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E-services: concept, specificity, and marketing elements to create their value

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Abstract. These days we can observe a rapid growth in the development of e-services. The fact that a new type of services is provided and consumed using an Internet-based or electronic system is of great importance to the marketing strategy. In the article, the authors discuss the nature and specificity of e-services, as well as propose five key elements of marketing strategy which can be used to create value to customer. These five key elements are as follows: architecture of an e-service system, information, e-service quality, social network, and brand. The article is conceptual in nature. In order to achieve the aim pursued, the method of critical analysis of literature was used. Moreover, all three methods of reasoning – induction, deduction, and analogy – were employed.

Introduction

One of the main trends in contemporary global economy is ongoing growth in importance of services, both in the economies of particular countries and in the international perspective. In the second half of the twentieth century, services began to be the most important sector of the economies of most developed countries. At the turn of the 20th and 21st centuries, this process has accelerated as the result of the rapid development of technology and growing importance
of innovation. The service sector emerged as the sector which easily adapts to changes in the turbulent environment, is more resistant to periodic changes in economic conditions than the sector of material production, and responds easier to new trends by the assimilation of technical and organizational innovations and new knowledge. As a result, the service sector is becoming more diverse internally, and also, due to technological progress, the structure of services is changing. Some services are disappearing completely, others appear and flourish (Olszański, Piech, 2012). Services which are developing particularly rapidly are electronic services, also called e-services.

This rapid development of e-services results in the growing interest of researchers who describe them from different perspectives and in different contexts. In consequence, there is no consensus as to how e-services are defined and classified. Moreover, there is a lack of one universal comprehensive proposition how to use marketing to create their value. Admittedly, some proposals in this field can be found, but they are largely of an exploratory nature. Given the specificity of e-services, it can be assumed that the elements of marketing strategy (used on offline service market) need to be redefined and broadened to face the new digital reality. This article, which is conceptual in nature, has the major purpose of contributing to the literature by discussing the nature and specificity of e-services, as well as giving the proposition of key marketing elements to create value to customer. In order to achieve the aim of the article, the method of critical analysis of literature was used. Moreover, all three methods of reasoning – induction, deduction, and analogy – were employed.

The concept and characteristics of e-services

The market of e-services both in Poland and in the world is growing rapidly covering all sectors and all areas of the traditional market. It has been indicated for at least several years that in the perspective of the next few years e-services will have the greatest growth potential in the conditions of modern economy. (Rozwój..., 2012; Olszański, Piech, 2012). These days e-services are not only one of the most dynamic activities in the field of practice, but also represent one of the main areas of theoretical interest (Batagan, Pocovnicu, Capisizu, 2009, pp. 372–381; Ojasalo, 2010, pp. 127–143). The growing interest in the area of e-services has been reflected in the growing number of publications in which e-services are considered from different perspectives and in different contexts.

Although e-services have stirred a heated debate, it is difficult to propose one universal definition for them. These definitions have been changing with time because of the dynamic nature of the environment in which they are formed.
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and developed (Flis, Szut, Mazurek-Kucharska, Kuciński, 2009; Hofacker, Goldsmith, Bridges, Swilley, 2007, pp. 13–44; Rust, Kannan, 2003, pp. 37–42; Kelleher, Peppard, 2009). Given these definitional difficulties, it can be assumed that e-service is such a service that meets at least six conditions listed in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Provided via the Internet or an electronic network</th>
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<tbody>
<tr>
<td>Accessible to customer with the use of an electronic device: computer, mobile phone, other mobile devices, internet enabled TV set</td>
</tr>
<tr>
<td>Provided in a fully automatic or partially automatic way</td>
</tr>
<tr>
<td>Characterized by customization and personalization, i.e. by adaptation to users and their preferences</td>
</tr>
<tr>
<td>Provided at a distance and do not require the presence of both parties at the same time and in the same place</td>
</tr>
<tr>
<td>Independent of the devices that create, store, and deliver them</td>
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</table>


As mentioned above, e-services have been developing dynamically. Their evolution, among other things, is conducive to development and introduction of new forms of Internet connection, the improvement of network performance, and an increase in the number of Internet users. Additionally, the factor that positively influences the popularity of e-services (both on supply- and demand-side) is their specificity (cf. Table 1 and Table 2).

Table 2

<table>
<thead>
<tr>
<th>E-service characteristics conducive to their popularity, both on supply- and demand-side</th>
</tr>
</thead>
<tbody>
<tr>
<td>the ease of interaction and building better relationships with customers</td>
</tr>
<tr>
<td>the ease of personalization and customization in ‘real-time’ depending on the unique context and requirements of customers’</td>
</tr>
</tbody>
</table>

Source: Hofacker et al., 2007; Batagan et al., 2009; Flis et al., 2009; Kelleher, Peppard, 2009; Olszański, Piech, 2012; Rozwój..., 2012.
E-services vs. traditional services

When writing about the differences between e-services and traditional services, the authors usually highlight the attributes that make them different: no human intervention on the other side and the provision at a distance (Flis et al., 2009). However, these differences can be considered in a more in-depth way. Hofacker et al. (2007) for this purpose refer to four commonly-cited properties of traditional services i.e. (1) intangibility, (2) heterogeneity, (3) inseparability of production and consumption, (4) perishability – described earlier by Zeithaml, Parasuraman and Berry (1985); and to a ‘nonownership’ dimension – characterized e.g. by Lovelock and Gummesson (2004). The characteristics of e-services from the perspective of the five properties mentioned above are shown in Table 3.

Table 3
E-services from the perspective of five commonly-cited properties of traditional services

<table>
<thead>
<tr>
<th>Property</th>
<th>Considered properties in reference to e-services</th>
</tr>
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<tbody>
<tr>
<td>Intangibility</td>
<td>In comparison to traditional services, e-services are even less tangible.</td>
</tr>
<tr>
<td>Heterogeneity (as a variability in quality)</td>
<td>E-services are more homogeneous than traditional services because they are not labor intensive (from the point of view of the firm), and so do not incur so much risk of human error. However, it does not exclude variability as the result of e-services customization and personalization, as well as the variability added by the consumer’s software configurations, preferences, and hardware environment.</td>
</tr>
<tr>
<td>Inseparability of production and consumption</td>
<td>In contrast to traditional services, e-services production and consumption are separated (in space and time).</td>
</tr>
<tr>
<td>Perishability</td>
<td>E-services, being an algorithm, offer an excellent example of an exception, as it can be stored indefinitely by the firm or consumer. Delivered by software, e-services can be consumed over and over again without being used up. E-services are even too easy to be inventoried, i.e. they are non-excludable in supply which means that management cannot prevent consumers from copying, storing, and exchanging them.</td>
</tr>
<tr>
<td>Nonownership</td>
<td>In the case of e-services (as it is in traditional services) there is no transfer of ownership.</td>
</tr>
</tbody>
</table>

Source: own elaboration on the basis of Hofacker et al., 2007.

All distinctions presented above make e-services become a specific category of services. The differences between traditional services and e-services can be also summarized as shown in Figure 1.
Additional differences between traditional and e-services are indicated by Ojasalo (2010). As the author notices, in traditional services, only people — the employees — are involved in the interface of the service encounter, whereas in e-services, ICT or employees mediated by the Internet are involved in it. In traditional services, customers can experience the service by using all their senses, whereas during the e-service encounter, customers are restricted to hearing and viewing. Moreover, traditional services are restricted by distance and opening hours, whereas in the case of e-services, these barriers do not exist.

**E-services classification**

As it is hard to mark one commonly accepted definition of e-services, there is a lack of standard classification in this field. The additional obstacle to systematize these issues is the emergence of ‘official’ definitions and ‘official’ classifications of e-services which are used for the sake of funding programs for e-service providers. Such definitions are often created exclusively for a particular program and, therefore, do not always include all types of e-services, but only those that are covered by subsidies (Flis et al., 2009). In addition, some difficulties in the description and classification of e-services result from the fact that new types of e-services continue to be developed, and the phenomenon of providing e-services on the Internet is extremely dynamic.

E-services are categorised in various ways by different researches. For example, some researchers divide them considering whether the technology helps to create a new e-service (technology-based e-services) or an e-service is enhanced by technology (technology-enabled services) (Olszański, Piech, 2012). Some researchers use simple classification of e-services for individuals and e-services for organizations (Batagan et al., 2009). There are also authors who distinguish...
three types of e-services (Hofacker et al., 2007): (1) e-services which are complementary to existing offline services and goods; (2) e-services as virtual substitutes for classic existing services; (3) uniquely new core e-services that do not and generally could not exist as offline services. The most common classification is based on the business activity in which the e-service is applied although there is no one widely accepted way to classify e-services using this criterion. Taking that into consideration, various authors indicate e-services such as: e-business, e-education, e-communication, e-tourism, e-finance, e-culture, e-administration, e-health, etc. (e.g. Batagan et al., 2009; Flis et al., 2009; Batko, Billewicz, 2013). Additionally, e-services are categorized in terms of the type of the side which is engaged in the e-service interaction (business, customer, and administration). Taking it into account, the authors describe a few different models of e-services, such as: B2B, B2C, C2C, C2B, B2A, A2B, C2A, A2C, A2A (Batagan et al., 2009; Olszański, Piech, 2012; Batko, Billewicz, 2013).

Marketing elements to create e-services value

Nowadays, the cornerstone of marketing is creating and delivering value (Doyle 2000; Kotler, Jain, Maesincee, 2002; McDonald, Keegan, 2002). According to AMA (Definition..., 2013), “marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” The assumption that the value of the company depends on the lifetime customer value (LTV) stands at the basis of the value-based marketing concept (Doyle, 2000). LTV, which means the total amount of net profit which a customer will generate for a company over the life of a relationship, is closely related to customer value (also described in the literature by terms ‘value to customer’ or ‘perceived customer value’).

Although customer value is defined in many different ways (Doligalski, 2013), in frequently used definitions the authors agree that it can be estimated by the perceived surplus of all the benefits over all the costs (e.g. Zeithaml, 1988; Smith, Colgate, 2007; Doligalski, 2013; Robinson, 2015). According to Zeithaml (1998, p. 14), customer perceived value is “the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given.” In turn, Grönroos (2006, p. 155) argues that “value is perceived by customers in their everyday activities and processes and in interactions with suppliers or service providers when consuming or making use of services, goods, information, personal contacts, recovery and other elements of ongoing relations.” It means that there are many value elements that affect the costs and benefits of the offering in the customer’s business (Anderson, Narus, 1998).
Customer value is a multidimensional category. According to previous research, there are two main types of value that are indicated to be the primary motivation of online shopping: utilitarian and hedonic (Chen, Tsai, Hsu, Lee, 2013). Others indicate that, especially in the era of social media and wireless technology, three dimensions of value can be distinguished: business value, perceived value, and social value (Robinson, 2015). Moreover, as more and more authors argue, currently, organizations interact and co-create value with consumers and other stakeholders (Prahalad, Ramaswamy, 2004; Grönroos, Voima, 2013; Brzustewicz, 2014; Ranjan, Read, 2016). The recent technologies development has caused that, especially on e-services market, the role of consumers in co-creating value is growing (Heinonen, 2006; Heinonen, 2009; Ahrar, Rahman, 2012; McCormick, 2013; Elsharnouby, Mahrous, 2016). As Heinonen (2009, p. 190) states, “value is not something that is delivered to the consumer; rather it is created by the consumer when using the service, i.e. value-in-use.”

Given the fact that customer perceived value is considered an important factor for profits and competitiveness (Doyle, 2000; Grönroos, 2011; Doligalski, 2013), the fundamental questions that each e-service company should pose to itself are as follows: ‘What are our e-services actually worth to customers?’ ‘What steps will we need to take to create the value that is unique?’ According to the literature on the subject, only the products of high perceived value can attract customers and retain their loyalty (Zeithaml, 1988; Doyle, 2000; Yang, Peterson, 2004).

In view of the foregoing, the knowledge about how e-service companies can create and deliver value to customers is of great importance.

The review of the literature shows that the marketing elements that are used to create value on e-service market vary from the instruments which are applied in traditional services (Table 4). In general, a change of approach from traditional marketing to e-marketing is clearly visible. It means that to create the value to customer on e-services market, traditional marketing needs to be redefined and broadened to face the new reality.

In traditional services marketing the value to customer is created by integrating three components: core product, supplementary services, and delivery processes (Lovelock, Wirtz, 2007). In contrast, in e-services marketing the core product turns into e-product, supplementary services change into online tools, and the delivery process evolves from the physical distribution to the electronic channel (Ghorbani, 2014). Bearing that in mind, e-services marketers should take into account a new spectrum of components when creating customer value. As it is seen from Table 4, each listed element can be assigned to one of five key compounds of marketing strategy to create e-services value: architecture of an e-service system, information, e-service quality, social network, and brand.
The key elements of marketing strategy to create e-services value

<table>
<thead>
<tr>
<th>Author</th>
<th>The key elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rust, Kannan (2003)</td>
<td>information products, customization, one-to-one marketing, 2-way dialogue, information flows, satisfaction focus, customer profitability, customer equity</td>
</tr>
<tr>
<td>Botha, Bothma, Geldenhuys (2008)</td>
<td>market segmentation, one-to-one marketing on the Internet, marketing website, market research, database marketing</td>
</tr>
<tr>
<td>Lewicki (2012)</td>
<td>architecture, information, offer, community, brand</td>
</tr>
<tr>
<td>Chen, Tsai, Hsu, Lee (2013)</td>
<td>ease of use, responsiveness, information quality, visual appearance, clarity of layout, order fulfilment, reliability, emotional benefit</td>
</tr>
<tr>
<td>Ghorbani (2014)</td>
<td>e-product, supplementary e-services, electronic channel</td>
</tr>
<tr>
<td>Mata, Quesada (2014)</td>
<td>web 2.0, online social networks, viral marketing, social commerce</td>
</tr>
<tr>
<td>Robinson, Jr. (2015)</td>
<td>social network, decentralization/collaboration, mashup/personalization</td>
</tr>
</tbody>
</table>

Source: own elaboration.

Architecture is the main element that enables a contact between the customer and e-service provider. According to Kelleher and Peppard (2009), when designing e-service website, three elements should be considered: information creation, search and quality, and the support of dialogue between customers and the organization. The creation of value in this field depends on such components as easy navigation, solutions to sort and search information, customization scope, or the arrangement and the artwork of the website (Lewicki, 2012).

The information regarding e-services, the company, and all the processes to acquire an e-service, plays an important role in customer value creation. Studies have shown that detailed and high quality information not only influences loyalty intentions, but also partially mediates the relationship between perceived e-service quality and perceived value (Pearson, Tadisina, Griffin, 2012).

There is a lack of consensus concerning the notion of e-services quality. Chen et al. (2013) argue that e-services quality includes all factors related to the process of service delivery. In turn, Fassnacht and Koese (2006) distinguish environment quality, delivery quality, and outcome quality. According to the latest research, e-services quality, as it is in traditional services, has an impact on customer’s perceived value and loyalty (Chen et al., 2013).

The social network, as the main tool in building relationships between customers and companies, as well as between customers, plays a significant role in solving
customer’s real time problems (Robinson, 2015). In addition, when using social
media (blogs, forums, social networks, video and photo sharing, or virtual worlds),
companies can promote e-service to customers, and encourage consumers to co-
create value. As the platforms of two-way communication, social media enable
dialogue and conversations.

A successful e-service brand is a result of all the above listed activities. The use of social media and two-way dialogue allow companies to engage custom-
ners in the process of interaction with e-service brand. When recognizable online,
e-brand can be one of the most important sources of customer value (Lewicki, 2012;
Doligalski, 2013).

Summary

One of the main trends in contemporary economy is ongoing growth in impor-
tance of e-service sector. This rapid development of e-services results in growing interest of researchers who describe them from different perspectives and in dif-
erent contexts. In consequence, there is no consensus as to how e-services are
defined and classified. These definitions and classifications have been changing with time because of the dynamic nature of the environment in which e-services are formed and developed. The obstacle to systematize these issues is also the emer-
gence of ‘official’ definitions and ‘official’ classifications of e-services, which are often created exclusively for particular funding programs offered at a given time and in a particular country for e-service providers. Furthermore, there is no agree-
ment among various authors regarding how to use marketing to create e-services value. The review of the literature shows that marketing elements that are used to create value on traditional service market do not correspond to the specificity of e-services. To create the value to customer on e-services market, traditional market-
ing needs to be redefined and broadened to face the new digital reality. Bearing that in mind, marketers should take into account a new spectrum of components when building the value of e-services. As it is shown in the article, these elements can be assigned to one of five key compounds: architecture of an e-service system, information, e-service quality, social network, and brand.

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E-usługi: pojęcie, specyfika oraz marketingowe elementy tworzenia ich wartości

Słowa kluczowe: e-usługi, marketing e-usługi, wartość dla klienta


Citation