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SPECIFICITIES OF THE SERVICES MARKET AND CHALLENGES OF MARKETING

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Abstract: In today's business in the global market, the consumer and his satisfaction represent one of the most important links in the business process. The wishes of consumers are increasingly demanding and require continuous expansion of the existing range of products and services, constant changes in improving the appearance and quality of existing products. Satisfying the wishes of consumers is the key to the successful implementation and achievement of planned goals, as well as realizing the expected profit. This leads us to the conclusion that the basis of the company's operations should be based on market research and the maximum engagement of all available funds and resources, in order to attract potential and retain existing customers.

The market of goods and services today is extremely complicated, because companies must constantly follow fast and dynamic changes in the market, adapt, be socially responsible and competitive. The aim of the paper is to emphasize the importance of services on the business market, their specificity, and the role and importance of marketing in the business of companies with a focus on the consumer, which contributes to the improvement of business and a better market position.

Key words: *services market, marketing, consumer*

INTRODUCTION

In the second half of the 20th century, the increasingly significant participation of the service sector in the overall economic activity came to the fore. In that period, the GDP in America reached 50% of the share of the service sector, and in the mid-1950s, in the USA, the number of workers in service activities was higher than in direct production. In the 21st century, the industrial economy is overpowered by the

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service economy, which is positively reflected in the employment of the population. The growing influence of the service sector also leads to significant changes, reflecting on market competition and leading to different approaches in the business process itself, that is, the organization of work. Services are increasingly taking a central place in the economic activities of countries around the world. "Today, in the service sector, both nationally and globally, the most dynamic movements are taking place and the most changes are taking place. The increase in the share of services in the realized social product is constantly growing. The development and significance of the service sector cause numerous positive phenomena such as increased employment, growth of international exchange, technological and economic changes" (Ozretić Došen, 2010: 5).

An increasing supply and demand, as well as specific consumer demands for better quality goods and services, develop a responsible attitude of producers towards their users. Creating a competitive position on the market requires the application of the most modern models and achievements within the business process with the aim of winning over consumers, and achieving tasks and goals in the placement of certain products. In this sense, companies have a serious task ahead of them, how to organize business and achieve set goals. This is where the role and importance of marketing comes to the fore, both on the domestic and foreign markets. Achieving the best possible business results is unthinkable without marketing services, as an important factor in the realization of set goals and tasks through planning orientation."The most successful service companies are also the ones that first started applying the concept of service marketing in their business, thus responding to the challenges of the modern development of the service economy. The creation of service marketing strategies and the development of new services are, therefore, significant characteristics of the modern service economy" (Grubor, 2010: 532).

Service marketing arose as a response to the growth and importance of the service industry. The service sector accounts for over 60% of the gross national income of the economy of all countries in the world. Thanks above all to the rapid growth of new services, the modern economy takes on the characteristics of being oriented towards new areas of business, a new form of competition, new management methods, a new culture, logic and organization (Stojanović, 2018: 15).

Marketing has a special importance for the business of the company, especially in today's modern conditions of the global competitive market. Marketing service represents a series of activities between the user and

the party that provides the service, the goal of which is to satisfy the needs, that is, to solve the user's problems. What is the same for service and manufacturing companies is the problem of how to create, develop and maintain a competitive advantage in the market. The application of marketing in the service economy represents a real investment in developing and providing superior services in the modern, highly competitive service market. (Grubor, 2010: 544)

SPECIFICITIES OF THE SERVICES MARKET

In today's market, service plays a dominant role as it becomes an increasingly important part of the final product, even in manufacturing companies. It is the basis for creating and maintaining a competitive advantage in a market that is constantly under the influence of changes. The share of services in the value of the social gross product represents a trend, which is constantly increasing at the global level. The share of services in the domestic gross product and in the structure of employees is higher than statistical data show, because measuring the importance of the service sector is relatively difficult.

There are a number of more or less similar definitions of service, but there is no single one. One of the most frequently quoted definitions is the one authored by Kotler and Armstrong: "A service is an activity or benefit that one party can offer to another, it is generally intangible and does not result in the ownership of anything." Its production may or may not be connected with a tangible, physical product." (Ozretić Došen, 2010: 21).

Traditionally oriented marketing cannot be applied to marketing to promote services, that is, to satisfy the needs of users from the service sector. Specific features characteristic of the service market require a new approach to marketing and the creation of a different message in advertising. "The application of marketing in the service economy should enable the delivery of appropriate value to consumers and partners in the service business, recognizing the quality of service as an important factor in modern marketing competitiveness" (Grubor, 2010: 544).

To better understand the specificity of the service market and the specificities that characterize it, Table 1 shows seven important differences between material products, on the one hand, and services, on the other.

Table no. 1: *Seven important differences between tangible goods and services*

No.	PRODUCTS	SERVICES
1.	The consumer owns a material, tangible object.	The user has the experience, the memory. The experience cannot be resold or given to a third party.
2.	The goal of production is uniformity - all manufactured products are equal.	The aim of the service is uniqueness; every user and every contact with a user is special.
3.	The product can be stored - the consumer can get/view a sample of the product before making a purchase decision.	Service comes and goes. Cannot be stored.
4.	The consumer is the last link in the chain and is not involved in production.	The user participates in the service provision process, he is a partner in the creation of the service.
5.	Quality control is carried out by comparing output with specifications.	Quality is assessed by users by comparing perceptions with expectations.
6.	If a manufacturing error occurs, the product can be scrapped.	For a service provided in an inappropriate manner, the only possible form of redress is an apology and re-provision of the service.
7.	Employee morale is important.	Employee morale is crucial, critical.

Source: Durdana, 2010: 30; according to Peter, J.P. - Donnelly, J.H.Jr.: Marketing Management - Knowledge and Skills, Ric-hard D. Irwin, Inc., 1995., p. 203.

The service sector is growing and will continue to grow in the future, primarily in developed countries. Today's market is full of various products, the consumer is increasingly demanding, and economic prosperity leads to an increased demand for services. All service activities do not develop evenly and do not have the same growth rate, which depends on trends and market demand. There are many opportunities that services create as key elements in selling products. Due to the characteristics inherent in the service industry, the marketing plan for services itself is often very challenging, as it requires a different approach than product marketing.

CHARACTERISTICS OF SERVICES, MARKETING PROBLEMS AND STRATEGIES FOR THEIR SOLUTION

In contrast to the period marked by industrial production, today it is evident that the increasingly dominant role played by the service industry in the economic market requires different management models and techniques. This is why marketing and production processes, human resources, and a complete approach to business process strategy require different models. The specificity of services originates from several different characteristics, which is why business processes, and therefore marketing programs, are different in relation to product marketing.

When designing and planning the marketing of services, four basic characteristics of services should be considered: intangibility, indivisibility of production from use, non-storability, and heterogeneity. The characteristics that mark the services and the most common problems that arise in marketing due to their specificity are shown below in Table 2.

Table no. 2.: *Characteristics of the service and the problem of marketing*

UNIQUE FEATURES OF THE SERVICES	CONSEQUENTIAL PROBLEMS OF MARKETING
Intangibility	They cannot be stored. They cannot be protected by patents. They cannot be easily exposed or communicated. It's hard to put a price on it.
Indivisibility	The user is involved in production. Other users are also involved in the production. It is difficult to achieve centralized mass production.
Unstorability	Services cannot be stored.
diversity (heterogeneity)	It is difficult to control standardization and quality.

*Source: Đurđana, 2010: 36; according to Zeithaml, V.A. -
Parasuraman, A. - Berry, L.L.: "Problems and Strategies in
Services Marketing", Journal of Marketing, 1985., p. 33-46*

Precisely because of the above-mentioned characteristics and specificities that characterize the service activity, the very approach in the development of the service marketing strategy should be different from the marketing created for the product, which is characterized by tangibility. What strategies can be applied to solve the specific obstacles and problems faced by service-oriented marketing are presented in Table no. 3.

Table no. 3.: *Proposal of marketing strategies to solve problems arising due to unique characteristics of the service*

UNIQUE FEATURES OF THE SERVICES	MARKETING STRATEGIES FOR SOLVING PROBLEMS
Intangibility	Emphasize tangible elements. Use personal elements more than impersonal ones. Stimulate word of mouth communication. Create a strong organizational image. Use cost accounting as a pricing aid. Engage in post-purchase communications.
Indivisibility	Emphasize the selection and training of employees who contact users. Management of service users. Use a greater number of service providers.
Unstorability	Use strategies to overcome difficulties with fluctuations in demand. At the same time, adjust demand and capacity in order to achieve a greater match between them.
Diversity (heterogeneity)	“Industrialize” the service. “Personalize” the service.

Source: Durdana, 2010: 38; according to Zeithaml, V.A. - Parasuraman, A. – Berry L.L., (1985). pp. 33-46.

From the above, it can be seen that depending on the characteristics of the service, marketing strategies are also proposed. What is important before creating a service marketing strategy is to determine who the service is intended for, that is, who is the user of that service. Only after analyzing the wishes and needs of users of a particular service is a strategy created for the target public of the service. “One of the issues is what strategy allows a business to succeed in a changing environment. Companies are required to develop marketing processes that enable global integration, but also business at the local level” (Dervida et al., 2020: 52).

The opinions and attitudes of service users cannot be viewed separately from the company itself. Precisely through the use of a certain service, the user ties his satisfaction and/or dissatisfaction to the company’s product, that is, to the entire company. That’s why the marketing strategies of the service should be designed in a planned and targeted way. The satisfaction of service users is of crucial importance for the company and for its positioning on the market, as well as achieving a competitive advantage.

To successfully manage marketing in a competitive environment, and determine the effectiveness and efficiency of various marketing

instruments and marketing concepts, it is necessary to measure satisfaction. Based on the measurement results, different effects can be seen and adequate measures can be taken to improve the business (Đorđević, 2012: 237).

SPECIFICITIES THAT DETERMINE MARKETING SERVICES AND PROMOTION AS PART OF THE MARKETING MIX

The realization of the planned goal depends on several factors included in the strategic plan. We can say that the planned goal has been achieved if the feedback from the end user is positive. In order to fulfill the goal, it is necessary to research the market of the target public for certain services and, based on the results obtained, design and adjust the mix of communicative activities that will be used to reach the public. Communicative activities planned through the marketing mix aim to satisfy the needs and desires of the target users and achieve the planned expectations.

Improvements once implemented do not guarantee long-term customer satisfaction. The performance of the company and competitors in relation to the main generators of satisfaction should be periodically measured, revealing the degree of increase or decrease in customer satisfaction and the need for corrective measures and improvements. Changes in the environment should also be monitored periodically, since the dynamism of the environment affects the determination of the periodicity of measurement of changes in customer satisfaction. (Kostić, 2010: 271).

Marketing mix services - The satisfaction of the service user is of crucial importance in the creation of the company's business strategy. The goal of the company should be to achieve greater value of the service, as well as greater satisfaction for the user, compared to what the competition creates and offers.

The marketing mix (English, 4P) is a specific combination of elements whose purpose is to satisfy both supply and demand on the market. This means satisfying the needs and wishes of the user of the product/service at the lowest possible costs and with the achievement of a certain goal/profit for the company. "Service companies strive to achieve an optimal combination of service marketing mix instruments, thereby enabling efficient management of demand for services" (Grubor, 2010: 541).

The four elements that make up the traditional marketing mix are:

1. product

2. price(s)
3. space (promotion)
4. promotion (place)

These four elements of the marketing mix were created for traditional marketing, i.e. marketing intended for the needs of product promotion, which is tangible. Given that services have certain specificities that distinguish them from products, the marketing mix itself should be adapted to those specificities. In addition to the basic 4 elements that make up the marketing mix (4P), according to some theorists, that mix should be expanded with three more elements (3P). This means that the marketing mix for the needs of services contains 7 marketing elements, i.e. 7Q:

5. people,
6. process i
7. physical evidence.

The fifth element of the marketing mix highlights the importance of people when providing intangible or intangible services (for example, photos of people with whom you communicate indirectly and/or directly, such as messages exchanged by email or social networks).

The sixth element of the marketing mix represents the fulfillment of business process standards, such as information services, speed of problem-solving, and time of delivery of goods/services to the customer.

The last, and seventh element of the marketing mix refers to the intangible characteristics of the service. Some other characteristics suggest the quality of the service. For example, signs (accreditation, seal...), ambience, reviews, and everything that makes tangible signs of quality.

Deciding on individual instruments of the marketing mix of services is realized by taking into account the mutual influence of all instruments in the integral concept of the service marketing mix. The relative role and importance of individual instruments in the created combination of marketing mix services change depending on changes in the environment, that is, with the passage of time (Grubor, 2010: 541).

Illustratio no. 1.: Elements of marketing mix – 7P



Source: <https://tech-talk.org/2014/09/26/7-ps-of-services-marketing-mi/>

Organizations that are successful in improving customer satisfaction have recognized that it is not enough to measure satisfaction alone. Without a detailed plan of how and which fields of service should be improved, and without management's determination to improve processes, all attempts will be fruitless (Kostić, 2010: 271). Planned marketing defines clear goals that the company wants to achieve in the target market. The strategy for achieving the plan requires tactics that are created through the company's marketing mix (the 7P). The marketing mix represents activities aimed at satisfying customer needs as well as creating a positive image of the product or service in the customer's eyes.

When services are known to be time-limited, the total profit from the service may be lost if the service system is not functioning at the time when customers want to purchase the service. Services are also limited by place and location, which implies that the location of the service capacity must be as close as possible to customers. Service organizations that are present in several market segments imply the existence of constant activity in the marketing process of developing new services (Stojanović, 2018: 90-93).

Promotional activities of services – Marketing, as has already been said, consists of the activities of individuals and organizations that enable, facilitate and accelerate exchange through the creation of products, their pricing, promotion and distribution. The set of marketing activities

performed by one company constitutes the marketing business function. As a business function, marketing, coordinated with other business functions (production, finance, personnel, etc.), connects the company's overall activities with customer requirements (Stojanović, 2018: 239).

The concept of marketing requires market research and identification of the target audience, with the goal of creating and applying a service marketing strategy aimed at satisfying the needs of the service user. The focus is on the satisfaction of the target group of service users, i.e. consumer satisfaction occupies a central position in marketing. At issue is "the feeling of satisfaction or disappointment that results from comparing the perceived effect (or performance) of a product or service with expectations" (Kotler & Keller, 2017: 131).

In order for marketing activities to be created and implemented in the most successful way, it is necessary to first conduct market research and then design the marketing mix. One of the basic elements of the marketing mix is promotion, which includes a set of promotional activities by which the company presents its services to the public, increases interest, distinguishes a particular offer, or service, as competitive, and influences purchasing decisions, i.e. consumer choice. Attention must be paid to all elements of the promotional mix and those activities that will successfully promote the services must be chosen. The mix of promotional activities includes several elements: advertising, public relations, personal selling, sales promotion, and direct marketing. Which promotional activity will be used or how to combine them depends on the service itself and its specificities, which are defined through the marketing mix.

The development of service marketing has also led to an expanded understanding of the marketing mix concept. The service marketing mix is also the essential concept of service marketing because it is considered that the key marketing activity in the service business is the management of the marketing mix of service companies (Grubor, 2010: 539).

CONCLUSION

Service companies differ in their goals and type of ownership, and therefore apply different processes to deliver their services. Services can satisfy personal or business needs, and various marketing programs are developed and implemented accordingly. In this direction, it is necessary to work on introducing new categories of services or innovating existing services. This process requires market research, which must be carried

out in order to create a business strategy, and the introduction of tools and techniques to achieve the planned goal.

In order to achieve successful relations with customers and achieve long-term positive business results, the company must develop processes and maintain continuous two-way communication with target groups. Marketing activities aimed at service users are significantly different from those aimed at product users, and should be planned and implemented accordingly, with constant monitoring and evaluation of the undertaken activities.

In modern business management, user satisfaction is one of the basic business goals. Expressed competition and high demands of modern consumers require companies to constantly improve the quality of products and services. Communication is definitely one of the most important parts of business success because information and messages are constantly exchanged, so marketing and public relations occupy a key position in the creation and implementation of a company's strategy.

SPECIFIČNOSTI TRŽIŠTA USLUGA I IZAZOVI MARKETINGA

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Apstrakt: U današnjem poslovanju na globalnom tržištu potrošač i njegovo zadovoljstvo predstavljaju jednu od najvažnijih karika u poslovnom procesu. Želje potrošača su sve zahtjevnije i traže kontinuirano proširenje postojećeg asortimana proizvoda i usluga, stalne promjene u poboljšanju izgleda i kvaliteta postojećih proizvoda. Zadovoljenje želja potrošača je ključ za uspješnu realizaciju i postizanje planiranih ciljeva, te ostvarivanje očekivanog profita. Znači da osnovu poslovanja preduzeća treba bazirati na istraživanju tržišta i maksimalnom angažovanju svih raspoloživih sredstava i resursa, kako bi privukli potencijalne i zadržali postojeće kupce. Tržište roba i usluga danas je izuzetno komplikovano jer preduzeća moraju stalno da prate brze i dinamične promjene na tržištu, da se prilagođavaju, budu društveno odgovorna i konkurentna. Cilj rada je naglasiti važnost usluga na tržištu privrede, njihovu specifičnost, te ulogu i značaj

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marketinga u poslovanju preduzeća s osvrtom na potrošača, što doprinosi unapređenju poslovanja i boljoj tržišnoj poziciji.

Ključne riječi: *tržište usluga, marketing, potrošač*

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