

**Strategic Services Marketing**  
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**Week – 01**

**Lecture - 05**

**Services Ecosystem and Stakeholder Analysis**

Hello everyone, in this session we are going to evaluate what is Service Ecosystem? and what is the concept called as Stakeholder Analysis? Leading authors Virgo and Loesch in 2016 defined Service ecosystem as a relatively self-constrained, self-adjusting system of resource-integrating actors connected by shared institutional arrangements and mutual value creation through service exchange. Difficult to comprehend? Let us understand it in a layman's language. A service ecosystem refers to the interconnected network of organizations, individuals, processes and technologies that collaborate to deliver a complete service experience. It encompasses the entire environment in which a service is conceptualized, created, delivered and consumed by the consumers. Why Service ecosystem is important for our understanding? Because of three reasons. It talks about collaboration, it reflects efficiency of services that are to be provided and consumed by the consumers and it also deals with innovation capabilities.

For example, with respect to collaboration, a service ecosystem promotes collaboration among various stakeholders fostering a collective effort to meet customer needs. With respect to efficiency, service ecosystem enhances efficiency by streamlining processes, improving communication and optimizing resource allocation across the ecosystem. With respect to innovation, a well-designed services ecosystem encourage innovation as different components collaborate to bring new ideas and solutions to the market. So, what are the components of services ecosystem? At max, we can think of six different components of service ecosystem.

These are of course, service provider, then customers who are receiving or consuming those services, third being technology infrastructure, regulatory environment, then we

have suppliers and some intermediaries as well. So, all these components together make up and services ecosystem. Let us understand each one of these in detail. First is of course, the service provider. These are organizations or individuals directly involved in delivering the service.

Consumers are nothing but the end users or consumers of that particular service. With respect to technology infrastructure, the technological systems and platforms that support services and the delivery. Regulatory environment whereas, includes legal and regulatory frameworks that govern services operations. Coming to suppliers, these are external entities providing necessary inputs for the service and then we have intermediaries. The entities that facilitate or assist in the delivery of the service.

Let's understand this service ecosystem with an example. Let us say we are talking about a healthcare service ecosystem. So, who are going to be the service providers here? For healthcare service ecosystem, the service providers can be hospitals, clinics, doctors and even the nurses whereas, patients largely contributes as a customers. In this ecosystem, we have electronic health records and diagnostic tools serves as a technology infrastructure necessary to offer these kind of services. These hospitals, clinics, doctors and everything that falls under this healthcare service ecosystem is governed through health regulations and compliance to these particular regulations coming from the government.

With respect to suppliers, we can think of pharmaceuticals companies or any other medical tool or devices supply industry as a supplier for this kind of healthcare ecosystem. Coming to intermediaries, we can think of insurance providers, medical equipment suppliers and so on as intermediaries that are required so that the healthcare service ecosystem works efficiently. Let's have one more example. Overall, we can understand that in healthcare, a well integrated ecosystem ensures seamless patient care, efficient information sharing and compliance with healthcare regulations. Let's have another example.

Here, let's think of smart city as a service ecosystem. Then here, who are going to be the service providers? We have municipal bodies and utility companies like electricity and water. These can be considered as a service providers. In this particular ecosystem, city residents and businesses constitutes customers. They are going to use or consume the services offered by the service providers in this case.

Coming to technology infrastructure, smart cities nowadays required IoT sensors, data analytics platforms and so on. Coming to regulatory environment, we can have urban planning and governance policies looking at this particular ecosystem and then towards suppliers, we have technology vendors and energy providers can be thought of as in suppliers. With respect to intermediaries, we can think of smart city service integrators, the large bodies and corporates appointed by government can be looked at as an intermediaries. A service ecosystem in this case, for example, a smart city context facilitates the delivery of efficient public services such as waste management, transportation and energy utilization contributing to a sustainable and high quality urban living experience. Now, let us move on to the next concept that is stakeholder analysis.

Stakeholder analysis is a strategic process used in services marketing to identify and understand the various individuals, groups or even entities that have a vested interest in or can be affected by the particular service. This analysis helps in creating effective marketing strategies and ensuring that the needs and expectations of all stakeholders are considered. So, let's understand what are the different stakeholders for services. Here, we can identify different stakeholders for example, of course, the customers, employees who are involved in delivering or giving those services to the customers, the investors or shareholders for that matter, the suppliers of the input material or kind of allied services, government and of course, the competitors that are there in that particular market. With respect to customers, the primary stakeholders are the customers who directly consume or experience the service.

With respect to employees, these are frontline staff or customer service representatives and other employees that play a crucial role in service delivery. With respect to investors and shareholders, these are the individuals or entities financially invested in the success of the particular service provider. Coming to suppliers, those providing essential inputs for the services. Coming to government regulators, we have entities responsible for industry regulations and compliance and finally, competitors. These are nothing but the other firms offering similar services in the market.

So, after identifying particular stakeholders, the next task is to prioritize those kind of stakeholders. Here, we can prioritize or group them into three different segments or clusters. First, primary stakeholders. Customers are often considered as a primary

stakeholders due to their direct impact on the success of the service. Whereas, secondary stakeholders are employees, suppliers and investors who hold a significant influence in service delivery and service quality.

Finally, third group constitutes of tertiary stakeholders that involves entities like regulatory bodies and competitors which may have an indirect, but noteworthy impact on services. While prioritizing stakeholders, it is important to understand each one groups influence with respect to three different aspects power, interest and expectations. Power deals with evaluating the level of influence each stakeholder has on decision making and services outcome. Interest refers to assessing the degree of interest or concern each stakeholder has in the service and its success. Whereas, expectations deals with understanding the expectations, needs and concerns of the each stakeholder group.

Why stakeholder analysis is important? It is important for multiple reasons in the context of services marketing. For example, stakeholder analysis can influence service design and delivery, marketing strategy development, risk management at that particular firm, enhanced relationships with all the stakeholders and most importantly legal and ethical compliance with the regulations. Let us understand each one of these in detail. Service design and delivery and the role of stakeholder analysis. Stakeholder analysis helps in tailoring services to meet the expectations and needs of key stakeholders ensuring better customer satisfaction.

Moreover, stakeholder analysis enables the development of marketing messages and campaigns that resonate with the particular priorities and concerns of different stakeholders. Going further with respect to risk management, stakeholder analysis identifies potential conflicts or challenges that may arise with different stakeholders allowing for proactive risk management tools. Coming to enhanced relationships, stakeholder analysis and its results can foster positive relationships with stakeholders leading to stronger partnerships, customer loyalty and even employee satisfaction. And finally, coming to legal and ethical compliance, conducting stakeholder analysis ensures that marketing strategies comply with the regulatory requirement and ethical standards avoiding potential legal issues. Let's understand its importance with an example for each one of these particular benefits.

First, with respect to service design and delivery. Example we can have here is of Apple Inc. with special reference to offering a great experience to the customers in their Apple stores. Apple focuses on creating a unique and customer centric retail experience in its stores. So how this experience is going to affect one of the stakeholders? For example, customers are the primary stakeholders and their desire for a seamless interactive shopping experience influences the store layout, product displays and even staff training.

Hence, the design and delivery of services at Apple stores are tailored to meet customer expectations fostering a positive and memorable shopping experience. Coming to importance of stakeholder analysis for marketing strategy development, we can have an example of Nike which wants to get into sustainable product messaging for all of its products. Here, Nike emphasizes sustainability in its marketing messages for athletic shoes and apparel. Here, investors and environmentally conscious customers are the key stakeholders. Their expectations for responsible business practices influences Nike's marketing strategy.

And hence, Nike's marketing messages highlight sustainable materials and eco-friendly practices aligning with stakeholder expectations and enhancing brand image. With respect to risk management and the role of stakeholder analysis, we can have an example of Johnson & Johnson and how they handled the Tylenol crisis. During the Tylenol tampering crisis, Johnson & Johnson faced a significant risk to its brand and customer trust. Here, customers and investors were major stakeholders and addressing their safety concerns was crucial for brand recovery. So what did Johnson & Johnson do? Johnson & Johnson swiftly recalled Tylenol, implemented tamper-evident packaging, and communicated transparently this particular issue to the customers and investors.

This act mitigated risk, rebuilt customer trust, and maintained investor confidence as well. Coming to enhanced relationships and the role of stakeholder analysis for this, we can have an example of Amazon with respect to their customer-centric approach. Amazon's customer-centric approach prioritizes customer satisfaction in its services. Customers and employees here are primarily stakeholders. Amazon's focus on customer experience positively impacts employee moral and customer loyalty.

Hence, strong relationships with customers and employees contribute to Amazon's

success as satisfied customers become repeat buyers and employees are motivated to deliver exceptional services. Coming to legal and ethical compliance and the role of stakeholder analysis, we can have an example of Google with respect to how it complies with the privacy regulations. Google's handling of user data and privacy are major concerns. Here, customers and regulators are now the significant stakeholders. Meeting legal and ethical standards in data protection is crucial to maintain trust.

Hence, Google continually adapts its services to comply with privacy regulations, addressing concerns raised by customers and regulators, and avoid legal challenges. Now, let us look at the steps in conducting stakeholder analysis. We start with first of course, the identification of stakeholders. Then comes prioritize them, then we can understand stakeholder needs and expectations. Once you understand these needs of specific stakeholder group, you assess stakeholder power and influence the most crucial step right.

Then we go for mapping stakeholder relationships, then determine communication channels to communicate with these different types of stakeholders, consider stakeholder interest, and finally identify risk and opportunities. Once these steps are done, we go to the final kind of you know strategic steps where we tend to develop engagement strategies focusing on each stakeholder group in a different way, implement action plans of course, monitor and adjust those plans on time basis, and then finally incorporate feedback into the system so that we can start with the next cycle. Let us understand these steps a little bit more. First step, identify stakeholders. The task here for service provider is to identify all individuals, groups or organizations that can affect or are affected by the service.

This includes both internal and external stakeholders. Second step is prioritizing stakeholders. Prioritize stakeholders based on their level of influence and interest in the service. This helps in focusing efforts on those who have the most significant impact. In the next step, we try to understand stakeholder needs and expectations.

Analyze the needs, expectations, and concerns of each stakeholder group. Consider what each group values and how they perceive the service. Next step is understanding stakeholder needs and expectations. Here, we try to analyze the needs, expectations, and concerns of each stakeholder group. We try to consider what each group values and how they perceive the service.

In the next step, we try to assess stakeholder power and influence. Evaluate the power and influence each stakeholder holds over the service. This involves understanding their ability to impact decision-making and services outcome. Next step deals with identifying risks and opportunities. Here, we will try to assess potential risks and opportunities associated with each stakeholder group.

And we try to identify areas where collaboration can lead to positive outcomes and potential areas of conflict. Next step deals with considering stakeholder interest. Here, we will try to understand the broader interest and goals of each stakeholder group and then recognize how the success or failure of the service may align or conflict with these interests. In the next step, we will try to map stakeholder relationships. Here, we try to create a visual representation of stakeholder relationships, identify connections, dependencies, and even potential conflicts between different stakeholder groups.

In the next step, we are focusing on determining communication channels. We need to identify the most effective communication channels for each stakeholder group and consider how information should be shared to ensure effective communication. Then, we will move on to develop engagement strategies. Here, as a service provider, we tend to formulate strategies for engaging with each stakeholder group. Here, we determine how their impact can be sought and how their concerns can be addressed to build positive relationships.

In the next step, we implement those actions plan. Here, based on the analysis, we develop action plans to address stakeholder needs, mitigate risk, and leverage opportunities. These plans should align with the overall services marketing strategy. Coming to the next stage, which deals with monitoring and adjusting those plans.

Next step deals with monitoring and adjusting. Here, we regularly monitor stakeholder dynamics and revisit analysis as needed. We try to adjust strategies and actions based on changes in the stakeholder expectations or the external environment as well. Coming to the next step of incorporating feedback. Here, we actually seek and incorporate feedback

from stakeholders. This step ensures that their perspective are considered and adjustment can be made to enhance service delivery.

The most crucial step while conducting stakeholder analysis is with respect to grouping and prioritizing stakeholders. In this aspect, Mandalow's metrics given in 1991 is a best tool in terms of as it considers both power and interest of stakeholders to group them into different baskets. In this matrix, we have interest put across x axis and power on y axis. We can have both the power and interest either low or high in that particular scenario. So, what are the four cluster that we have found? First of course, high power and high interest, we have high power and low interest, then low power and high interest, and low power and low interest.

In high power high interest scenario, these are your most important stakeholders and one should prioritize keeping them happy with your projects or services and so on. Second group deals with high power and low interest. Because of their influence in the company, one should work to keep these people or stakeholders satisfied. But because they haven't shown a deep interest in your project or services, you could turn them off if you over communicate with them.

Third group deals with low power high interest. You will want to keep these people informed and check in with them regularly to make sure they are not experiencing problems on the project. Finally, low power and low interest group. Just keep these stakeholders informed periodically, but do not overdo it. Coming to the common stakeholder analysis mistakes we should avoid as a services marketer. The first one here is falling to consider and address all stakeholder groups.

In this step, don't take your most supportive stakeholders for granted, because you are so focused on managing the interest of the more difficult groups. Second mistake that we can make is with respect to not creating a strong roadmap to handle problem stakeholders. One of the best way to handle objections is to create a rock solid product or service roadmap that can help the team get easily buy in. This also refers to your contingency plan. Third mistake that we may make with respect to is ignoring the need for a holistic action plan to address stakeholder concerns.



Create a holistic plan to cover each stakeholder category that we have listed. If you address the needs of some prominent stakeholders and completely ignore the others because they yield less influence, it can lead to misalignment and loss support. The fourth mistake one can make is with respect to overlooking recommendations for improvements because of opposition from key stakeholder groups. After implementing your stakeholder communication plans, analyze what's not working and outline some improvements. You will struggle to improve your services if you do not follow through on these improvements because of stakeholder objections.

So, always look out for these recommendations and address those objections to improve your services and the quality and efficiency of them. So, in this lesson we try to evaluate what is services ecosystem and how to conduct and what is the importance of stakeholder analysis. Thank you. Thank you.