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9.2 Marketing of services in the conditions of competitive changes in target markets

Modern economic development is characterized by a tendency to develop and expand the service sector. The service sector is extremely important from the point of view of forming the educational and cultural level of the population, as well as from the point of view of influencing the production sphere in terms of increasing the level of satisfaction of social needs.

Modern trends in socio-economic development, characterized by a change in the structure of consumer priorities, will lead to increased competition and a change in target markets. This situation necessitates the use of marketing tools in the process of forming, promoting, providing services, as well as improving the quality of service.

A significant contribution to the study of service marketing problems was made by such foreign scientists as K. Grenroos, F. Kotler, K. Lovelock, O. Lange, R. Malery, P. Normann, T. Hill and other scientists. These scientists formed the definitions of the concepts of "service", "service marketing". Thus, according to the definition of F. Kotler, a service is any activity that one party can offer to another; an intangible action that does not lead to the possession of anything. Its provision may be associated with a material product. F. Kotler also offers the following definition of a service, which is broader: services are objects of sale in the form of actions, benefits or pleasure. Therefore, services are not stored and the client is offered something that does not have a material form [272].

The main features of the service sector include: a high degree of uncertainty of services, the impossibility of comparing two competing offers due to the simultaneous process of production and consumption of the service, the impossibility of storing and transporting the service. Service producers are mainly small and medium-sized enterprises of various profiles. Possessing greater mobility, they have wide opportunities for flexible response to changes in market conditions, have greater efficiency in local market conditions, which is determined by the specifics of the service provision process.

Modern services marketing is aimed at establishing, maintaining and developing the process of exchange with target groups of consumers to meet their demand and ensure profit growth, as well as to strengthen the position of a service enterprise in a changing competitive environment.

One of the main requirements for marketing activities in the service sector is to determine its target market. For enterprises operating in the service market, one of the most effective principles of segmentation is the territorial principle, since the forms of service provision, demand and operating conditions of service enterprises depend on the characteristics of the territory covered by a specific market.

There are two main types of service markets: compact and dispersed [273]. In a compact market, the scope of activity of service enterprises has a clear spatial characteristic. It can be carried out within the boundaries of a district, city, village and cover their surrounding territory. The product policy in such a market involves the development and provision of services by organizations located within a certain territory. The main task in this case is to study the demand for services that are characteristic of this territory. The process of production and sale of services in a compact market also often depends on the population density of the territory.

In a dispersed market, the process of satisfying demand for services is more complicated. It is characterized by major transport problems, so it is necessary to focus marketing activities on finding specific forms of service provision. The main types of services are on-site services for consumers at certain intervals and in short terms. The range of such services is small, but it allows you to meet the basic needs of the population.

Marketing strategy in the service sector consists of the following main elements (Table 1):

– definition of target market segments;

– development of a clear distinctive advantage and concept of service positioning;

– definition of the company's activity strategy, interconnected with its marketing strategy;

– development of a marketing mix.

Table 1

Directions of marketing strategy in the service sector

Directions	Content of the implementation of the direction
Defining target market segments	Market analysis. Dividing the potential market into segments according to different needs of buyers, their pricing capabilities, assessing the attractiveness of sectors and defining the company's sectors.
Defining a distinct advantage and service positioning concept	Develop a positioning concept that encourages the buyer to use the company's services. Develop a communication plan with consumers.
Defining the company's business strategy and marketing strategy	Minimizing costs through standardization and automation of service. Developing a system for providing services, motivating staff, evaluating performance. Developing customer loyalty programs.
Development of a marketing mix	Development of the "7R" concept in the service sector.

Source: compiled by the authors

The first stage determines the attractiveness of the segment - a function of its size, growth rate, intensity of competition, average profit and compliance with the current or potential capabilities of the company.

The next step is to study the needs of customers and their problems, study competitors in the target market and the quality of their services.

At the second stage, a noticeable advantage is formed. The positioning concept should be based on an understanding of the most important characteristics of services for consumers, such as reliability, fast service, convenience, etc. Next, a plan of communications with consumers is developed in terms of the nature of the services, the service process and measures to stimulate buyers.

At the third stage, the enterprise must develop a strategy of activity that would turn marketing opportunities into high performance of the company.

The first step in this is to achieve a balance between the value of services and costs. Here it is necessary to separate the activity of creating the value of services in the eyes of customers from its additional types that the customer does not see. The second step is to develop a system of service provision that would answer the question: How to control the quality of services and the costs of their provision? It is necessary to establish control indicators, develop a system of incentives and rewards for employees. It is also necessary to determine the planned results regarding the quality of services, costs, productivity, employee loyalty and their morale.

The service delivery system and positioning strategy must be mutually consistent. The quality of services cannot be neglected in order to ensure the continuity of the company's operation or reduce costs. Customers can use the services of other companies.

An important element of the strategy is the organization's personnel. The quality of the service result depends on the extent to which the company's personnel share management plans. Management must know the needs of employees, how they perceive the concept of service, develop an effective system of incentives and remuneration for the company's employees, etc.

Price plays an important psychological and economic role. It is often used as an indicator of quality, since the purchase of a service borders on increased risk. On the other hand, the lack of other information and limited experience of use contribute to the fact that the customer is oriented towards price. The price of both goods and services depends on quality. If, in the opinion of the customer, the quality of the offered services is the highest, he is ready to pay the corresponding price for them. High prices help reduce the load during periods of "peak" demand, low prices stimulate demand during periods of its decline.

The first recognized configuration of marketing elements was developed by E. J. McCarthy, who identified four traditional marketing elements, "product", "price", "place" and "promotion".

The dominant element in services marketing, the human factor, has led to the emergence of the fifth element, “P” (people), i.e., the people working in service organizations to provide services, the system of recruitment, training, motivation and evaluation. The use of these five tools forms the concept of the “5P” marketing mix.

The concept of “7P” in the service sector was proposed by Bernardo H. Booms and Mary J. Bittner:

– product;

– price;

– place;

– promotion;

– people;

– physical environment, physical evidence;

– process [274].

This expansion is justified by such features of the service sector as: simultaneous production and consumption of services, a high level of interaction between the enterprise and the consumer, and a clear character.

R. Lauterborn proved that the "4Ps" of the seller correspond to the "4Cs" of the consumer:

– product-customer needs and wants;

– price-cost to consumer;

– place-convenience;

– promotion-communication.

Therefore, the configuration of service marketing elements that correspond to the consumer's "7Cs" has the following components:

– customer needs;

– commodity;

– cost;

– channel;

– convenience;

– communication;

– cause.

The concept of "7S" of the service marketing complex has formed a new loyal approach to the consumer, taking into account their needs, desires, motives and incentives. A special role in the conditions of competition and changes in target markets is given to the orientation towards the consumer, to his needs, the application of the latest marketing approaches. Today, the emphasis is shifting towards the consumer, taking into account the peculiarities of the service sector and marketing tools, in particular the elements of the service marketing complex.

So, the key element of the marketing strategy is the development of a service marketing complex. To implement the tasks in service marketing in the conditions of competitive changes in target markets, it is necessary to perform the following actions in stages:

1. Analysis of market opportunities of a service enterprise.

2. Analysis of demand for services, forecast of its changes and selection of target markets.

3. Development of a service marketing complex that integrates a set of directions and methods of marketing activity.

4. Implementation of measures that form a service marketing complex.

The basis for the analysis of market opportunities of a service enterprise is the study of its marketing environment.

The marketing environment has two structural components:

– macroenvironment of service marketing;

– microenvironment of service marketing.

The macroenvironment of a service enterprise is formed by elements that are practically not influenced by it. In this case, the service enterprise adapts to these changes and orients its marketing activities to them.

The elements of the macroenvironment include: economic and social conditions, demographic situation, changes in the context of industry 5.0, culture and historical environment, political and legislative stability.

The set of macroenvironmental factors taken into account when developing a service marketing strategy may be different. It is determined primarily by the functional affiliation of the service enterprise.

Competitors are an important component of the firm's marketing microenvironment, without taking into account and studying which it is impossible to develop an acceptable strategy and tactics for the firm's functioning in the market.

A service enterprise must distinguish between types of client markets, in each of which a contingent of service consumers is formed:

I. The consumer market, which unites individual service consumers.

II. The producer market, in which the consumers of services are various enterprises and organizations that purchase services.

III. The market of intermediate sellers, which includes organizations that purchase services for the purpose of their further resale with a profit for themselves.

IV. The market of institutions, enterprises, organizations, the consumers of whose services are state and non-state enterprises that purchase services for those who need them.

V. International market, which covers foreign consumers of services.

The influence of the management of a service enterprise or marketing service on microenvironmental factors can be direct or indirect, but quite noticeable.

Marketing communication activities in the service sector involve the formation of a certain strategy. High rates of development, an increase in the number of competitors in the market and, as a result, increased competition and the struggle for a potential consumer lead to a shift in emphasis on the communicative sphere.

Crisis processes and competitive challenges have proven the importance of using digital marketing tools in the service sector. Digital marketing has become an important component of information and communication activities and brand strengthening. Thanks to the Internet, the process of interaction with customers is becoming not only faster, but also more personalized, larger and more convenient. Digital technologies have opened up new tools and platforms for communication, analytics, automation and consumer engagement.

The use of modern Internet technologies in marketing makes it possible to use an individual approach to the consumer and make it more effective. Thus, the components of the marketing complex are being individualized in the consumer and industrial markets thanks to modern information technologies.

Search engines facilitate quick consumer access to the information page of the enterprise, provide verification of page positions in the search resource, monitoring and auditing of backlinks.

Social media marketing is the most influential tool for modeling consumer behavior. Thus, Facebook is the main means of communication for people over 30 years old and a priority for foreigners, and Instagram, TikTok – for customers aged 17–25 [275].

Content marketing, namely blogging, forms active communication with potential customers. Messenger marketing through messengers and mobile communicators (Telegram, Viber, WhatsApp) increases customers' attention to services. Digital advertising directs the target audience to the online space. CRM systems ensure the preservation of the history of interactions and the creation of personalized appeals to customers. Thanks to CRM systems, it is possible to segment the customer base according to behavioral criteria, purchase history, preferences, create personalized marketing campaigns, and control the full “life cycle” of the customer.

Thanks to online tools, companies are able to collect detailed information about consumer behavior on websites, in applications, and in social networks. This data is used to form personalized offers, determine the most effective marketing approaches when providing services, adapt content to the interests of a specific target audience, and increase customer satisfaction.

Modern technologies allow you to automate a significant part of communication with customers. Examples of such automation are: chatbots, auto-sales funnels that lead the customer step by step to the purchase, automatic email reminders about abandoned carts or promotions, thank-you messages for the purchase and invitations to re-order.

The presence of customer feedback is a significant advantage of the Internet. Online support, available 24/7, allows you to quickly solve problems, provide advice, accept complaints and wishes. This increases trust in the company and forms a positive brand image.

Such new technologies as cloud computing, artificial intelligence, machine learning, blockchain and big data contribute to automation, increasing the security and efficiency of digital processes. IT analytics helps make strategically informed decisions in the field of improving service delivery and gaining competitive advantages, improving targeting accuracy, and increasing the effectiveness of advertising campaigns through a deeper understanding of consumer preferences.

AI tools, including chatbots with NLP, virtual voice assistants (Siri, Alexa), recommendation systems (like Amazon or Netflix) allow for an individual approach to each client and significantly improve the quality of service.

The use of Internet technologies in the marketing strategy of services provides such tangible benefits as: strengthening consumer loyalty, stimulating repeat purchases through reminders, promotions and personalized offers, creating a positive image of the company through "word of mouth", increasing advertising efficiency through targeting and audience segmentation based on collected data.

The activities of service enterprises are associated with the constant collection and processing of a large amount of information. To accelerate the processes of processing, transmission, and analysis of the received data, it is necessary to implement a marketing information system. The priority of the information system is to activate and build a systematic study of issues of determining an effective marketing strategy, taking into account all the needs of the modern consumer of services [276]. The main goal of forming a marketing information system is to improve the quality of marketing solutions.

The modern consumer expects an individual approach. He is focused on the availability of services at any time, the possibility of choice, and transparency of information. This stimulates business to actively implement digital solutions. Therefore, the influence of marketing on the development of the service sector is very significant and today it is not just a matter of leadership and creating competitive advantages, but also survival in the market in the conditions of competition in the near future. The service market is more sensitive to changes in market conditions than the product market, which requires service enterprises to more accurately analyze and forecast the level of demand for services and other factors of the market environment. The high level of competition in the service market requires the orientation of the marketing activities of service enterprises on the wishes and requests of consumers for a particular service.