

DIGITAL TRANSFORMATIONS OF SERVICE MARKETING: THEORETICAL FUNDAMENTALS AND DIRECTIONS

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ABSTRACT

The conceptual approaches to definition of the purposes, principles and directions of the digital transformation of marketing activity of enterprises offering services according to technologies and methods of Marketing 4.0 have been proved on the basis of modern theories of service marketing. The inclusiveness and customer-focused of digital marketing services have been revealed. The omnichannel of marketing communications on the basis of integration and availability of online and offline channels of service enterprises and clients interaction, digitalization of client managerial experience has been substantiated.

The object of Research: digital marketing of services in the context of the Marketing 4.0 concept.

Investigated Problem: the essence and directions of digital transformations of marketing activities in the field of services.

Main Scientific results: the inclusiveness and customer-focused of digital marketing communications based on cross-channel interaction and digital managerial models of customer experience have been revealed on the basis of the analysis of theoretical approaches to the characteristics of service marketing and determining the directions of its development in the digitalization of the economy and in accordance with the Marketing 4.0 concept.

Field of Practical Usage of Research Results: practical activity of service enterprises on application of digital marketing mix transformations and marketing communications channels.

Innovative Technological Product: the main principles and directions of marketing services digital transformation, that is inclusiveness and customer-focused of marketing communications, omnichannel as integration and availability of online and offline interaction channels as well as digitalization of customer experience management have been substantiated.

Field of Application of Innovative Technological Product: theoretical researches and practice of digitalization of marketing communications of the service enterprises.

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1. Introduction

1.1. Object of research

Modern processes of the economy digitalization cover all industries, areas and types of economic activity of service sector enterprises. This updates the study of theoretical foundations and practices of service digital marketing as an innovative model of market expansion and business efficiency as well as competitiveness in post-industrial economic transformations, global challeng-

es, uncertainties and risks of business environment. The basis of the theoretical analysis of digital transformations of service marketing is the Marketing 4.0 concept.

1. 2. Problem Description

Digitalization of marketing activities in the field of services has both common characteristics and directions for all types of entrepreneurship, and certain specifics due to the characteristics of services as an object of purchase and sale in the market, service activities of enterprises directly focused on customers and satisfaction of their needs. Digitalization of marketing communications in the field of services is based on the transformation of all components of the marketing mix based on Marketing 4.0 technologies, ensuring effective cross-channel interaction of service companies and their customers and partners.

In current times, digital marketing of services has not yet been identified as a special object of scientific analysis. The theoretical basis for substantiating its essence, characteristics and principles are modern marketing concepts [1, 2], theoretical research of service marketing [3–6], digital marketing [7–10], information and applied basis – the practice of marketing digitalization in various business areas. Theoretical analysis of digital transformations of service marketing, on the one hand, is based on the Marketing 4.0 concept [7], on the other hand, is an important area of its formation and development.

1. 3. The Solution to the Proposed Problem

The problem of digitalization of service marketing can be solved on the basis of substantiation of theoretical foundations and directions of marketing activity transformation of service enterprises according to Marketing 4.0 technologies.

The aim of research is to substantiate the theoretical and applied foundations of the digital transformation of service marketing.

2. Materials and Methods

The research of theoretical and applied aspects of digital transformations of marketing activity of service enterprises was based on system and structural-functional analysis methods, synergetic approach, which allowed to reveal features of digital marketing of services and to define directions of marketing communications digitalization of service enterprises.

2. 1. Experimental procedures

The study was carried out by analyzing and summarizing the practical measures of enterprises digitalization in various sectors of the economy on the basis of analytical and information sources [11–13].

3. Results

The current theoretical basis for the service marketing development as the market expansion by service companies and its digital transformations, on the one hand, are general marketing concepts, on the other hand, the research that reveals the specifics of marketing communications in the field of services and their digitization in the modern times.

For a long time, the marketing activities of service organizations were not considered to be a separate object of scientific research and were based on general ideas, approaches, methods of marketing goods. The first theoretical principles of marketing as a firm's activity aimed at market of goods expansion in order to achieve certain business goals were defined in the early XX century. That was a concept of focusing on the production of goods, according to which the main factor in ensuring market advantages were meant to be production technologies, capacity and resources of enterprises. The next principle was the product concept, according to which the market is expanded by qualitative goods. This causes the constant improvement of goods, improving its quality as well as the implementation of an effective assortment policy of the company and so on.

The supply concept of marketing linked the market success of the company not only with the production and improvement of goods, but also with their effective marketing, the usage of various methods of selling products. With the development of the company's market activity, consumer needs were identified as its priority. This is a traditional marketing concept (consumer concept).

The concept of socio-ethical marketing determined the consumers' and society's needs in the company's goods in preserving the environment and social stability as the priorities of the company's market activities.

In modern times, there appeared new concepts of marketing, including: marketing relationships, organizations and ideas, holistic marketing, «designed to ensure a holistic approach to marketing management and to synthesize into a single model existing marketing concepts as elements of a holistic structure in creating a socio-economic regulatory mechanism of market on the same principles, taking into account its industry characteristics» [2] and others.

Modern innovations in marketing theory and practice are, firstly, lateral marketing, which is based not on standard schemes, but on the creative nature of effective marketing activities [1], and secondly, Marketing 4.0, associated with the process of digital transformation of marketing activities as the basis of human-oriented marketing [7]. Unlike Marketing 3.0, Marketing 4.0 is characterized by transformations from exclusive to inclusive, from vertical to horizontal, from individual to social marketing.

«The market is becoming more inclusive. Social media removes geographical and demographic barriers by facilitating the connection and communication of people and companies for innovation through collaboration. Customers are becoming more horizontally-oriented. The process is becoming more social than it used to be. Clients pay more attention to their social decision-making circle. They seek for advice and feedback, both online and offline» [7].

Marketing concepts that reveal the general principles of marketing activities of firms in any sector of the economy are the theoretical basis of service marketing.

The separation of service marketing as a special object of scientific research and the sphere of practical activity of specialists began in the 70s of the XX century. The first study on service marketing was the scientific work «What is the difference between goods and services» by Eugene Johnson (Eugene Johnson), (University of Washington). In 1972, an American researcher William George (University of Georgia) published a study on «Marketing in the Service Industry» [14].

Various scientific and professional organizations have played a significant role in the formation of the theory of service marketing, such as the American Institute of Marketing (AIM) in 1977 launched and funded a broad research program in this area. In 1981, the American Marketing Association (AAM) hold the first national conference in the United States in Orlando (Florida, USA), entirely devoted to service marketing. In 1984, a separate section was officially organized within the AAM, dealing with the problems of marketing services.

Modern marketing of services and research of its transformations are based on the theoretical foundations developed by known experts in this field, among which are: D. Rathmell, P. Eiglie, P. Langeard, E. B. Booms, M. J. Bitner, Christian Gronroos, Christopher Lovelock, F. Kotler.

J. Rathmell's concept of marketing services is the first attempt to identify the differences between the tasks of marketing in the production of goods and services. In contrast to the movement of goods, the service is provided and consumed, usually at the same time, which causes certain features of service marketing, which is carried out at all stages of the service process as an interaction between the service supplier and its consumer. Based on this, the task of marketing services according to the concept of D. Rathmell, is to study, create, evaluate, promote and sell the service process. This is the marketing of the interaction of producer and service consumer. J. Rathmell's scientific work "Marketing in the Service Sector" (1974), devoted to the study of the relationship between services and marketing theory in banking activity, health care, trade and sports is considered to be a textbook on service marketing [3].

According to the model "Servaction" (from the Engl. «service» and «action») P. Eiglier and E. Langeard (1976), the key factors in marketing services are meant to be consumers, service process, service company, service staff:

- consumers are the main factor. Consumers are divided into the main (targeted), on which the service is focused, and consumers who are not targeted but influence the choice of the target consumer and the general perception of the market of the service process;

- service company (organization), which the authors of the model divided into the following components:

- a) invisible to the consumer component that is the internal mechanism of the company, the technologies used, etc;

b) visible to the consumer component that is the service personnel who provide services and direct contact with consumers, as well as the material environment of the service process as certain equipment, tools, etc.;

– service process that is a set of certain actions of service personnel to provide services to the consumer, which is carried out as their interaction;

– service personnel of the company – specialists in providing a certain type of services that are in direct contact with consumers [15].

According to the differences in the service process, service marketing is based not only on traditional marketing strategies used in the production of goods, but also on such specific marketing strategies as:

1) formation of the visible part of the service company that is marketing of the service process and the interaction of service personnel and service consumers;

2) formation of a marketing environment in accordance with which the consumer will assess the quality of future service: the reputation of the company, its office, equipment, reviews of other consumers, etc.;

3) determination of professional standards of service personnel behavior who are in contact with the consumer in the service process.

The «Servation» model has gained widespread international recognition among service marketing theorists and practitioners. The popularity of this model is facilitated by its practicality, as far as it indicates the controlled factors that can be used in the marketing of services.

Fundamental studies of service marketing are the works of Christian Gronroos (Helsinki, Finland) «Marketing Services: the Study of the Marketing Function in Service Companies» and «Marketing and Service Management» [4]. The concept of marketing services of Christian Gronroos differs in the development of:

1) conceptual principles of marketing services:

– functional and instrumental model of service quality, according to which the consumer in the service process is important not only what he or she receives (instrumental quality of service), but also how this process occurs (functional quality of service);

– internal marketing of services, aimed at service personnel of the service company in order to create such motivational and organizational conditions for its work, which would actively contribute to the high quality of the service process;

2) marketing services tools, in particular justifying the content of such concepts as:

– interactive marketing as an activity for the organization and implementation of marketing services by service personnel of the service company in the process of providing services. The quality of service experienced by the consumer is created directly in the process of interactive marketing, based on service standards;

– domestic product that is a service process;

– internal consumer is the service personnel of the company. According to the concept, before selling a quality service to an external consumer, it must first be «sold» to an internal consumer, i.e. service personnel who are «part-time marketers». The service personnel of the service company must be consciously motivated to comply with the quality standards set by the marketer for external customers.

Based on the concept of Christian Gronroos, the core of service marketing should be determined the marketing quality of the service process.

Widely known in modern times W. Booms and M. J. Bitner's model «7P» (1981), which complements the traditional formula of the marketing complex «4P», contains four controlled marketing factors: product, price, place, promotion, three «P»: process, physical evidence and people.

The task of the service company is to apply these factors so that they more effectively than the competitors' marketing complexes should influence the target consumer. Thus, according to this model, service marketing is an activity to create, use and improve the marketing complex of services «7P» as a set of controlled factors influencing the target consumer of services [15].

A leading international expert in marketing services, a representative of the Harvard Business School Christopher Lovelock introduced a new (eighth) element of the marketing complex («8P») – productivity and quality [5].

F. Kotler in the famous work «Fundamentals of Marketing» devoted part 19 of the chapter «Marketing services and marketing in the field of non-profit» to marketing services [16]. According to the «triangular» model of F. Kotler interdependent units of marketing services are: management of the company; a head of company, contact staff and consumers, which form three controlled links in the marketing of services:

- 1) the consumer company;
- 2) a company-staff;
- 3) a consumer staff.

In order to manage marketing in a service company effectively, it is necessary to develop strategies aimed at these three links:

- traditional marketing strategy aimed at the «consumer company» and related to pricing, communications and distribution channels;
- internal marketing strategy, focused on the link «company-staff», associated with the motivation of staff to provide qualitative customer service;
- interactive marketing strategy, which is aimed at the «staff-consumer» and is associated with qualitative control of service delivery, which occurs in the process of interaction between staff and consumers.

According to F. Kotler's «triangular» model, service marketing is the activity of a service company aimed at providing qualitative customer service based on a combination of tools, methods and tools of traditional, internal and interactive marketing [6].

The model «4C» of the professor of Columbia University Robert F. Lauterborn, including elements: 1C that is value of the service for the consumer; 2C that is the consumer's expenditures to obtain the service (costs); 3C that is communications and consumer awareness of the service; 4C that is convenience and availability of service to the consumer [17].

Thus, according to modern approaches, marketing services are:

- according to the model «Servaction» – marketing of the service process as the interaction of service personnel of the service company and consumers;
- in accordance with the concept of K. Grenroos – marketing of service quality, based on such tools as internal and interactive marketing, staff involvement in the promotion of service companies and services;
- activities due to the creation, usage and improvement of the marketing complex of services «8P»;
- a combination of traditional, internal and interactive marketing.

Theoretical models of service marketing are based on the recognition that the production and consumption of services occur simultaneously. Therefore, the quality of service delivery, as well as skills and knowledge of staff become key factors in the success of the service company. Most theories of service marketing are based on the fact that when carrying out marketing activities, it is possible to focus on the visible part of the service company to the consumer:

- the material environment where the service process takes place. An important task of service marketing is to create and maintain a customer service environment that meets expectations;
- the staff who provides services, as meeting the staff needs leads to improve the quality of customer service. A characteristic feature of many models of service marketing is the attitude to the company's staff as a customer;
- the client. Marketing services aimed at creating a positive customer experience is customer-focused.

Nowadays, the processes of digitalization of the economy and business are the factors in the formation of marketing services 4.0, based on the use of all possible forms of digital channels to promote services and service companies, such as: Internet and devices that provide access to it (computers, laptops, tablets, smartphones, etc.); mobile devices; local networks (Extranet, Intranet); digital television; interactive screens, POS-terminals and others [9].

The theoretical basis of digital marketing services is a complex of electronic (Internet) marketing (e-marketing) «2P+2C+3S» – Personalization, Privacy, Customer Service, Community, Site, Security, Sales Promotion [18]. The purpose of Internet marketing services is to turn site visitors into customers. The main characteristics are interactivity, targeting and web analytics.

The development of digital marketing services allows to expand the space of marketing communications significantly, to involve participants of electronic social networks into the interaction.

Internet communications consists of five elements: advertising, PR, sales promotion, searching optimization and virtual communities. Marketing communications in the context of digitalization integrate online and offline channels of interaction of service companies with customers. It is important to emphasize that the organization of cross-channel interaction in the field of services should ensure its omnichannel that is the integration of different channels (online and offline) into a single system. According to the omnichannel approach, «all channels of the company should be equal and the customer should not experience changes when switching from channel to channel, which ensures customer loyalty not to a single channel, but to the brand» [19].

4. Discussion

So far, the processes of digital transformation of service marketing are not defined as a special object of study. As a rule, scientific and applied sources consider the general aspects of digitalization of marketing activities without taking into account the specifics of service organizations and their services as well as the peculiarities of marketing communications in this area [20–22]. This leads to the fact that significant aspects of digital marketing of services remain outside the scientific analysis, which, in turn, limits the ability to develop and implement effective programs for digitization of marketing activities of enterprises in the service sector.

Firstly, in modern researches on the development of service marketing, the policy of customer loyalty of service institutions is considered without taking into account the opportunities provided by the digitalization of marketing communications in this area [23]. Secondly, researchers tend to disregard digital models of customer experience management as well as measures to ensure omnichannel of interaction between customers and enterprises in the service sector [24].

As a result of the research the basic concepts and models of service marketing have been revealed. That allowed to substantiate its specific characteristics in comparison with marketing of the goods as well as to define elements of a marketing complex of services.

A systematic approach to the analysis of service marketing is the basis for determining the content and directions of its digital transformation in accordance with Marketing 4.0 concept. Digital services marketing is based on cross-channel interaction, inclusive, interactive, social network, omnichannel approaches to the formation and development of marketing communications and customer experience management.

The research was carried out on the basis of Ukrainian information sources and analysis of the practical experience of domestic enterprises in the field of services for the development of digital marketing.

Further study of service marketing and areas of its digitalization will be aimed at identifying and characterizing the main elements of the complex of digital service marketing as a basis for ensuring its customer-focusing.

5. Conclusions

Digital transformation of service marketing in accordance with the marketing 4.0 concept is aimed at the development of marketing communications in the field of services based on the following principles:

- inclusiveness that is personification of marketing-mix services and marketing communications
- customer-focusing that is the focus of the service company on the customer and his/her needs;
- cross-channel interaction and ensuring a positive synergistic effect of integrated use of online and offline channels of interaction with customers and partners of service companies;
- omnichannel as integration, availability and efficiency of online and offline channels of interaction;
- digitalization of customer experience management, which allows to form a positive assessment of customers and loyalty throughout the period of their relationship with the service company, which is a competitive advantage of the service company and its services.

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