

The multi-disciplinary study of services has evolved since the 1970s in conjunction with the gradual transition of developed economies from a manufacturing focus to a services focus. This has been referred to as a “hollowing out effect” (Lovelock *et al.*, 2015) as manufacturing gravitated to low-wage economies (China, Indonesia, Myanmar, etc.) with the resultant slack being picked up by the emergence of an array of consumer (e.g. leisure, well-being services, hospitality, fitness) and business services (healthcare, IT, professional services). Today, the service sector in developed and emerging economies has become the engine of economic growth. It is not surprising, therefore, that the scholarly study of issues in the services economy has blossomed in recent years. This is evidenced by the plethora of service-focused research that centers around the globe and the number of special issues devoted to services. It is also reflective of the increasing need for service-related knowledge for business and society at large (Ostrom *et al.*, 2015).

This special section of the *Journal of Services Theory and Practice* was kindly offered by the current editors of the journal as part of an on-going initiative to maintain a strong link with the Australian and New Zealand Marketing Academy (ANZMAC) community. Papers with a services focus were invited to be considered for this special section of the journal from the submissions at the Conference of the ANZMAC hosted by the School of Marketing and held in Sydney at UNSW Australia in December 2015. Although the manuscripts in this special edition represent only a small percentage of the presentations at ANZMAC, the three excellent papers included highlighted key areas of contemporary service research. In all, 38 papers were presented in the Services and Innovation conference track, of which ten were invited to submit to the journal. While no particular theme was specified for the special section, the selected papers underline the transformational nature of services by emphasizing how customers interpret service firms’ information and employees, and how firms can benefit from customers’ cooperation.

The first paper, “Ethnic stereotyping in service provision: when do stereotypes affect the expectations and evaluation of ethnic service providers?” by Tripat Gill, Hae Joo Kim, and Chatura Ranaweera employs the lens of ethnic stereotyping to examine the performance expectations and evaluations of services provided by members of an ethnic minority group. Their findings over two studies show that customers from the same ethnic group as the service provider are more critical of staff in a stereotypical role who offers only mediocre quality than customers from the majority group. In stereotypical roles, they evaluate the perceived performance lower, whereas good quality service is not susceptible to these ethnic stereotyping effects. For example, a Chinese ethnic service worker providing only mediocre service quality in a stereotypical context (e.g. martial arts instructor) is evaluated more critically by the same ethnic group, as compared to western participants. Given the multi-cultural nature of many societies and escalating trends in tourist numbers worldwide, understanding how various ethnic groups evaluate service performance will assist managers to deliver better perceived service quality to various cultural customer segments.

The second paper, “Does cooperating with customers support the financial performance of business-to-business professional service firms?” by Vida Sihatiri, who examines the potential financial benefits of cooperating with customers and provides a topical contribution to the customer co-creation and customer involvement field. Previous research

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on customer cooperation in professional service firms provided inconclusive findings. Data from a survey of business-to-business professional service firm managers established customer cooperation capability as the central construct to explain a positive U-shaped relationship between customer cooperation and financial performance. Initially, customer cooperation requires the firm to invest resources because there is asymmetry of information and technical knowledge – i.e., there is a knowledge gap between customers and professional service providers. The result is a negative effect on financial performance, which turns into a benefit as cooperation continues. The study findings highlight that customer cooperation capability is a function of both the depth and breadth of a firm's customer knowledge and a firm's expertise knowledge. These effects are contingent on the customer cooperation efficiency, which is the efficiency of customer-firm relationships rather than efficiency of service provision.

In the third paper, "The role of expectations on consumer interpretation of new information," Lina Tan, John Roberts and Pamela Morrison offer a refreshing new take on the effect of customers' expectations. With a survey of 781 airline customers who received a news article related to the airline's corporate social responsibility, the authors show how three types of expectations – would, could and should – determine their attitude towards the news item, which in turn shifts their beliefs, attitudes, and behavioral intentions they have towards the firm. They introduce could expectations, i.e. what customers expect is possible given the firm's corporate social responsibility capabilities and environmental constraints, as an important antecedent of the customer's attitude towards the news item. The three types of expectations influence attitude towards the news item differently, whereas should expectations (desired performance) directly impact attitude towards news, could expectations (possible performance) act via would (expectations likely performance). The different levers are of note because attitude towards the news item shift prior beliefs about the firm. These post-exposure beliefs determine attitudes and ultimately consumers' behavior.

In conclusion, the papers illustrate the constant ongoing challenge of understanding how consumers react to a range of different service offerings, and the need for service organizations to have an in-depth understanding of consumer psychology in a range of contexts and cultures. In doing so, the papers collectively provide guidance to service firms who today serve ever-more demanding, heterogeneous, and experienced customers in culturally diverse environments.

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References

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- Ostrom, A.L., Parasuraman, A., Bowen, D.E., Patricio, L. and Voss, C.A. (2015), "Moving forward and making a difference: research priorities for the science of service", *Journal of Service Research*, Vol. 13 No. 1, pp. 4-36.