



INDEX OF SERVICE
EXCELLENCE IN INDIA

e-COM APPAREL SECTOR



AIM - PARASURAMAN
CENTRE FOR SERVICE
EXCELLENCE



PREAMBLE: GENESIS OF THE INDEX OF SERVICE EXCELLENCE IN INDIA (iSEI)

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 (iSEI), 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 iSEI is intended to generate service excellence scores at the national, regional, sector and company levels.

In early 2019, an initial version of the iSEI 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 iSEI team at JAGSoM refined the iSEI 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 launch the iSEI.



iSEI METHODOLOGY

The iSEI 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 iSEI 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 iSEI for the pilot study mentioned in the preamble, the iSEI 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-commerce 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 iSEI 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 iSEI. 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 iSEI STUDY

The pan-India iSEI 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 ecommerce—apparels. For each of these

sectors the firm recruited a representative sample of prescreened 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 ISEI STUDY OF BANKING SECTOR

The fashion and apparel sector in India holds a prominent role in driving the country's economy. With its rank as the world's second-largest producer of textiles and garments, it is evident that this industry holds immense importance. Beyond contributing significantly to India's GDP, it is a key player in creating jobs and boosting export revenues. According to IBEF Textiles and Apparels Industry report (Aug 2023), the predicted Compound Annual Growth Rate (CAGR) of 10% is a testament to the industry's positive market conditions and consumer demand. Furthermore, the estimated growth to US\$ 190 billion by 2025-26 showcases the enormous potential for progress and growth in this sector.

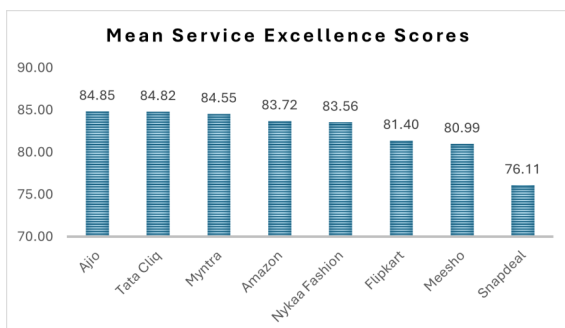
Over the past few years, the e-commerce industry in India has experienced an unprecedented boom. This can be attributed to the widespread use of smartphones and easy access to high-speed internet, which has led a large segment of the population to embrace

online shopping. Experts predict that the Indian e-commerce market will surpass \$200 billion by 2026, and a major contributing factor to this astounding growth will be the fashion sector. The current digital landscape is driving a surge in demand for e-commerce-based offerings, leading to an influx of fresh players into this sector. With more players coming in, service excellence will be a key differentiator in attracting and retaining customers. In this context the iSEI 2023 survey for the e-commerce apparel industry assumes significance.

ANALYSIS

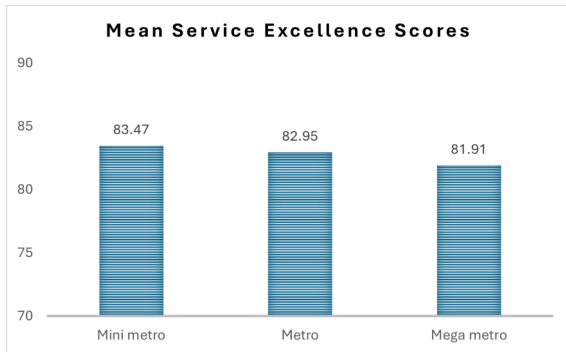
The iSEI scores (on a 100-point scale) for the selected e-commerce apparel platforms range from a high of 84.85 to a low of 76.11, as shown in Figure 1 below. The apparel-specific online companies have higher iSEI scores compared to the established generic e-commerce platforms such as Amazon and Flipkart as shown in Figure 1 below.

Figure 1 : Ordered iSEI Scores



The survey results show significant differences in iSEI scores across cities. Figure 2 shows that mini metro cities have the highest index scores, followed by metro and mega metro cities. Availability of alternatives including brick and mortar options in mega metros and metros could be the reason for customers in these cities having higher expectations compared to customers living in mini metros.

Figure 2 : iSEI scores across cities



The iSEI scores correlate strongly with downstream measures such as willingness to continue patronizing, recommend to

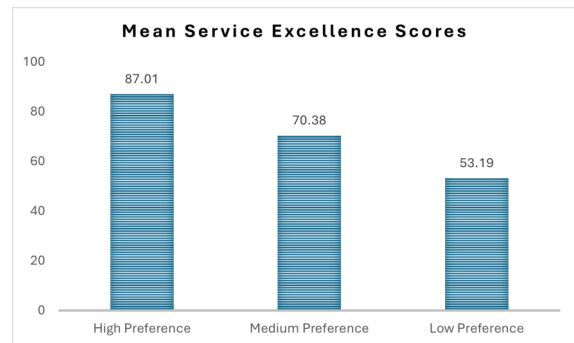
others, and have higher preference for the platform over its competitors. Customers with lower iSEI scores are less likely to continue with the apparel platform and have a lower preference for the apparel platform over the competitors, as depicted in and , respectively. For example, the average iSEI score for customers with a high willingness to continue with the apparel platform is 86.59, whereas the average iSEI score for customers with a low willingness to continue with the apparel platform is 49.27. Based on further statistical analysis, these differences are found to be significant at a 5% significance level.

Figure 3: Association between Willingness to Continue with the E-Commerce Apparel Platform and iSEI Scores



Moreover, customers with high iSEI scores are more likely to recommend the apparel platform compared to customers with low

Figure 4: Association between Preference for the E-Commerce Apparel Platform and iSEI Scores



iSEI scores, as shown in Figure 5, and the mean differences are significant at 5% significance level.

Figure 5: Association between Willingness to Recommend the E-Commerce Apparel Platform and iSEI Scores



Figure 6 shows that long-term customers (with five or more years of association) have higher index scores than moderate-term customers (with 3 to 4 years of association) who, in turn, have higher index scores than shorter-term customers (with less than 2 years of association). The differences in mean index scores across the three groups of customers are significant at the 5% level. A similar analysis can be done for individual apparel apps, with added dimensions such as gender, income, and age.

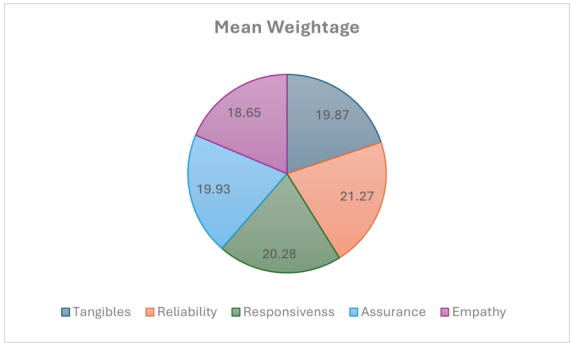


Figure 6: Relationship between Length of Association and iSEI Scores



The iSEI scores are computed from ratings on five broad dimensions: reliability, assurance, responsiveness, empathy, and tangibles. Figure 7 shows the relative importance of each dimension. Considering the average for all respondents, customers perceive responsiveness as the most important dimension and assign the least weight to empathy. A detailed analysis can reveal interesting insights, for example, whether the relative importance of these dimensions varies across customers of different genders and income groups.

Figure 7: Weightage (out of 100) to different dimensions.



Furthermore, the platforms can identify their relative ratings for the five dimensions for customers with different demographic characteristics across different types of cities for better customer retention and attracting new customers. To conclude, iSEI scores have implications on crucial indicators like customer retention, customer preference, and attracting new customers. Therefore, further analysis using the service excellence indicators can provide important insights for the individual platforms.

Individual apparel app platforms can compare the customer ratings across these five dimensions and prioritize resource allocation in certain dimensions to improve their customer experience.



ADDITIONAL INSIGHTS

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

INDIVIDUAL COMPANY SPECIFIC INSIGHTS

The results summarized in figures presented above are based on analyses for the e-commerce apparel sector as a whole. Similar analyses can be undertaken for individual apparel apps to gain more app-specific insights, with added dimensions such as gender, income, and age. Such analyses will be valuable in developing app-specific action plans for improvement.

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, with younger customers displaying consistently lower index scores than their older counterparts.

CUSTOMER SPENDING ON APPAREL APPS

There exists a strong relationship between the index scores and the amount of customer spending on apparel apps. Apps with higher index scores attract more customer spending.

FREQUENCY OF RETURNS

Frequency of returns significantly correlates with the index scores. Apps with lower index scores experience higher incidence of customers returning the apparel they purchased.





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.

The Centre envisages to offer a variety of reports and services such as the following:

ISEI 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 publicly 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 iSEI methodology can be adapted and customised to suit a variety of business needs, such as providing data-

driven 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 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.

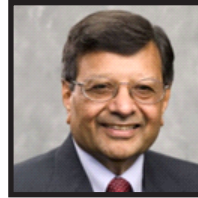


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ABOUT JAGSoM

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:

1. **2 YEAR FULL TIME RESIDENTIAL PROGRAMS**

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

POST GRADUATE PROGRAMS & CAREER TRACKS

- i) 2 Year PGDM (Marketing Major) (Masters in Marketing): MarTech, Sales & Services
- ii) 2 Year PGDM (Finance Major) (Masters in Finance): Banking, Capital Markets & FinTech
- iii) 2 Year PGDM (Business Analytics Major) (Masters in Business Analytics): Business Analytics
- iv) 2 Year PGDM (HRM Major): Digital HR

2. **2 YEAR PGDM ENTREPRENEURSHIP**

- For those who wish to start their own venture as an entrepreneur.
- For those who wish to expand and grow their family businesses.

3. **PGDM EXECUTIVE**

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

4. **INTERNATIONAL MBA/ PGDM – GATEWAY TO GLOBAL CAREERS**

1 year at JAGSoM 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

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- Liberal Professional Curriculum.
- Discovery in Sophomore years followed by choice of majors.
- Global Student Exchange Opportunity.

B. 5 YEAR INTEGRATED PROGRAM IN MANAGEMENT – BBA + MBA

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

C. INTERNATIONAL PATHWAY OPTIONS

I. BBA MS PROGRAM

- **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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