iSEI™

INDEX OF SERVICE
EXCELLENCE IN INDIA

AIM
ACADEMY
of Indian Marketing

AIM - PARASURAMAN
CENTRE FOR SERVICE
EXCELLENCE

JAGSoM
JAGDISH SHETH SCHOOL OF MANAGEMENT

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PREAMBLE: GENESIS OF THE INDEX OF SERVICE EXCELLENCE IN INDIA (*i*SEI)

In 1989, Professor Claes Fornell and his colleagues at the University of Michigan helped Sweden build the first nationwide measurement system for gauging customer satisfaction – the Swedish Customer Satisfaction Barometer (SCSB) (Fornell, 1992). In 1994, the American Customer Satisfaction Index (ACSI) was launched (Fornell et al., 1996). In the mid-1990s, the notion of creating a Customer Satisfaction Index (CSI) was gradually recognized by governments and companies worldwide as an insightful summary measure of a company's or nation's ability to satisfy customers. Many of the mature and emerging economies have since adopted nation-level CSIs such as the German Customer Satisfaction Barometer (GCSB), the Norwegian Customer Satisfaction Barometer (NCSB), the Swiss Index of Customer Satisfaction (SWICS), the Korean Customer Satisfaction Index (KCSI), and the Malaysian Customer Satisfaction Index (MCSI). In addition, Brazil, Argentina, Mexico, Canada, Australia, Hong Kong and some regions like Taiwan, have worked on building their own CSI systems. Given its apparent objectivity, parsimony and simplicity, a CSI-type metric has even been backed by some governments as a tool for benchmarking and improving customer satisfaction in various sectors.

In India, thus far there has not been any comprehensive effort to assess customer satisfaction at the national level as well as across and within various sectors. While many individual companies and some industries in India do monitor customer satisfaction on a regular basis, to date there is no credible general index of service excellence at the national level. At the same time, the contribution of services to the overall Indian economy, and the interest in improving customer service among private and public sector companies, have been growing rapidly. The Jagdish Sheth School of Management (JAGSoM) has taken the lead in developing an Index of Service Excellence in India (*i*SEI), under the mentorship of Prof. A. Parasuraman, whose pioneering work in the areas of service quality measurement and improvement [e.g., the "GAPS" Model (Parasuraman et al., 1985) and the SERVQUAL scale (Parasuraman et al., 1988)] are globally known in both academic and practitioner circles. Anchored in the underlying principles of that body of work, the *i*SEI is intended to generate service excellence scores at the national, regional, sector and company levels.

In early 2019, an initial version of the *i*SEI was developed and evaluated through customer surveys in two metro areas (Bengaluru and Mumbai). This pilot study involved five companies in the retail banking sector (State Bank of India, Bank of India, Punjab National Bank, HDFC Bank, ICICI Bank) and five companies in the e-commerce sector (Flipkart, Amazon, MakeMyTrip, Big Basket, SBI Online). Data for the pilot study was collected from a total representative sample of 2000 respondents (100 respondents for each company from each metro area). Kantar IMRB, one of the leading market research agencies in India, was commissioned to carry out the fieldwork for the study.

Findings and insights from this pilot study were presented during an inaugural event held in Bengaluru on 26th July 2019 to announce the establishment of the **AIM** (Academy of Indian Marketing) - **Parasuraman Centre for Service Excellence** at JAGSoM (which was then known as IFIM Business School). The event was well attended by practitioners, academics, and the business press. Despite the pilot study's limited scope, the findings (a) generated considerable interest among and discussion by the event attendees; (b) demonstrated adequate reliability and validity of the overall approach for developing the index; (c) suggested further refinements to improve the approach in future editions of the index; and (d) raised several intriguing questions for managers and researchers to explore further.

Encouraged and informed by the aforementioned learnings from the pilot study the ***i***ESI team at JAGSoM refined the ***i***ESI methodology and designed a broader pan-India study involving more sectors and companies. Implementing this study had to be put on hold for over two years due to the COVID-19 pandemic. The study has now been completed and the team is pleased to share details about the study, the findings and next steps in this brochure. The findings were also presented in a gala event hosted by JAGSoM on 20th December 2023 in Bengaluru to formally launched the ***i***SEI.

*i*ESI METHODOLOGY

The *i*ESI methodology is embedded in the theoretical underpinnings of the conceptual GAPS model of service quality and the SERVQUAL scale for assessing service quality. The basic building blocks of the *i*ESI are the five SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance and empathy) and scores (based on customer surveys) reflecting the "gaps" between what customers believe true service excellence represents in a given sector and the level of service they believe a given company actually delivers on the five dimensions. The dimension-level scores are weighted by the relative importance of the five dimensions (using corresponding importance weights derived from customers' responses) and then aggregated to produce an overall index value ranging from 0 to 100.

To develop the initial version of the *i*SEI for the pilot study mentioned in the preamble, the *i*SEI team began with the original set of 22 questions spanning the five SERVQUAL dimensions. Then, through an iterative process involving discussions of those questions vis-à-vis the Indian context and the retail banking and e-commerce sectors involved in the pilot study, the team developed a set of 15 questions (with 3 questions for each of the five dimensions). The iterative process for developing the 15 questions was also informed by an "e-SERVQUAL" scale developed by Parasuraman et al. (2005) to assess service quality when customers interact with websites (as in e-commence contexts), rather than with physical stores and service personnel. While there are some differences between the e-SERVQUAL and the original SERVQUAL scales, the underlying dimensions of e-SERVQUAL have been shown to map on well to the five SERVQUAL dimensions (Parasuraman, 2013).

Informed by learnings from the pilot study, the *i*SEI team further refined and simplified the 15 core index questions included in the survey for the present pan-India study. The survey instrument asked customers to rate the subject company's performance on each of the 15 core service attributes using a 0-10 scale, where 10 represents "Excellent" and 0 represents "Extremely Bad." The survey instrument also included a 100-point constant-sum scale on which customers indicate the relative importance they placed on each of the five dimensions by allocating a certain number of points (out of 100) for each dimension. The relative importance weights derived from these point allocations can be used to derive a weighted *i*SEI. To assess the index's predictive validity (i.e., ability to predict accurately potential behavioral consequences of service excellence), the survey instrument included four outcome measures relating to the strength of customers' attachment to a company (customers responded to each on a 0-10 scale): (1) overall satisfaction with the company [0 = "Extremely Unsatisfied," 10 = "Extremely Satisfied"]; (2) likelihood of continuing to do business with the company [0 = "Extremely Unlikely," 10 = "Extremely Likely"]; (3) preference for the company relative to other competitive options [0 = "Extremely Low," 10 = "Extremely High"]; and (4) likelihood of recommending the company and its services to others [0 = "Extremely Unlikely," 10 = "Extremely Likely"].

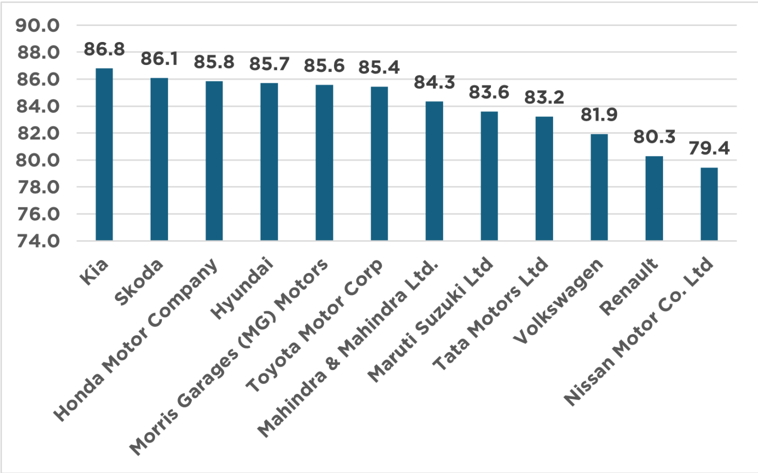
OVERVIEW OF DATA COLLECTION PROCESS IN THE PAN-INDIA *i*SEI STUDY

The pan-India *i*SEI study covered two mega-metros (Delhi and Mumbai), four metros (Bengaluru, Chennai, Hyderabad and Kolkata), and four mini-metros (Ahmedabad, Coimbatore, Ludhiana and Patna). Borderless Access [https://borderlessaccess.com], an award-winning market research firm with considerable expertise in conducting online consumer-panel studies, was commissioned to collect all index-related data for four major sectors: banking, automobile service, e-commerce—groceries and e-commerce—apparels. For each of these sectors the firm recruited a representative sample of pre-screened respondents from the aforementioned ten cities and conducted a separate online survey. The total sample size for the study was 6600 respondents, distributed as follows across the four sectors: 1800 for automobile service, 2000 for banking, 1400 for e-commerce—apparels, and 1400 for e-commerce—groceries. The study covered all brands/companies in each of the four sectors.

KEY FINDINGS AND INSIGHTS FROM THE PAN-INDIA *i*SEI STUDY

A major goal of the *i*SEI is to facilitate ranking of brands/companies based on the overall level of service excellence they deliver to their customers. In the automobile-service sector, the *i*ESI scores (on a 100-point scale) for the various companies range from a high of 86.8 to a low of 79.4 as shown in the figure below.

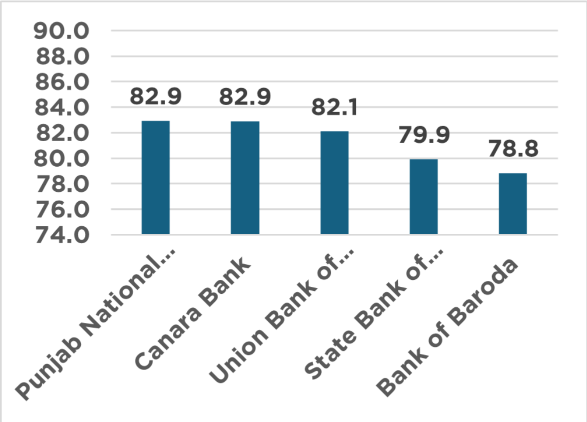
RANK-ORDERED LIST OF AUTOMOBILE-SERVICE COMPANIES



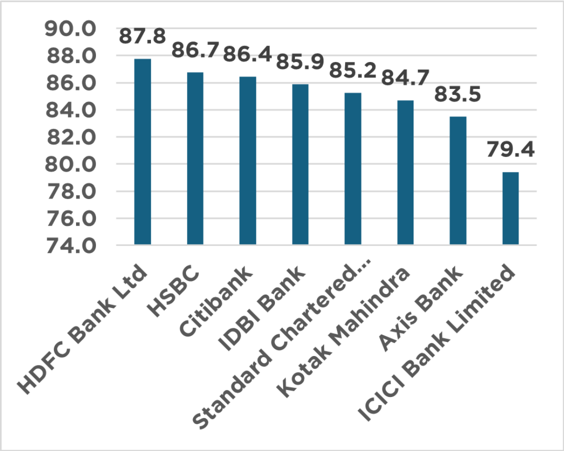
In the banking sector, the *i*ESI scores for the various banks range from 87.8 to 78.8 as shown in the figure below.

RANK-ORDERED LIST OF BANKS

Public Sector Banks

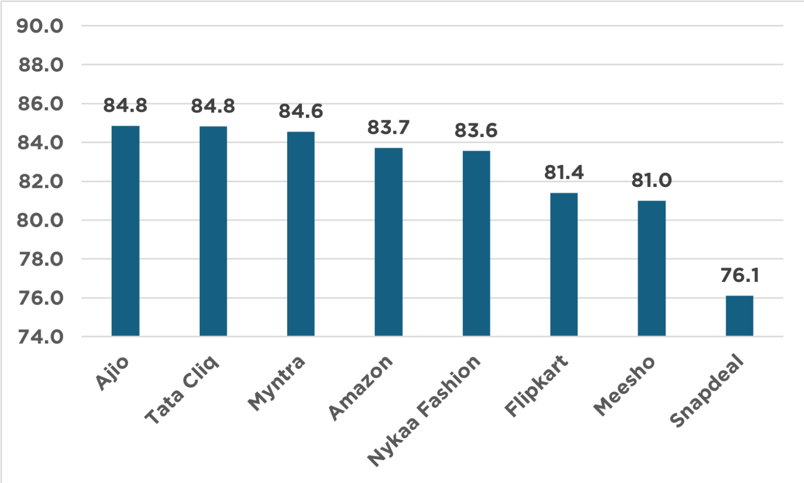


Private Sector Banks



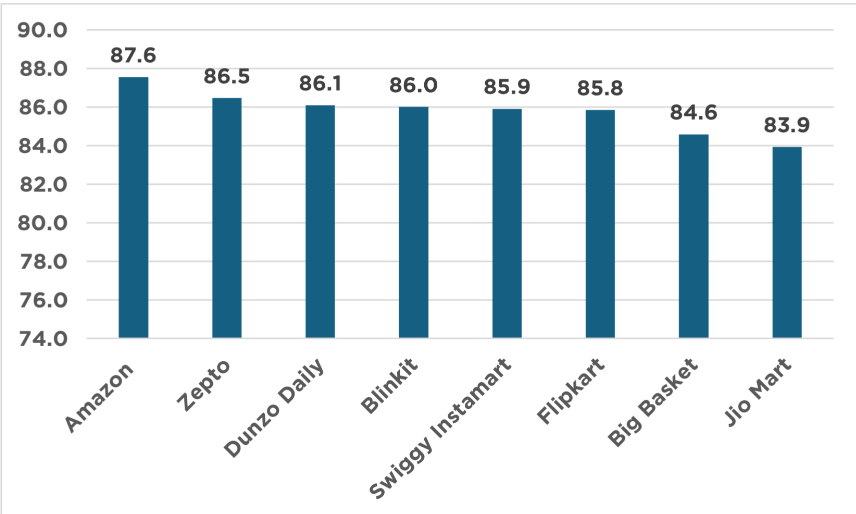
In the e-commerce—apparels sector, the *i*ESI scores for the various brands range from 84.8 to 76.1 as shown in the figure below.

RANK-ORDERED LIST OF ONLINE APPAREL BRANDS



In the e-commerce—groceries sector, the *i*ESI scores for the various brands range from 87.6 to 83.9 as shown in the figure below.

RANK-ORDERED LIST OF ONLINE GROCERY BRANDS



Apart from the above ranking of companies/brands **within** each sector, a comparison of *i*SEI scores **across** sectors reveals some interesting patterns. For instance, in the two traditional sectors (automobile-service and banking) the range of index scores is wider (with more separation among competitors) than in the two e-commerce sectors. With the exception of Snapdeal, the *i*SEI scores for competitors within each of the two e-commerce sectors do not vary much. In contrast, within each of the two traditional sectors there is a more discernable and distinct separation across the various competitors. Potential reasons for and implications of these intriguing patterns are worth exploring by researchers and practitioners.

Further analyses of the *i*SEI scores within and across sectors vis-à-vis factors such as location (i.e., mega-metro/metro/mini-metro) and respondent demographics (e.g., gender, age, income) revealed a number of additional patterns/questions worthy of further investigation. For instance, in all four sectors, the overall index score (combined across all brands) was consistently the lowest in mega-metros and highest in mini-metros. As another example, in all four sectors there was no significant difference between the overall index scores for males and females. In contrast, there was a discernable positive association between the overall index scores and family income (categorized as high, medium or low), with the combined scores consistently being the highest in the high-income segments and lowest in the low-income segments. It would be instructive to further investigate intriguing patterns such as these.

Psychometric analyses of the data generated by the refined 15-item scale (spanning the five dimensions of the original SERVQUAL scale and forming the core of the *i*SEI) revealed strong evidence in support for the scale's (and hence the *i*SEI's) reliability and validity. Specifically, reliability as assessed by the well-established "Cronbach's alpha coefficient" metric was consistently high in all four sectors—against a traditional minimum required value of 0.7, the Cronbach's alpha values exceeded 0.8 for all five dimensions in each of the sectors. In addition, the scales used to construct the *i*SEI showed strong predictive validity—the correlations between the *i*SEI scores and each of the four downstream outcome measures (overall satisfaction, repeat-purchase likelihood, preference over competitors, recommendation likelihood) were positive and statistically significant in all four sectors.

ADDITIONAL INSIGHTS

The study yielded several other interesting insights. Here are some examples:

WILLINGNESS TO RECOMMEND

In the realm of customer advocacy, gender plays a significant role, with women emerging as the champions of endorsement across the board.

AGE-RELATED DIFFERENCES

Age appears to play a significant role in shaping customer assessments of service excellence in all four sectors, with younger customers displaying consistently lower index scores than their older counterparts.

IMPACT OF CITY TYPE

Customer satisfaction and behavioral intentions are consistently stronger in mini metros than in mega metros.

BRAND LOYALTY

Higher index scores are consistently associated with a higher likelihood of continuing to patronize a company and recommending it to others.

DRIVING GROWTH THROUGH CUSTOMER UNDERSTANDING: RELEVANCE OF *i*SEI PAN-INDIA STUDY FOR THE FOUR SECTORS

In addition to developing the Service Excellence Index for the banking, automobile, e-commerce-apparel, and e-commerce-grocery sectors, this comprehensive pan-India study delves into the intricacies of customer behavior. It unveils valuable insights about the relationship between the index and the demographic / psychographic variables. By understanding these correlations, businesses can gain a deeper insight into their customer segments, enabling them to devise strategies to enhance their customers' service experience. In the next edition, the pan-India study will be expanded to encompass three new sectors: Insurance (Health & Life), Airlines, and Health Care, covering the entire Indian market.

ABOUT THE AIM-PARASURAMAN CENTRE FOR SERVICE EXCELLENCE

The aspirational – and inspirational – vision for the Centre is to serve as a catalyst for bringing together and facilitating interactions among companies, academic scholars, and students (who are would-be managers and scholars down the road). This Centre can be envisioned as a three-pillared structure, with the Centre's vision atop the structure and supported by three interlinked pillars: (a) practitioners from various sectors, (b) research scholars from academic institutions and (c) students being trained at academic institutions.

As implied by the aforementioned vision, the broad goals of the Centre are to make significant contributions relating to service excellence in three intertwined domains – managerial insights, research scholarship, and pedagogy. The Centre aims to foster rigorous research on an ongoing basis in the area of service excellence and (a) generate new insights for managerial practice, research scholarship and pedagogy **("knowledge creation")**, (b) propagate those insights through publications, presentations, press releases, etc. **("knowledge dissemination")** and (c) facilitate the application of those insights in companies, in further scholarly research, and in the classroom, through consulting projects, research symposia, case studies, etc. **("knowledge implementation").**

The Centre will leverage the rich cross-functional faculty strengths of JAGSoM (especially in the areas of Digital Business, Analytics, Services Marketing), as well as its external collaborations with companies and other institutions, in continuously creating, disseminating and implementing new knowledge pertaining to service excellence.

Once the Centre is fully operational, it will offer a variety of reports and services such as the following:

*i*SEI BENCHMARKING REPORTS:

These reports, published on a regular basis (say, semi-annually) and released to the business press, will provide overall service excellence scores for companies in all major sectors and offer a comparative discussion of those scores within and across sectors. Companies can make use of this publically available information as a starting point to conduct deeper, within-company analyses to diagnose service shortfalls and develop corrective actions to enhance their customers' service experience.

STATE-OF-THE-FIELD REPORTS:

The Centre will publish periodic reports on the latest developments and findings on service excellence and create a community of researchers and practitioners to advance adoption of best practices for achieving service excellence.

CUSTOMISED REPORTS:

The Centre will provide customised reports to individual companies that seek the Centre's assistance in addressing specific questions that can be researched with the help of data generated for computing the index scores.

CUSTOMISED RESEARCH AND CONSULTING:

The Centre will also provide customised research and consulting services to organizations wanting to bridge gaps and build excellence in their service delivery. The *i*SEI methodology can be adapted and customised to suit a variety of business needs, such as providing datadriven insights to enhance service designs and processes, to improve the customer experience journey, and to develop service-based strategies for achieving and sustaining competitive advantage.

CORPORATE MEMBERSHIP BENEFITS:

This will be an exclusive suite of sponsorship-based benefits (e.g., service-excellence symposia, corporate roundtable discussions related to service challenges, forums for knowledge-sharing interactions between service practitioners and academics, etc.), offered to companies that sign up to become corporate members of the Centre.

The above-listed reports and services are related primarily to the practitioner pillar of the three-pillared structure supporting the Center and its vision. The Center will also enact a comparable and related set of activities and services vis-à-vis the research-scholarship and the pedagogy pillars. For instance, the Center will actively pursue an outreach program to partner with major educational and research institutions interested in service excellence. An important component of the Center's aspirational vision is to become an overarching catalyst for connecting like-minded academic institutions so as to create a country-wide consortium of research scholars and educators who can help accelerate the creation and dissemination of new knowledge as well novel pedagogical approaches pertaining to service excellence.

ACTIVITIES ACCOMPLISHED BY AIM-PARASURAMAN CENTRE FOR SERVICE EXCELLENCE

INDEX OF SERVICE EXCELLENCE

The Centre has executed an extensive data collection and analysis initiative aimed at formulating the Service Excellence Index for prominent firms across key sectors of the economy, including automobile service, banking, e-commerce apparel, and e-commerce grocery. The outcomes of the data analysis reveal the comparative rankings of these firms based on their customers' assessments. Additionally, the index establishes a noteworthy correlational relationship with future customer outcomes, such as loyalty and the likelihood of recommending the services.

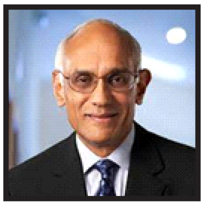
MDPs

The Centre conducts specially designed Management Development Programs (MDPs) tailored to the needs of the industry. These programs serve as a conduit for translating cutting-edge management research insights into practical managerial language, enabling industries to leverage the latest advancements. Notably, an exemplary MDP was conducted for Gallagher Services, India, spearheaded by Dr. Parasuraman and his team at the Centre, resulting in highly positive feedback. Similarly, the Centre conducted an interactive session with the senior executives of Porter, an end-to-end logistics platform to understand their challenges and identify the opportunities within their scope of operations.

TALK SERIES ON SERVICES

The Centre has initiated a talk series to disseminate insights from cutting-edge academic research among practising industry professionals. These talks, delivered by renowned professors, have been critically acclaimed for the innovative solutions and insights that they provide to the current problems of the industry. Some recent talks in the series include: **Frightful or Fantastic - Acceptance of Robot interactions in Service** by Prof. Jenny van Doorn, University of Groningen, The Netherlands; **Sustainable Service Management in a New Digital Era - Are We Ready?** by Prof. Werner H. Kunz, University of Massachussets, USA; and, **Subscription Based Growth - Implications for Revisiting Customer Success in B2B** by Prof. Wolfgang Ulaga, INSEAD.

FOUNDING MEMBERS OF AIM-PARASURAMAN CENTRE FOR SERVICE EXCELLENCE



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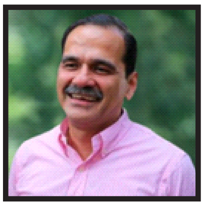

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ABOUT JAGSoM

JAGSoM is today amongst the 12 leading Indian B-schools which are AACSB accredited and which feature in the QS World University Global Rankings 2024. JAGSoM is ranked in the QS Business Masters Global Rankings 2024 in the 101+ Band for PGDM Marketing, 101+ Band for PGDM Business Analytics, and 151+ Band for PGDM Finance.

JAGSoM is ranked Number 2 amongst B-Schools in Bangalore. It has emerged as a Top Business School in terms of Future Orientation and Learning Experience. JAGSoM is Ranked All-India Number 10 for Future Orientation and Ranked All-India Number 14 for Learning Experience by the Business Today – MDRA Business School Rankings 2023.

JAGSoM is Ranked Number 13 amongst the Private Business Schools of India by the Business Today – MDRA Business School Rankings 2023.

Programs at JAGSoM include:

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Prepares participants for their desired career goals through 'Role defined Career Tracks'.

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iv) 2 Year PGDM (HRM Major): Digital HR

2. 2 YEAR PGDM ENTREPRENEURSHIP

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- For grooming high performers as Business Heads.
- For companies to fast-track their Functional Specialists to become SBU Heads.

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- State University of New York, Albany, USA
- University of Texas at Arlington, USA
- KEDGE Business School, France

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- Liberal Professional Curriculum.
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B. 5 YEAR INTEGRATED PROGRAM IN MANAGEMENT – BBA + MBA

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- Complete the BBA and MBA across the two campuses of JAGSoM (Bangalore & Greater Mumbai).

C. INTERNATIONAL PATHWAY OPTIONS

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- **4 YEARS AT JAGSOM GREATER MUMBAI AND 1 YEAR AT ANY OF OUR INTERNATIONAL PARTNER SCHOOLS:**
    - State University of New York, Albany, USA
    - University of Texas at Arlington, USA
    - KEDGE Business School, France

II. BBA MSC PROGRAM

- 3 years at JAGSoM and 2 years at Lucerne School of Business, HSLU, Switzerland.

III. INTERNATIONAL BBA

- 2 years at JAGSoM and 2 years at any of our International Partner Schools:
    - KEDGE Business School, France
    - University at Albany, State University of New York, USA

JAGSoM has four distinct anchors that support its overall educational philosophy:

- JAGSoM focuses on creating futuristic careers in new-age industries for new age roles aligned to Industry 4.0 through 'Role defined Career Tracks'.
- Pedagogy of 'Learning by Solving' through industry supported business problems as live projects.
- Programs are delivered by domain specialist faculty – an eclectic mix of professionals with experience in Industry and academically trained Ph.Ds from top institutions.
- Global connects through partnerships with internationally acclaimed business schools.

For more information, please visit https://jagsom.edu.in/

ABOUT ACADEMY OF INDIAN MARKETING (AIM)

Founded in 2009, Academy of Indian Marketing (AIM) is a consortium of leading management institutions offering world class management education and research activities through doctoral and equivalent programs.

AIM was conceived by two marketing scholars in two different continents. Dr. Jagdish Sheth (Atlanta, USA) and Prof. Neelemegham (India). With Dr. Sheth and Prof. Neelamegham at the helm, deans and directors of India's top rated business schools / institutions were convinced that a common platform was a boon to nurture the research activities in the Marketing domain, leading to the formation of AIM.

AIM has successfully hosted/supported various conferences and doctoral consortium and is committed to its vision and mission of promoting research in the area of marketing and promoting marketing as a discipline with active support from academia and industry.

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