underguess condition, they heard the friend guessing 575; in the overguess condition, they heard the friend guessing 725; and, in the accurate-guess condition, they heard the friend guessing 650. The type of guess the participants received was randomly assigned.

In all the conditions, the participants were asked to indicate whether they felt better or worse upon hearing the guess than before hearing the guess on a 4-point scale, ranging from 1 (*much worse*) to 4 (*much better*), given that their goal of taking the GMAT was to get into a good MBA program. In this study, we asked for relative, rather than absolute, feelings because we

wanted to isolate the effect of the guess (in which we were interested) from the participants' baseline feeling about their score (in which we were not interested³).

Results and Discussion

An analysis of variance (ANOVA) across the three conditions found a significant effect, $F(2, 106) = 6.93, p < .01$. Follow-up analyses revealed specific findings. First, those who received the underguess (575) were happier than those who received the overguess (725; $M = 2.56$ vs. $1.94, t(67) = 3.38, p < .01$), thus replicating the happier-with-underguessing effect in Study 1 and suggesting that the effect is rather general, applicable to Chinese and Americans alike and to income and academic performance alike. Second, those who received the underguess were also happier than those who received the accurate guess (650; $M = 2.56$ vs. $2.24, t(70) = 1.98, p = .05$). Finally, those who received the accurate guess were happier than those who received the overguess ($M = 2.24$ vs. $1.94, t(71) = 2.04, p < .05$). In other words, the underguess was most pleasing, the overguess was least pleasing, and the accurate guess was in between.

These findings cannot be explained by existing research on self-verification, according to which people seek feedback that verifies their self-view. In our study, it was unlikely that the respondents would find the underguess (low score) more self-verifying. If anything, they would find either the accurate guess (true score) self-verifying or the overguess (high score) self-verifying (if the respondents had a positive illusion of the self, as most people do; Alicke, Klotz, Breitenbecher, Yurak, & Vredenburg, 2005; Dunning, Meyerowitz, & Holzber, 1989; Robins & Beer, 2001).

Across two different domains and samples from two different populations, we have observed the happier-with-underguessing effect, a phenomenon apparently at odds with common wisdom and the existing literature. The questions now are: Why does it arise, and when does it arise? To address these questions, we propose a descriptive model.

A Descriptive Model of Affective Reactions to Guesses

When a person (i.e., the listener) hears a guess at a value, he may treat the guess in two possible ways. The first is that he treats the guess as an indication of the truth or of others' impressions (i.e., perception) of the truth. In this regard, the more favorable the guess, the happier the listener will feel; hence, the happier-with-overguessing effect. For example, suppose that a student who just took the GMAT hears a friend taking a guess at his performance. The student may interpret the guess as an indication of his actual score and will naturally feel happier if the guess is high than if it is low. We refer to this process as a *direct route* to affective reactions to guesses.

Alternatively, the listener may interpret the guess as a point of reference and compare the truth against it. In this regard, the less favorable the guess, the better the truth looks, and the happier the listener will feel; hence, the happier-with-underguessing effect. In the GMAT example, suppose the student's actual score is 650. Upon receiving a guess, he treats it as what individuals like him should score and compares his score with the guess. If the guess is low, his actual score appears good, and he will feel happy; but if

the guess is high, his actual score appears bad, and he will feel unhappy. We refer to this process as an *indirect route* to affective reactions to guesses.

The route that is activated when the listener hears a guess determines whether the happier-with-overguessing or the happier-with-underguessing effect occurs. We propose that a critical determinant of the relative activation of the two routes is whether at the time he hears the guess, the listener knows the truth unequivocally. If the truth is not known to the listener or is ambiguous, the direct route will be activated, and the listener will treat the guess as a cue to the truth and will feel happier when the guess is favorable, rather than unfavorable.

In contrast, if the truth is unequivocally known to the listener at the time he or she hears the guess, then whether the direct or the indirect route gets activated depends on a second crucial factor—whether the primary concern of the listener is for impression or for truth. To say that the primary concern is for impression, we mean that the listener cares more about others' impression of the truth (e.g., about others' impression of how much income he or she earns), and to say that the primary concern is for truth, we mean that the listener cares more about the truth itself (e.g., about how much income he or she actually earns). Obviously, these two concerns are not mutually exclusive, but in most circumstances, one concern dominates the other. For example, in the case of jewelry, people probably care more about others' perceptions of how good the jewelry is (i.e., impression). In the case of medicine, people probably care more about how effective the medicine actually is (i.e., truth). Even the same variable may be construed as being for impression in some situations and for truth in other situations. Take body weight as an example. A person may care more about others' impressions of her body weight when she is applying for a modeling position and care more about her actual body weight when she is concerned about its influence on her health.

If the primary concern of the listener is for impression, then again the direct route will be activated, because he or she will focus his or her attention on the guess and treat it as an indicator of people's impression of what value he or she has. In this case, the happier-with-overguessing effect will still emerge.

On the other hand, if the primary concern of the listener is for truth, then the indirect route will be activated. The listener will focus his or her attention on the truth (the value he or she actually has) and treat the guess as a reference point. He or she may consciously or unconsciously evaluate how good his or her truth is by comparing it with the guess (e.g., Festinger, 1954; Gilbert, Price, & Allan, 1995). An underguess leads to a sweet downward comparison, whereas an overguess leads to a bitter upward comparison (e.g., Wills, 1981; Wood, Taylor, & Lichtman, 1985).

To summarize, there are two moderators for the happier-with-underguessing effect: knowledge of truth and primary concern.

³Note that we used a bounded semantic scale to measure affective reactions. Use of such scales may be subject to a scale-renorming issue, namely, that the scale is interpreted differently in a different context (e.g., Bartoshuk, Duffy, & Fast, 2002; Hsee & Tang, 2007). However, this did not seem to be a problem in our studies, as we replicated our findings even in a study (not reported in this article) in which the under- and overguesses were evaluated by the same participants.

When the truth is unknown (or otherwise ambiguous), the happier-with-overguessing effect will arise, regardless of whether the primary concern of the listener is for impression or for truth. However, when the truth is known and unambiguous, whether the happier-with-overguessing or happier-with-underguessing effect arises depends on the primary concern of the listener. If the primary concern is for impression, the happier-with-overguessing effect will arise. If the primary concern is for truth, the happier-with-underguessing effect will prevail (see Figure 1 for a summary of our model).

Reconciling Seemingly Contradictory Effects

Our model can explain why the happier-with-underguessing effect was observed in Studies 1 and 2, yet the happier-with-overguessing effect is more likely in the opening examples regarding the job hunter and the partygoer, as conventional wisdom and the self-enhancement literature would predict. In both Studies 1 and 2, the truth was known and the primary concern was, presumably, for truth. For example, in Study 1, the college graduates already knew their income and cared more about their actual income than others' impressions of it, as we confirmed in a pretest.⁴ Therefore, these studies observed the happier-with-underguessing effect.

The situations in the two opening examples are different from those in Studies 1 and 2. The job hunter is yet to find out his salary. The partygoer, presumably, cares more about others' impression of her diamond than about her diamond per se. Therefore, we believe that overguesses please the listener more than do underguesses in these examples.

The same can be said of Swann et al.'s (1987) study, in which participants exhibited more positive affect after receiving comments that they had high social self-confidence than comments that they had low social self-confidence. Social self-confidence is an ambiguous value, and nobody knows for sure how much of it he or she possesses. In addition, people may care more about others' impression of their social self-confidence than their social self-confidence per se. Therefore, it is consistent with our model that the study demonstrated a happier-with-overguessing effect. To the best of our knowledge, in all the existing studies showing a happier-with-overguessing effect, either the truth is ambiguous or unknown, or people care more about impressions than about substance.

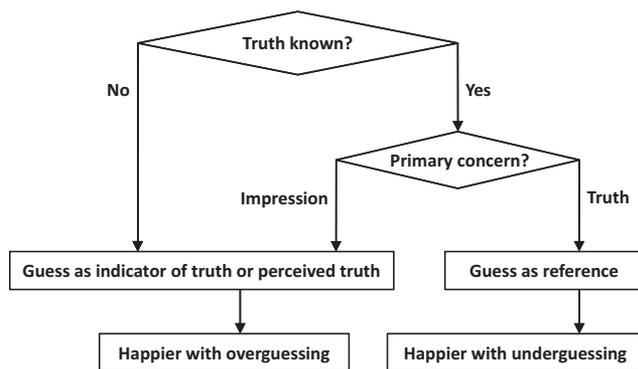


Figure 1. A descriptive model of affective reactions to guesses.

Some clarifications will be helpful here. First, in our theory, both under- and overguesses should be moderate and within a credible range; we are not dealing with extreme overguesses or extreme underguesses, which the listener may consider as insincere or untrustworthy. Second, the “source” of affect in the happier-with-underguessing effect differs from that in the happier-with-overguessing effect. In the happier-with-overguessing effect, what makes the listener happy or unhappy is the guess, whereas in the happier-with-underguessing effect, it is the truth relative to the guess (i.e., the reference point). Even though the source is different, in both cases, the listener experiences a positive or negative affect upon hearing a guess, and it is this affect that we explored in this research and measured in our studies.

Finally, we assume, in our studies, that the listener does not disclose the truth to the guesser after hearing the guess. In reality, the listener sometimes discloses the truth, especially if the truth is better than the guess. In such cases, the happier-with-underguessing effect may be even stronger than what we observed in our research, because there is another source of happiness—proving the guesser wrong: “You guessed my score to be 575. You know what? I scored 650!” However, we try to be conservative, and show that, even if the listener cannot disclose the truth, the happier-with-underguessing effect can still arise. In this case, the happiness (or unhappiness) is entirely internal—from the private realization that “I did better (or worse) than what others think.”

Study 3: Bonus

We now report a study that tested our hypotheses and empirically manipulated the knowledge of truth (known vs. unknown) and primary concern (impression vs. truth).

Method

Participants in this study were 209 business students from a large university in the United States. They were asked to imagine that they worked in an industry where an annual bonus was a significant component of their income. They wished that the bonus their boss would give them was as much as \$30,000, but feared that it might be as little as \$3,000. They were also told that the bonus information would be confidential, and that once they received it, they could not disclose it to anyone else. The study followed a 2 (Knowledge of Truth: truth unknown vs. truth known) \times 2 (Primary Concern: impression vs. truth) \times 2 (Guess: overguess vs. underguess) complete between-participants factorial design.

The participants in the truth-unknown condition were told that they were yet to find out the amount of their bonus, and those in the truth-known condition were told that they had just found out that their bonus this year was \$15,000. In the impression condition, the participants were told that they were very much concerned about their colleagues' impression of how big a bonus their boss gave them and that they wanted their colleagues to believe that their boss treated them well rather than poorly. In the truth con-

⁴ We conducted a survey among a group of students ($N = 33$) similar to those in the original experiment, asking them whether they cared more about their income or about others' impression of their income. By far, the majority (94%) of the respondents cared more about their actual income.

dition, participants were told that they desperately needed the bonus for rental purpose, and how good an apartment they could rent next year depended on how large a bonus they received. If their bonus was big, they and their family could rent a large apartment; if their bonus was small, they could only rent a small studio.

Participants were then asked to imagine that they heard a colleague guessing about their bonus. The guess was \$30,000 in the overguess condition and \$3,000 in the underguess condition. They were asked to indicate whether they felt better or worse upon hearing the guess on a 4-point scale, ranging from 1 (*much worse*) to 4 (*much better*).

Results and Discussion

We had two predictions for the study. The first prediction was that in the truth-unknown condition, those in the overguess condition would respond more positively than those in the underguess condition, regardless of their primary concern. To test this prediction, we performed a 2 (Guess: overguess vs. underguess) \times 2 (Primary Concern: impression vs. truth) ANOVA on ratings in the truth-unknown condition alone. Confirming the prediction, the analysis revealed a significant main effect for guess, $F(1, 100) = 195.38, p < .0001$, and no significant Guess \times Primary-Concern interaction effect ($F(1, 100) = 2.46, n.s.$). (The analysis found no significant main effect for primary concern either, $F(1, 100) = .58, n.s.$, a result without theoretical importance.) Further analyses found that the overguess elicited greater happiness than the underguess (namely, a happier-with-overguessing effect) in both the impression condition ($M = 3.27$ vs. $1.31, t(50) = 10.07, p < .0001$) and the truth condition ($M = 3.11$ vs. $1.54, t(50) = 9.37, p < .0001$). See the left panel of Figure 2.

Our second prediction was that in the truth-known condition, whether the participants in the overguess or underguess condition responded more positively would depend on their primary concern. To test this prediction, we performed a 2 (Guess: overguess vs. underguess) \times 2 (Primary Concern: impression vs. truth) ANOVA on ratings in the truth-known condition alone. Supporting the prediction, the analysis revealed a significant Guess \times Primary-Concern interaction effect, $F(1, 100) = 26.16, p < .0001$. (The analysis revealed no significant main effect for guess and a sig-

nificant main effect for primary concern; these effects were not theoretically relevant here.) Further analyses found that the overguess elicited greater happiness than the underguess (namely, a happier-with-overguessing effect) in the impression condition ($M = 3.16$ vs. $2.46, t(47) = 2.62, p < .002$), yet the underguess elicited greater happiness than the overguess (namely, a happier-with-underguessing effect) in the truth condition ($M = 2.82$ vs. $1.70, t(53) = 5.19, p < .0001$). See the right panel of Figure 2.

We also performed a 2 (Guess) \times 2 (Primary Concern) \times 2 (Knowledge of Truth) three-way ANOVA. All the effects, including the three-way interaction, the two-way interactions, and the main effects, were significant at $p < .02$, except that the main effect for primary concern was nonsignificant. Of these, the only theoretically relevant effect was the three-way interaction, $F(1, 201) = 11.28, p < .001$. It indicated that the relative prevalence of the happier-with-overguessing effect and the happier-with-underguessing effect depended significantly more on what the primary concern was when the truth was known than when the truth was unknown. This finding supports all the components in our model.

General Discussion

Making guesses is both a science and an art. Will the listener feel happier upon hearing an under- or an overguess? According to our theory, the answer is: It depends. The listener will feel happier with an underguess if he or she knows the truth and cares more about the truth itself than about the guesser's impression of it; otherwise, the listener will feel happier with an overguess. To the best of our knowledge, the current research is the first to systematically document the happier-with-underguessing effect and, at the same time, reconciles it with prior research and conventional wisdom, suggesting a happier-with-overguessing effect.

Our model is not meant to be comprehensive. There may be other factors that influence how guesses affect the listener. Such factors include whether the guess is initiated by the guesser or solicited by the listener, what the relationship is between the guesser and the listener, what information the guesser uses to make the guess, how extreme the guesses are, whether the listener has any ulterior motivations to receive high or low guesses, and so forth. For example, if the listener solicits the guess, chances are that he or she does not know the truth or cares more about impression; in that case, overguesses are more pleasing. The happier-with-underguessing effect is more likely in situations where the guesser makes an unsolicited guess, such as classmates guess each other's test scores, colleagues guess each other's bonus money, or friends guess what gifts each other received from their significant others on Valentine's Day. In this research, we did not intend to exhaust such factors; instead, we have tried to hold these factors constant in our studies and focus on knowledge of truth and primary concern.

Also, we have assumed, in this research, that when the primary concern is for impression, the listener wants others to hold impressions that are in the same direction as he or she him- or herself desires; for example, one wants others to consider him or her rich rather than poor, as smart rather than dumb, and so on. There are times when the listener has ulterior motivations: For example, one may want others to underguess his or her income or his or her intelligence in order to avoid jealousy or competition, and we have

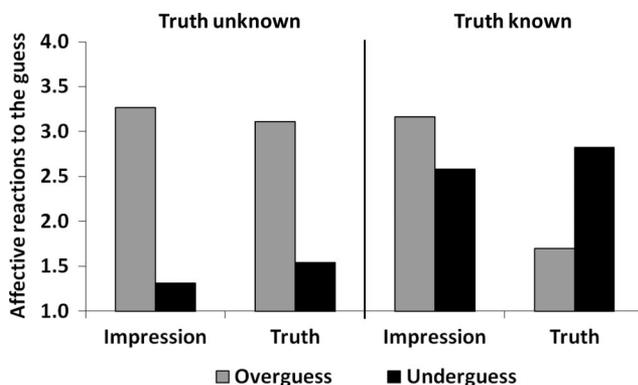


Figure 2. Study 3 results, showing that only when the truth is known and the primary concern is for truth would listeners in the underguess condition be happier than listeners in the overguess condition.

not considered such instances here. Another limitation of the present research was the use of only self-reported affect in our studies. Further research should measure listeners' feelings with more nonintrusive methods and also measure listeners' behavioral tendencies, for example, whether they are more willing to befriend someone who has made an overguess or someone who has made an underguess.

The current research yields both theoretical and prescriptive implications. Theoretically, our model enriches existing research on self-enhancement (e.g., Shrauger, 1975). In fact, both the happier-with-overguessing and happier-with-underguessing effect stem from individuals' desire to see themselves in a positive light, but in different situations, the motive manifests itself in different ways. In situations where people either do not know the truth or care about others' impression, overguesses suggest favorable prospects or impressions and hence make people happy. In situations where people already know the truth and care about it more than about others' impression of it, underguesses make the truth look more attractive and hence make people happy. In both situations, people feel happy about what enhances the self, but the route to enhancement differs between these situations.

Our model is also reminiscent of theories that treat judgment as both an assimilation and a contrast process in domains ranging from hedonic reactions to past events (e.g., Tversky & Griffin, 1992), motivated judgments (e.g., Dai & Hsee, 2011), social comparison (e.g., Epstude & Mussweiler, 2009; Mussweiler, 2003; Mussweiler & Strack, 2000; Stapel & Koomen, 2000), to counterfactual reasoning (e.g., Markman, Elizaga, Ratcliff, & McMullen, 2007; Markman & McMullen, 2003; McMullen, 1997). For instance, Tversky and Griffin (1992) examined whether recalling a positive or negative past experience makes people happier about their current lives. They found that the valence of the recalled experience influences one's life satisfaction either directly through an endowment effect or indirectly through a contrast effect between one's current experience and the recalled experience—the more positive the recalled experience, the lower one's life satisfaction. We join these existing dual-process models by showing that interpersonal guesses can serve both as a direct input and a reference point for contrast. More broadly, our research can be considered as part of the growing body of literature on happiness maximization through psychological, rather than material, means (e.g., Diener, Suh, Lucas, & Smith, 1999; Diener, Ng, Harter, & Arora, 2010; Hsee, Hastie, & Chen, 2008; Hsee, Yang, Li, & Shen, 2009; Kahneman, Krueger, Schkade, Schwarz, & Stone, 2006; Kahneman & Deaton, 2010; Seligman & Csikszentmihalyi, 2000).

Our theory also yields specific prescriptive implications for how to make guesses. To illustrate, imagine that, at a party, you have learned that your friend, Linda, is selling her house, which you believe is worth approximately \$500,000. Her friends, including you, are guessing how much she can sell it for. Because Linda does not yet know the truth (the actual sale proceeds), we suggest that you should guess high, if you intend to make her happy. You might say, "It's such a nice house, I guess you can sell it for \$600k." Now, imagine an alternative scenario, in which Linda has just sold her house, is desperately in need of money, and cares more about the actual proceeds than others' impressions. In this case, you should guess low. Rather than saying, "It's such a nice house. You must have sold it for \$600k," you should say, "I am not sure.

Would \$400k sound reasonable?" Now Linda can say to herself, "Wow, I am glad I sold it for \$500k . . ." and savor the pleasure.

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