SERVICES IN THE SECTOR COMPETITIVENESS INTERPRETATION OF REACHING MODERN THEORETICAL APPROACHES AND THEIR CONCEPTUAL COMPARATIVE ANALYSIS

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Abstract: *This article systematizes modern theoretical approaches to interpreting competitiveness in the service sector and provides a conceptual comparative analysis under digital transformation. It integrates the industry-based view (Porter), the resource-based view (RBV), dynamic capabilities, service-dominant logic, service innovation theories, and platform/two-sided market perspectives. The paper argues that digitization shifts value capture along the service chain toward "payments + data + customer interface," while execution becomes increasingly standardized. Methodologically, the study applies conceptual analysis and theoretical triangulation to propose a feedback-driven model: "inputs → digital maturity → service innovation → outcomes. " The results section includes comparative tables, indicator matrices, and schematic figures to support both academic interpretation and managerial implications. The main conclusion emphasizes safeguarding brand and customer interface, governing data assets, and building balanced partnerships with platforms as key competitiveness strategies for service providers.*

Keywords: *service sector, competitiveness, digital transformation, digital maturity, service innovation, platforms, two-sided markets, customer interface, data, dynamic capabilities.*

INTRODUCTION

The services sector has become a leading contributor to value added, employment and innovation in the global economy. However, interpreting the competitiveness of services in the traditional "cost-price-volume" logic is increasingly inadequate: in services, value is often created through experience , trust , time , personalization , customer interaction and information flows .

In particular, in the context of digital transformation, some parts of the service delivery process (for example, payment, order taking, support, channel management) can be "absorbed" by platforms and digital intermediaries. As a result, service providers face the risk of being reduced to the role of "executor".

Competitive theories also reflect this shift. While Porter's vision of strategy and competitive positioning focuses on market structure and differentiation [Porter, 1996, 62], the resource-based view (RBV) emphasizes internal sources of sustainable advantage (unique resources) [Barney, 1991, 101]. Dynamic capabilities, on the other hand, see the reconfiguration of resources in a rapidly changing environment as a crucial factor [Teece, Pisano, and Schuen, 1997, 515]. In the service sector, service-dominant logic (SD logic)

interprets value not in terms of "production" but in terms of "co-creation" [Vargo and Lusch, 2004, 6]. The platform economy, on the other hand, dramatically changes the distribution of value through two-sided markets and network effects [Rochet and Tirole, 2003, 992].

Therefore, the purpose of this article is to: (1) summarize modern theoretical approaches to interpreting competitiveness in the services sector; (2) compare them according to conceptual criteria; and (3) develop an integrative model and practical strategic conclusions in the context of digital transformation.

LITERATURE ANALYSIS AND METHODS

1) Modern theoretical approaches: a brief overview

1.1. Industry-network and strategic positioning (Porter)

In Porter's approach, competitive advantage is primarily related to the alignment of strategic choices and business systems : a company must be "different from others" and transform a specific value proposition into a strong chain [Porter, 1996, 64]. In services, this differentiation is often manifested in the form of service level, experience design, reliability, responsiveness, and quality of support. Porter's cluster concept is also important for regional service competitiveness: clusters can increase productivity, accelerate the pace of innovation, and stimulate new businesses [Porter, 1998, 80].

1.2. Resource-based approach (RBV)

According to the RBV, sustainable competitive advantage relies on resources that are "valuable, unique, difficult to imitate, and difficult to substitute" (VRIN) [Barney, 1991, 105]. In services, such resources may include: brand trust, customer base, service competencies, front-office employee culture, service standards, data warehousing, and analytics competencies.

1.3. Dynamic capabilities

In a digital environment, advantage is more about "how quickly you can adapt" than "what you have." The dynamic capabilities approach explains value creation through sensing, seizing, and reconfiguring resources [Teece, Pisano, and Shuen, 1997, 520]. In service firms, this means understanding customer needs in real time, digitizing processes, rapidly launching new channels, and iteratively improving the service package.

1.4. Service-dominant logic (SD logic)

SD logic places service at the center of economic exchange: value is co-created in the process of interaction with the customer [Vargo and Lusch, 2004, 8]. This approach helps to interpret service competitiveness as "customer experience + resource integration + relationship quality".

1.5. Theories of service innovation

Service innovation can occur through service concept, customer interface, delivery system and technological/organizational components [den Hertog, 2000, 498]. Gallouj and Weinstein analyze service innovation as a combination of service features and competencies [Gallouj and Weinstein, 1997, 540]. Digital transformation accelerates service innovation, often through data, platform and channel innovation.

1.6. Platform and two-way markets

In two-sided markets, the platform "tries to bring together" related user groups and distributes prices in both directions; network effects can bring the outcome closer to a "winner-take-most" dynamic [Rochet and Tirole, 2003, 1001]. Strategically, the risks of subsidization, "money side", multi-homing and envelopment are important in platforms [Eisenmann, Parker, and Van Alstyne, 2006, 95]. This increases the risk of losing the channel and the customer interface for service providers.

1.7. Digital business strategy

Digital strategy sees IT as a core component of the business, rather than an "add-on"; digital resources and capabilities are integrated with business strategy [Bharadwaj et al., 2013, 472]. In services, this reinforces the triad of "process digitalization + data management + platform capability".

2) Research methods

The article was completed in a conceptual research format:

• Theoretical synthesis: approaches were combined from the perspective of the service sector and digital transformation.

• Conceptual comparative analysis: approaches were compared in terms of unit analysis object, source of advantage, value creation mechanism, measurement indicators, and political/strategic implications (Table 1).

• Model construction: input factors → digital maturity → service innovation → results chain and feedback mechanism were schematically represented (Figure 1).

• Logical extrapolation: the shift in value share under platformization was graphically explained along the "service chain" (Figure 2).

DISCUSSION

1) The "service" nature of the concept of competitiveness

Competitiveness in the services sector is often characterized by the following characteristics:

1.Intangibility and experience : the customer relies on trust and reputation rather than "pre-testing"; this turns brand and service standards into strategic resources (RBV logic) [Barney, 1991, 107].

2. Simultaneous production and consumption : many services cannot be created without customer participation; this reinforces the idea of co-creation in SD logic [Vargo and Lusch, 2004, 10].

3. Process centrality : in a service, the process (customer journey) provides more value than the product. This is where the "fit of activities" in Porter's approach comes into play [Porter, 1996, 66].

2) Where is digital transformation happening in the competitive landscape?

Digital transformation repositions competition in three directions:

• Process digitalization: speed, accuracy, transparency increase; cost decreases; service quality stabilizes. This increases Porterian efficiency, but "operational advantage" itself is not a strategy [Porter, 1996, 61].

• Data management: deep understanding of customer behavior and needs; segmentation; personalization; forecasting; fraud detection; service quality monitoring. This

is interpreted as a unique resource in the RBV, and as a "sensing" mechanism in dynamic capabilities [Teece, Pisano, and Schuen, 1997, 521].

• Platform capability: multi-faceted ecosystem, partners, APIs and integration, network effects. This is directly related to the theory of two-sided markets [Rochet and Tirole, 2003, 1004].

3) Shifting "value share" and a strategic dilemma for service providers

In a platforming environment, value share is often:

• payment

• data

• the customer interface

level, as these links are strengthened by network effects and switching costs [Eisenmann, Parker, and Van Alstyne, 2006, 99]. Conversely, the traditional "execution" link may become standardized and subject to price competition.

This situation leads service companies to the following choices:

• (A) Joining the platform as an "executor" (rapid growth, but potential for reduced margins and customer engagement),

• (B) Maintaining its own brand and interface (requires more investment, but the sources of advantage are solid),

• (C) Balanced partnership (traffic/market from the platform, quality of service/trust and data strategy from the provider).

From Porter's perspective, platforms can also act as a "digital cluster": partners, services, payment systems, logistics, support are concentrated in one place [Porter, 1998, 80]. But the question of "who captures the value?" remains open.

RESULTS

Table 1. Main theoretical approaches to interpreting competitiveness in the services sector (comparative analysis)

Approach	Basic unit (unit of analysis)	Source of superiority	A comment suitable for "Service"	Strength in the digital age	Limitation
Porter strategy/position	Firm / network	Differentiation, compatibility of activities	Customer journey design, service system fit [Porter, 1996, 66]	Experience design + channel strategy	Does not fully expose the data/platform mechanism
Porter cluster	Area/ecosystem	Local business environment, cooperation-complementarity [Porter, 1998, 80]	Tourism, finance, IT service clusters	Ecosystem and integration logic	Territoriality is relative in digital "borderless" platforms
RBV	Firm	VRIN resources [Barney, 1991, 105]	Brand trust, service culture, customer	Viewing data and algorithmic resources as	Can remain static in rapid change

			base	"assets"	
Dynamic capabilities	Firm	Adaptation, reconfiguration [Teece, Pisano, and Shuen, 1997, 520]	Rapid prototyping, omnichannel, service package iteration	Suitable for numerical uncertainty	Difficult to measure, can become "all about ability"
SD logic	Network + client	Co-creation, resource integration [Vargo and Lusch, 2004, 10]	Puts experience and relationships at the center	Value is also created collaboratively on platforms	Value explains capture less
Service innovation (den Hertog)	Firm + client interface	New service concept, interface, delivery system [den Hertog, 2000, 498]	Customer interface is a strategic area	Explains digital channels	The platform does not model market power separately.
Service innovation (Gallouge–Weinstein)	Service features/competences	Competency combination [Gallowj and Weinstein, 1997, 540]	Services are viewed as "modules"	Service packaging and personalization	Does not separate the Data/AI effect
Two-sided markets / platform	Platform ecosystem	Network effects, price distribution [Rochet and Tirole, 2003, 1001]	Channel, payment and data become priorities	The value share explains the shift well	Service quality and internal competence may be secondary considerations
Platform strategy (Eisenmann et al.)	Platform competition	Subsidization, multi-homing, envelopment [Eisenmann, Parker, and Van Alstyne, 2006, 95]	Service providers may "lose interface"	Unveils the logic of digital competition	Interprets competitiveness more from a platform perspective
Digital business strategy	Firm	Digital resources + strategy integration [Bharadwaj et al., 2013, 472]	Service grows through "digital maturity"	The IT–business boundary is disappearing	Fewer institutional/territorial factors

Table 2. Digital service competitiveness indicator matrix (proposed system)

Block	Indicators (examples)	The idea of measurement	Which theory is strongly associated with
Process digitization	order turnaround time, error rate, self-service	"speed + stable quality"	Porter (activities), dynamic capabilities

	rate		[Porter, 1996, 61]
Data management	data quality (completeness), analytics coverage, personalization index	"depth of customer understanding"	RBV, dynamic capabilities [Teece, Pisano, and Shuen, 1997, 521]
Client interface	NPS/CSAT, conversion, retention, UX metrics	"experience advantage"	SD logic, service innovation [Vargo and Lusch, 2004, 10]
Platform opportunity	number of partners, integration/API, two-way growth rate	"network effects"	two-sided markets [Rochet and Tirole, 2003, 1004]
Service innovation	new channel share, new packages, customized services	"result of innovation"	den Hertog; Gallouge–Weinstein [den Hertog, 2000, 498]
Institutional environment (context)	standards, regulatory compliance, trust infrastructure	"confidence/speed of decisions"	cluster + platform strategy [Porter, 1998, 80]

CONCLUSION

The article shows that the "one theory fits all" approach to explaining competitiveness in the services sector is ineffective. In the context of digital transformation:

1.Porter's approach is strong in explaining service processes and strategic fit, but limited in explaining platform-data mechanisms independently [Porter, 1996, 61].

2. The RBV identifies intangible service resources (brand trust, information, competence) as the core source of competitive advantage [Barney, 1991, 105].

3. Dynamic capabilities focus on the speed of adaptation in a rapidly changing digital environment [Teece, Pisano, and Shuen, 1997, 520].

4. SD logic is particularly useful in explaining value creation and the experience economy together with the customer [Vargo and Lusch, 2004, 10].

5. Service innovation approaches (den Hertog; Gallouj–Weinstein) provide clearer ways to increase competitiveness through the service concept, interface, and delivery system [den Hertog, 2000, 498].

6. Platform and two-sided market theories suggest that the share of value is shifting to the "payment–data–interface" links, meaning that service providers are making the issue of "customer ownership" a strategic priority [Rochet and Tirole, 2003, 1004].

As a practical conclusion, three areas should complement each other to increase the competitiveness of service organizations:

- Strengthening the brand and customer interface (omnichannel, UX, experience design),
- Data asset and analytics management (data governance, personalization),
- Balanced collaboration with platforms (integration, transparent value distribution, multi-homing risk management).

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