



Ways to Increase Competitiveness in the Services Sector

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Abstract

This article takes information technology as a key factor in increasing the competitiveness of the services sector and analyzes the relationship between GDP and service volume, service volume and number of Internet users using empirical methods during the study. The author has proven that the use of information technology can increase the competitiveness of the services sector.

Keywords: *Information Technology; Internet Marketing; Competitiveness; Services Sector; Services; Gross Domestic Product (GDP); Number of Internet Users*

Introduction

Countries of all industrialization and income levels can take advantage of service-related transformation opportunities. Over the last thirty years, the service sector has grown faster than manufacturing in many developing countries. By 2019, services in developing countries accounted for 55 percent of GDP and 45 percent of employment. In developed countries, services account for a larger share of economic growth - an average of 75 percent. Between 2005 and 2017, a number of low- and middle-income countries entered the world's top ten exporters of services [1].

Service-based economic transformation opens up new opportunities for scale expansion, innovation, and diffusion effects, similar to those that have made production more efficient in the past. Remote delivery, affiliates and franchising allow service providers to enter major markets, and digital service providers are no longer limited to face-to-face communication with their customers. Digital technologies are improving business processes, introducing new features to products, and creating new markets. More research and development is being done in the service sector than in the industry. On Friday, big data is being used to improve transportation systems, and more.

The live service sector is also becoming increasingly important for the competitiveness of production: manufacturers combine goods with services (such as financial credit, advertising and guarantees), which increases value for customers. As demand for services in manufacturing, agriculture, and other sectors increases, more workers are benefiting as a result of the growth rate.

Information technology, professional, scientific and technical services are becoming more important. At a time when digital technologies are evolving and industries are in need of frequent change and improvement, even maintaining the competitiveness of the services sector requires huge costs and efforts for companies. Service companies are gaining more customers using e-commerce in the service sector. As a result of the development of services in terms of quality and quantity, the introduction of information technology in the industry, new concepts and processes are being formed. For example, internet marketing, virtual market, online store and so on.

In the age of digital development, which is so complex and requires updates, the study and finding of ways to increase the competitiveness of the services sector will play an important role in the development and prolongation of the life of the services provided. In this regard, too, a broader study and analysis of the topic is relevant.

Literature Review

As the topic is comprehensive, the scope of the topic is also wide. In particular, internet marketing has been studied by many scholars in recent years.

In particular, according to F. Kotler, Internet marketing is a direct form of marketing, ie one of the means of advertising. The scientist lists many features of Internet marketing [2]:

- 1) individuality - focus on a particular person;
- 2) customization - creation of the offer taking into account features of the client;
- 3) Efficiency - The offer to the customer can be made instantly.

The advantage of this tool is that it is gaining a foothold in the world of advertising. It is possible to observe that traditional marketing is gradually moving into the background and marketing aspects are turning into Internet marketing.

Internet technologies are in great demand in the activities of modern companies of different industries and sizes. Marketing research plays an important role in realizing the Internet marketing opportunities of companies. The large amount of data provided by the network allows you to conduct research in different areas, adapt them to the goals and needs of the company - to study the market in which it operates, analyze competitors, collect real and potential data [3]. Most importantly, a competitive advantage is created through these opportunities.

Dragunova I.V. According to him, in order to achieve competitiveness, service sector entities must have innovative activity and investment potential, the ability to implement R & D in the process [4].

Analysis and Results

By the 21st century, the services sector has become a sector that accounts for almost half of the world's GDP. The service sector plays an important role in the performance of developed countries. For example, 77.4 percent of US GDP is generated in the United Kingdom, 71.3 percent in France, 70.2 percent in Canada, and 69.1 percent in Japan.

The growth rate of GDP also depends directly on the services sector.

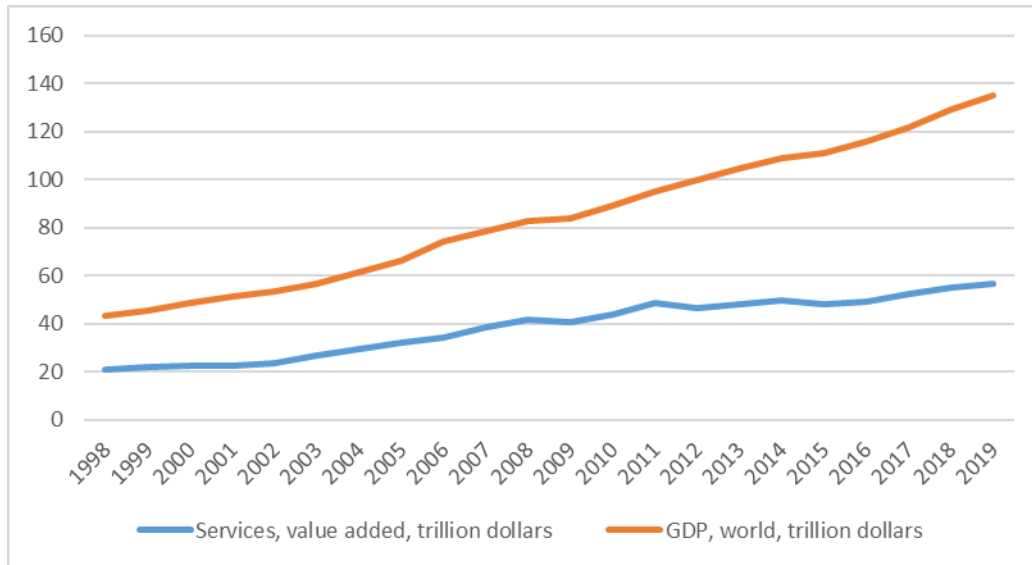


Figure 1. World GDP and services in 1998-2019 [6]

Empirical analysis of Model 1 shows that the correlation between world GDP and the volume of services is 0.98, an increase in the volume of services by one unit leads to a global GDP of 2.35 units.

Model 1. The relationship between GDP and the volume of services (value added)

Regression statistics	
Multiple R	0,982210566
R-square	0,964737595
Normalized R-square	0,962974475
Standard error	5,527663625
Observations	22

	<i>Odds</i>	<i>standard error</i>	<i>t-statistic</i>	<i>P-Value</i>	<i>Lower 95.0%</i>	<i>Top 95.0%</i>	<i>Lower 95.0%</i>	<i>Top 95.0%</i>
Y-intersection	- 6,9355902 25	4,0823123 31	- 1,6989366 96	0,1048344 39	- 15,451144 53	1,5799 64	- 15,451 1	1,5799 64
Variable X 1	2,3502523 72	0,1004733 46	23,391799 61	5,323473- 16	2,1406686 45	2,5598 36	2,1406 69	2,5598 36

It should be noted that in the era of digital transformation, it is necessary to use information and communication technologies in the service system to develop the services sector and increase their competitiveness.

When examining the relationship between services (value added) and the increase in the number of Internet users worldwide in 2005-2019, R in the majority was 0.95, indicating that it is possible to increase the volume of services by increasing the number of Internet users (Model 2).

Model 2. Regression analysis of the volume of services (value added) and the number of Internet users worldwide [7]

Regression statistics	
Multiple R	0,958541176
R-square	0,918801185
Normalized R-square	0,912555123
Standard error	2,122137949
Observations	15

	<i>Odds</i>	<i>standard error</i>	<i>t-statistic</i>	<i>P-Value</i>	<i>Lower 95.0%</i>	<i>Top 95.0%</i>	<i>Lower 95.0%</i>	<i>Top 95.0%</i>
Y-intersection	28,58116122	1,522280321	18,77522873	8,41829-11	25,29247453	31,86985	25,29247	31,86985
Variable X 1	7,177293935	0,591770249	12,12851431	1,838919-08	5,898852037	8,455736	5,898852	8,455736

It is even possible to increase the volume of services by 7.1 by increasing the number of Internet users worldwide by one.

However, increasing the number of Internet users is not enough to increase the competitiveness of the services sector, but also the use of information and digital technologies in the field of services.

Today, information technology is a key factor in increasing the competitiveness of the national economy, production efficiency, optimizing management processes, increasing labor and capital productivity.

Modern markets have changed and become largely dependent on the Internet. The speed of development of the trading platform is determined by the speed of data transmission over the network. Revolutionary changes are taking place. If in the past it took years to create a market, in the age of e-commerce a few days will suffice. The concept of the market itself is changing day by day.

Companies no longer need physical presence to enter a new market. Now customers do not have to visit the market during normal business hours.

The main advantage of e-commerce is the ability to meet customer needs more effectively. As a result, the number of new customers is increasing, customer loyalty is increasing and costs are decreasing [8]. Self-competitiveness and its criteria also take on a different meaning.

Competitiveness is a brand's ability to sell products and services in a market filled with similar products and services. Competitiveness determines how well a company is prepared to withstand competition in the market.

Competitiveness in the field of services can be increased in the following ways:

Development and introduction of new products;

Business redirection;

Maximize product benefits;

Increase brand loyalty

Collaborate with different vendors.

In modern times, none of these methods can be imagined without information technology. The Internet is the main tool in the development and sale of a new product, most surveys are conducted over the Internet; service provider websites will be created to promote sales, and services will be available online (e.g., purchasing air tickets, booking tour packages, insurance services, etc.).

Conclusion and Recommendations

The following is recommended during the study:

First, we need to reflect on the gains made in trade in goods, especially in the trade in goods, in order to move more forward by expanding digital commerce.

Second, science, technology, and innovation policy should be more service-oriented. Digital technologies are expanding the capabilities of the service sector beyond manufacturing and agriculture. For example, one can see how the pandemic has accelerated the transition to remote operation and online delivery of many services.

Third, in assessing the competitiveness of the service sector, it is necessary to take into account the level of its use of information technology, the role of Internet marketing in the service process.

Fourth, it is necessary to pay attention to the development of services as a key tool to increase GDP in the country and expand Internet capabilities to increase the volume of services. In addition to stimulating GDP growth, this method can also increase the level of competitiveness in companies.

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