



INDEX OF SERVICE
EXCELLENCE IN INDIA

AUTOMOBILE SECTOR 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, Lucknow 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 AUTOMOBILE SECTOR

The Indian automobile sector experienced a downfall from 2018 onwards initially due to a credit crunch, followed by the Covid 19 pandemic. The industry experienced a recovery from 2022 onwards and became the 3rd largest in the world in terms of sales in 2023. Automobiles are a significant part of the Indian market with the continuously expanding educated and aspirational segments of the Indian population. Purchase of an automobile is an important financial decision for the average Indian household. The post-purchase service and maintenance play a

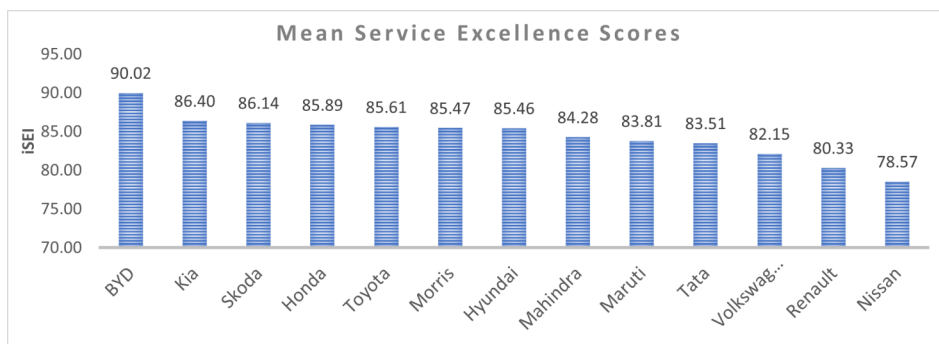
significant role in customers' overall satisfaction with the vehicle purchased.

A major goal of the iSEI is to facilitate ranking of the Indian automobile companies based on the overall level of service excellence they deliver to their customers.

ANALYSIS

The iSEI scores (on a 100-point scale) for the selected automobiles range from a high of 90.02 to a low of 78.57, as shown in Figure 1 below.

Figure 1 : Ordered iSEI Scores – Automobile sector



The survey results also show significant differences in iSEI scores across cities. Figure 2 shows that the iSEI scores in the mini metro cities Lucknow, Ahmedabad, Patna, and Coimbatore) and metro cities (Bangalore, Hyderabad, Chennai, and

Kolkata) are similar, but the scores in the mega metro cities (Mumbai and Delhi NCR) are comparatively lower. This may be due to the high customer expectations in mega metro cities, which the service centers may be unable to meet.

Figure 2 : iSEI Scores across Cities



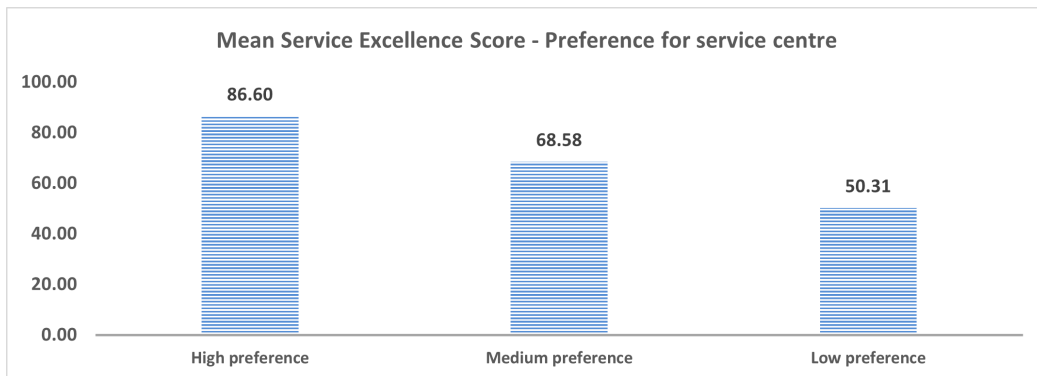
The iSEI scores correlate strongly with downstream measures such as willingness to continue patronizing the automobile service center (Figure 3), having higher preference for the service center (Figure 4), and recommending the service center to others (Figure 5). Customers with lower iSEI scores have a lower preference

for the service center (Figure 4) and are less likely to continue with the service center (Figure 3). For example, the average iSEI score for customers with a high willingness to continue with the service center is 86.74, whereas the average iSEI score for customers with a low willingness to continue with the service center is 50.10.

Figure 3: Association between Willingness to Continue with the Service Center and iSEI Scores



Figure 4: Association between Preference for the Service Center and iSEI Scores



Moreover, customers with high iSEI scores are more likely to recommend the service

center than are customers with low iSEI scores.



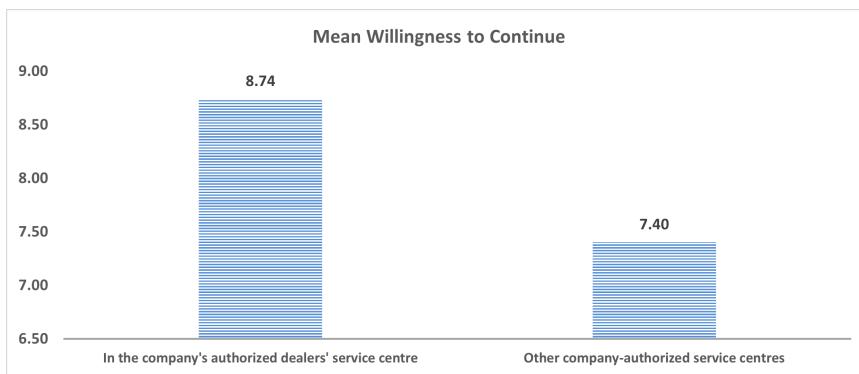
Figure 5: Association between Willingness to Recommend the Service Center and iSEI Scores



Figure 6 shows that willingness to continue patronizing a service center differs significantly between those who have used the company's own service centers and other company-authorized service centers

in the last 6 months. Customers average willingness to continue is higher for those who have patronized the company's own service centers over other company-authorized service centers.

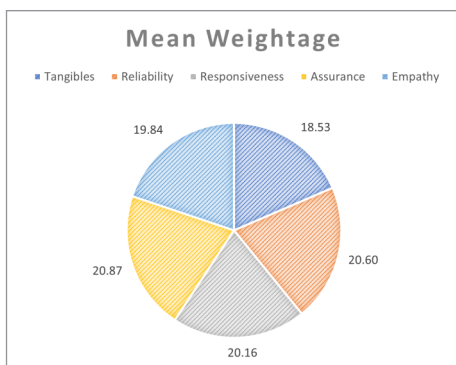
Figure 6: Association between Willingness to Continue and Type of Service Center



The iSEI scores are computed from ratings on five broad service dimensions: reliability, assurance, responsiveness, empathy, and tangibles. shows the relative importance of each dimension. Considering the average for all respondents, customers perceive assurance as the most important dimension

and assign the least weight to tangibles. 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) for the Five Service Dimensions



Different automobile companies can compare the customer ratings across these five dimensions and prioritize

resource allocation in certain dimensions to improve their customer experience. Furthermore, automobile companies 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 individual automobile companies.



ADDITIONAL INSIGHTS

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

INDIVIDUAL AUTO-SPECIFIC INSIGHTS

The results summarized in the figures presented above are based on analyses of the overall automobile industry. Similar analyses can be undertaken for individual companies to gain more company-specific insights, with added dimensions such as gender, income, and age. Such analyses will be valuable in developing company-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.

IMPACT OF CITY TYPE

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

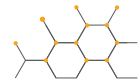
GENDER DIFFERENCES

Gender appears to play a role in shaping customer assessments of service excellence, with females indicating a higher willingness to continue with a service center.

PREFERENCE FOR THE SERVICE CENTER

Higher index scores are consistently seen for company authorized service centers than other company authorized service centers across the board.





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.

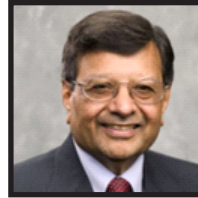


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ABOUT JAGSoM

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:

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

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- 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.

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- University of Texas at Arlington, USA
- KEDGE Business School, France

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- Discovery in Sophomore years followed by choice of majors.
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- 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:
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 - University at Albany, State University of New York, USA

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

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- 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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