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INNOVATIONS IN SERVICES AND CONSUMERS' COMPETENCES

The author in her article presents services as a market product which is more and more often an innovative product. A particular attention is paid to the services' features which have an important impact on behaviour of the services market participants. Introduction to the market of new, improved, technologically advanced services requires a competent consumer.

Key words: services, features, innovations, consumers, competences.

Розглянуто послуги як товар, який дедалі частіше являє собою інновації. Досліджено властивості послуг, які впливають на поведінку учасників ринку. Виявлено, що поява нових, технологічно емних послуг, зокрема електронних, вимагає від споживача спеціальних компетенцій.

Ключові слова: послуги, властивості, інновації, споживачі, компетенції.

Рассмотрены услуги как товар, который все чаще представляет собой инновации. Исследованы свойства услуг, которые влияют на поведение участников рынка. Выявлено, что появление новых, технологически емких услуг, в частности электронных, требует от потребителя специальных компетенций.

Ключевые слова: свойства, инновации, потребители, компетенции.

Introduction. In the recent years, there has been growing an innovative activeness of economic entities. This provides a new opportunity for consumers who may meet newer and newer needs or to a fuller extent those they had felt earlier. However, this is also a challenge for service providers who must better recognise purchasers' behaviour and their competences. More and more often services are a market product; therefore information is the basis for actions of the contemporary service market's participants.

Statement of the problem. A particular attention is paid to the services' features which have an important impact on behaviour of the services market participants. The contemporary consumer must be able to make use of achievements of the civilisation, high technologies, an example of which is e-services. The analysis is backed by results of the research surveys carried out on the national sample of 1000 consumers considered as more competent.

Results. J. Quinn, T. Doorley and P. Paquete define a service as "all economic activities whose output is not a physical product or construction, is generally consumed in the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser" [1, p. 7].

In turn, T. P. Hill defines services as "a change in the condition of a person, or of a good belonging to some economic unit, which is brought about as the result of the activity of some other economic unit, with the prior agreement of the former person or economic unit" [2, p. 14-15].

The American Management Association defines services as follows: "Activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods. Examples are amusements, hotel service, electrical service, transportation, the services of barber shops and beauty shops, repair and maintenance service..." [1, p. 6].

In the literature, also the foreign one, there are most often cited the definitions proposed by Ph. Kotler and C. Lovelock. According to Ph. Kotler, a service is "any

activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything” [3, p. 382].

C. Lovelock, defining the notion of service, presents two approaches. In the economic approach, service is: “an economic activity that creates a value and delivers benefits to consumers in a definite time and a definite place as a result caused by the desirable change in the on behalf of the customer”. According to the behavioural definition, “service is any act or performance that one party can offer to another. Although this process may be tied to a physical product, this activity is essentially intangible and does not result in ownership of production factors” [4].

In the context of the issues in question, it is worthwhile to note that the service product must:

- get on target with needs of a definite purchaser, inclusive of consumer;
- be an element of the thought-out offer – contemporary firms create service’s value through an offer of the carefully produced and accepted services delivered in the proper time and in the proper place, with convenience and accuracy;
- be distinguishable and identifiable (must have the features separating a given service product from other ones present in the market);
- be distinguishable against the background of competitive offers – one of the factors of competitive advantage is quality. It may be defined from the point of view of enterprise (quality is affected and formed by norms and standards) and from the purchaser’s perspective (external - quality is defined in terms of service’s utility for the purchaser) [5, p. 53].

The service as a market product is characterised by certain features which distinguish it from intangible goods. Amongst them there may be distinguished [6]:

- intangibility – services are inaccessible to the senses what means that it is difficult to assess them prior to provision thereof; you buy promises. Lack of the physical nature poses definite marketing implications for service providers and conduct of customers. The service provider, trying to convince the customer to buy the service product, should have supplied them with convincing evidences of tangibility that in the consumer’s mind there could be formed a picture of the service product and benefits it will yield. Intangibility of services causes that the consumer usually looks for more formal and informal information; they also make use of the gained experience. A consequence of the intangible nature of the service in case of lack of satisfaction with provision thereof is lack of the possibility to return the service, albeit it is possible to make a complaint);

- perishability – due to the intangible nature of services, they cannot be stored. This is a great challenge for service providers who must balance demand and supply, combined with their staffing policy. If the demand for the service of a given firm exceeds the supply, there takes place loss of income, there occur opportunity costs, whereas in the case of excess of the supply over the demand we deal with unused potential and losses to the company. Therefore, there is the need to work out relevant marketing strategies within 5P;

- heterogeneity – the service is every time an action performed by a human being supported by technology. This means that it is difficult to find services provided in a precisely the same manner. They may be differentiated by the time-period of provision, service provider’s skills, qualifications, personality traits, but also state of being, satisfaction with job, etc. Hence, there grows importance of standardisation of service provision and attendance. An example can be the dynamically developing franchise systems [7, p. 55];

- inseparability of the service with the person of service provider – this means an unavoidable simultaneousness of service production and consumption. In the case of material goods, the commodity is first produced, then stored, sold and thereafter consumed. An important role is played by the personnel who are considered as the most valuable asset of the firm, difficult to multiply. It is their qualifications, commitment, empathy that determine the quality of service. Its assessment is possible only in the course of consumption. The quality of the service provided determines consumer's return to a given service provider;

- convergence of the place and time of service provision with the place and time of consumption – the service does not exist beyond the process of its provision. Some services are consumed immediately (health, education and caretaking services), other may be provided but their consumption is deferred in time, or there even can take place absence of service consumption (e.g. in case of insurance services – we pay for readiness to provide the service in the course of the insurance policy duration, but there is no need to make use of the insurance service);

- lack of the possibility to patent – the consumer has only an access to a given service performance or conveniences related thereto. The benefit from the service may last shorter or longer, but the very service as an action ends up. However, the consumer retains an opportunity to reuse the service (repair, medical, cosmetic, etc.).

The development of the service market under influence of the three megatrends (globalisation, integration and virtualisation), the increasing demand for services as a consequence of economies servicisation, consumption cause that services become a more and more expanded, innovative product, they are provided with the use of modern technologies (e-services) what impels their definition in the economic and behavioural aspects. In the economic approach, there is emphasised that this is an economic activity which makes value and provides benefits to consumers in a definite time and a definite place. In the behavioural approach, there is emphasised the specificity of services, which implies specific behaviours of consumers.

Essence of service innovations – from traditional services to e-services

Innovation is a determinant of progress of the contemporary society and economies. It consists in designing new goods and services, new business models and new or improved methods of production of goods or provision of services in order to enhance effectiveness and/or profitability [8; 9].

The service innovation can be described as an effect of the process of changes or the very process connected with the product, characterising with a high element of intangibility, the need for a direct contact between the service provider and the customer, integration of the external factors combined with heterogeneity issuing from the high personal input of the human factor [10].

There are distinguished four aspects of innovative behaviour as regards services.

Aspect 1 – a new concept of services (of a substantial importance are here the properties of the provided services and competitive services);

Aspect 2 – a new platform for cooperation with the customer (important are traits of the present and potential customers);

Aspect 3 – a new system of service delivery (there are gaining importance skills and attitude of employees of the enterprise and competitive enterprises);

Aspect 4 – the application of new technologies (it is connected with the three other aspects) [1].

Moreover, for the aspects 1 and 2 important are abilities (possibilities) in the marketing and logistic activities. In case of the aspects 1 and 3, there are gaining importance organisational abilities (possibilities). In turn, for the aspects 2 and 3 – employees' abilities (possibilities) and the skill to manage them.

In the “Oslo Manual” [11], where there are discussed the principles of collecting and interpreting innovation data, there is noted that innovations may appear in every sector of the economy, and they appear more and more frequently in the service sector. There are defined four types of innovations in it:

- product innovations;
- process innovations (implementation of a new or significantly improved method of production or delivery, e.g. significant alterations as regards technology, hardware and/or software);
- organisational innovations (implementation of a new organisational method in the adopted by the firm rules of activity, in organisation of the workplace or in relationships with the environment. They may relate to a method in the firm's business practices, workplace organisation or to external relationships as long as this is the first application of the method by a given firm;
- marketing innovations (implementation of a new marketing method connected with considerable changes in the design/construction of the product or in packaging, distribution, promotion or pricing strategy. Their aim is to better meet consumers' needs what the marketing philosophy entails).

In the article, the attention is focused on product innovations.

The traditional services are acts mainly performed with the use and involvement of the human labour. The service's final effect is affected by the service provider: their qualifications, skills, commitment in the process of service provision, empathy, creativity, etc. On the other hand, new services are an effect of, *inter alia*, entering this sphere by high technologies and various innovations. Those are services more and more frequently furnished with know-how.

Product innovations, pursuant to the Oslo Manual, are defined as introduction of a product or a service which are new or significantly improved as regards their features or applications. Product innovations in services are possible owing to the use of know-how and new technologies. This allows for designing new services or improvement thereof, vesting them with new functional or applied properties as well as improvement of the process of service provision, giving a greater use value of the service product to the consumer. New technologies significantly improve many services important for meeting the needs of consumers and their households. An example may be e-services [12].

E-services may be defined as a new way of service provision and, thus, meeting the needs, with the use of Internet and other mobile devices, since the moment of establishing the contact by the firm with the customer (individual or institutional) in order to present the offer, by way of service ordering, provision thereof and the contact upon service production. The virtual form of service provision allows for a greater standardisation of services and may relate to the full or fragmentary e-customer attendance (e.g. payment order, making an appointment, reservation of a ticket or a book in the lending library) within the framework of a given type of service and with taking into account its specificity [13, p. 44].

Owing to new technologies, there is set forth the opportunity to emergence and development, in particular, of e-banking, e-insurance, e-health, e-culture, e-learning

as well as e-commerce, or shopping without going out from home, but also offering new beautifying procedures (aesthetic cosmetic, dermabrasion). Innovative diagnostic and curing products considerably contribute to life extension and improvement of its quality.

One has to pay attention to intangibility of service innovation what affects limited intellectual property rights. Protection of service innovation against competitors is to a higher degree connected with secrecy of the enterprise and with uniqueness of social structures, organisational culture and social and environmental conditions related to human work [1].

In the market for services we deal with a specific explosion of new technological and technical solutions, introduction of new components to service provision and, thus, with new products. Innovative service products create new needs of consumers, but they also require from them new abilities and competences.

Competences as a determinant of changes in consumers' behaviours

Introduction of an innovative product to the market requires identification of consumers' needs and expectations. On the other hand, innovative products require definite competences which enable alteration of the consumers' hitherto behaviours.

As the IQS research shows, consumers are open to innovative products (88% of respondents want to try something new); 85% of respondents answered that the use of innovative goods and services allow making the life simpler and more convenient, but the same per cent of respondents do not want to lag behind the ongoing changes in products. Around 70% of respondents while using innovative products want to follow the trends, they like experimenting, want to change their habits. More than 50% of them thought that owing to innovatory solutions they might save their money. As innovative there were considered goods and services that had earlier not existed (25%) as well as such which have many useful functions and are friendly (23%) or combine in them various possibilities (17%). The consumers indicated the services in which innovativeness is an element indispensable for their competitiveness. Those are primarily the services of access to Internet, services of the computer branch, digital TV as well as services of the banking sector [14].

Consumers' competences may be defined as the theoretical knowledge and the practical skill distinguishing a given person with an ease of the proficient, efficient, responding to the qualitative expectations, realisation of needs of the lower and higher order, retaining responsibility for the choices being made.

J. Fazlagić distinguishes eight categories of the consumer's knowledge [15]. The author related them to services.

1. Knowledge of the *know-what* type (to know *what?*) – to know what, one should possess information which is the basis for comparisons, choice, decision of service purchasing. The source of information can be the information conveyed by service providers, for example, with the use of promotion instruments, information generated by other service providers about the product, benefits it has delivered to them, the level of satisfaction or dissatisfaction. This aspect of the consumer's knowledge may be identified with the consumer's right to fair information.

2. Knowledge of the *know-why* type (to know *why?*) – to know why means to consciously make decisions (what, where, at what price), also in the context of sustainable consumption. This knowledge allows in a certain sense explaining the reality. The *know-why* type knowledge can also be attributed to consumers' rights, at least the right to security, i.e. protection against the service products and processes that

may dangerous to life and health, the right to consumer education, or acquisition of the knowledge and skills indispensable for making conscious decisions and making definite choices, or the right to the healthy natural environment, hence, the right to live and work in a healthy, not polluted natural environment, as well as to preserve it for the future generations. In this field, service companies have to play a dual role – as a creator of those processes and as a source of consumer education.

3. Knowledge of the *know-how* type (to know *how?*) – refers to the consumers' abilities to resolve the problem connected with the needs being felt, located at various levels of the Maslow's pyramid. In services, this knowledge is of a particular importance; there often appears the question: individually or using services, not only market ones. An answer to this question requires relevant competences and skills, also in the sphere of making choices. An example may be the need to appease hunger – one may individually prepare meal or use semi-finished products or convenience food offered by trade, or use catering services.

4. Knowledge of the *know-who* type (to know *who?*) – in the face of ever growing competition, introduction to the market of new, up-to-date and innovative services, there appears the problem of service provider selection. It is important from the point of view of the service's expected quality, quality of attendance but, first of all, the felt satisfaction. The greater and greater role in this knowledge acquisition is played by social media but also the possibility to cooperate with various service-providing entities. A particular role falls here to *prosumers*.

5. Knowledge of the *know-when* type (to know *when?*) – this is connected with the material situation of households, the skill to manage the household budget. This is sometimes the ability to say 'no' related to meeting the needs felt or deferment thereof. This is the skill not to comply with impulsive and compulsive decisions.

6. Knowledge of the *know-where* type (to know *where?*) – this question may be related to the consumer's knowledge furnishing them with the ability to choose the place of services purchasing, to choose the form (traditional services provided at a facility, at the customer's home or e-services), use thereof, but also pursuing justified claims if there is felt post-purchase discomfort (e.g. where it is possible to gain assistance with lodging a complaint).

7. Knowledge of the *know-if* type (to know what will happen *if?*) – this is the ability to anticipate and cope with definite situations, for example, where durables go out of order, the consumer has lost their debit or credit card, insurance policy, fails to pay for services, e.g. electricity, gas, rental. This may also concern definite health-related situations. Such a knowledge is also irreplaceable in case of bank, insurance, medical, repair and maintenance services, electricity supply, cable TV.

8. Knowledge of the *know-between* type (to know what relation is *between?*) – this is quite substantially connected with knowledge of the *know-if* type. It is very useful under conditions of crisis, turbulences in the financial markets. It is good to be aware what relationship is between ethical consumption and the one actually implemented.

Undoubtedly the contemporary consumer more and more apparently requires modern services, innovative ones, with the high quality, focusing on the technologies identified with Internet, smartphones, iPads, etc., but in their purchasing decisions they more and more frequently take into account comfort, security and leisure.

In the face of ongoing changes connected with the dynamic development of high technologies, which more and more often enter the sphere of consumption and consumers' behaviour, it is also proper to pay attention to e-competences.

As there shows the nation-wide survey carried out among 1000 consumers, considered as more competent, by the CATI method (Computer-Assisted Telephone Interview), consumers' knowledge of novelties in the market originates mainly from advertisements (27%; considerably more often they are individuals with primary and secondary education – 34% and 30%); next, from trade outlets (18%; significantly more often they are villagers – 21%) and from Internet (14%; this source is significantly more often indicated by men – 17%, individuals with higher education – 18%, with household's income exceeding 4000 PLN – 17%; inhabitants of towns and cities with more than 100 thousand inhabitants – 17%). Every tenth person learns about new products from acquaintances (significantly more often it concerns women – 13%, individuals with higher education – 13%, living in towns and cities with less than 100 thousand inhabitants – 17%). For a smaller number of people, such a source of information are TV programmes presenting the lifestyle of well-known individuals (7%), TV series, colour magazines describing the well-known people, magazines on fashion or interior arrangement (6% in each case) or travels (5%). In the mentioned groups of respondents, there were not observed any statistically significant differences.

While choosing a new product, for almost all people the most important are: functional practicality (94%, of which 74% account for 'definitely important') and high quality (94%; 72%), acceptable price (92%; 69%). Less important factors are: attractive appearance (71%; 34%), opinion of the family or acquaintances (58%; 23%), compliance with the fashion trends (29%; 9%), and possession of the product by individuals from the environment (23%; 7%). Among the least important factors there are: convincing advertisement (13%) and impression the product may have made on others (20%).

Conclusion. Consumers aspire to meet their needs which are subject to awakening under influence of not only the offer but also marketing activities. The consumption development is also facilitated by such factors as globalisation, the civilizational progress, a wide selection of goods and services, their free flow between countries, an opportunity to buy goods and services on credit ("buy today, pay tomorrow"). It is also necessary to emphasise that the contemporary consumer more and more often meets their needs using for this purpose high technologies: computer, mobile telephone, Internet, which may be a certain threat, too. The digital revolution is a factor motivating to make purchases as, on the one hand, it lifts the barrier of time and space, while, on the other hand, it causes that the life cycle of these products becomes shorter and shorter.

Services are a sphere where innovations become more and more common. They are forced by consumers themselves, avid for novelties, modernity, progress, keeping up with other countries. However, the more and more complicated products, the wider and deeper their assortment cause that the consumer must have adequate competences, knowledge in order to use them with satisfaction and not with post-purchase discomfort.

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ВИЯВЛЕННЯ ТА УЗАГАЛЬНЕННЯ ОСНОВНИХ ТЕНДЕНЦІЙ РОЗВИТКУ ЕЛЕКТРОННОЇ КОМЕРЦІЇ В КРАЇНАХ ЄС

Подано аналіз грошових потоків у сфері електронної комерції в країнах Європейського Союзу, досліджено проблеми та бар'єри активізації транскордонної електронної торгівлі в Європі, підкреслено роль електронної торгівлі для розвитку малого і середнього бізнесу.

Ключові слова: електронна комерція, електронна торгівля, електронні платіжні сервіси, міжнародний ринок кур'єрської доставки.

Подан анализ денежных потоков в сфере электронной коммерции в странах Европейского Союза, исследованы проблемы и барьеры активизации трансграничной электронной торговли в Европе, подчеркнута роль электронной торговли для развития малого и среднего бизнеса.

Ключевые слова: электронная коммерция, электронная торговля, электронные платежные сервисы, международный рынок курьерской доставки.

The article deals with the analysis E-commerce turnover in the EU countries. The problems and barriers to cross-border electronic sales are outlined. The important role of e-commerce for small and medium businesses' development is proved.

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