EXPLORING CUSTOMER EXPERIENCE MANAGEMENT AND ITS CONTRIBUTING FACTORS FOR HOME LOAN PROVIDERS IN MAURITIUS

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ABSTRACT

Housing institutions have traditionally operated within a highly stable environment. In the last twenty years, dramatic changes have impacted on the competitive environment of the housing services industry, including institutions specialized in home loan. These changes have required providers of home loan services to re-think their marketing and distribution strategies. This present study investigates the contributing factors which have an impact on customer experience management for home loan providers in Mauritius. Indeed, an examination of the existing academic literature provides insight into how home loan providers have witnessed technological changes and have attempted to analyse the effects of this change on their marketing and distribution structures. This paper specifically looks at the competitive environment in which home loan providers operate. It goes on to tackle issues such as customer experience management as the new competitive battleground. In addition, more recent transformations within the housing sector such as automation and the emergence of new channels of distribution are addressed in some detail and special reference is being made to the housing finance companies at the international level. Additionally, the research paper explores online customer experiences, the impact of electronic technologies on service delivery, preference for human interaction or electronic technologies for home loan providers. Based on the extensive literature survey, specific objectives were set related to assess the contributing factors for managing customer experiences for home loan providers. The methodology used in the study consisted of a survey among 100 customers of home loan providers and the findings are fully analysed. Furthermore, some recommendations are proposed to assist home loan providers to better manage customer experiences in the housing sector. It is concluded that embracing newer channels of distribution such as ATM, Telephone Banking, Call Centres and Internet Banking is important for home loan providers. Finally, the need to provide an exceptional ‘customer experience’ at every customer contact point will be a key challenge for home loan providers in Mauritius. It is equally important to note that home loan providers are still urging to implement and adopt electronic strategies. Hence, the present study would serve as an initial and invaluable research work for home loan providers to understand the underlying motives of customers and their perceptions on customer experiences while they are dealing with home loan providers in Mauritius.

Keywords: Customer Experience, Contributing Factors, Home Loan Providers, Mauritius
INTRODUCTION

Customers’ expectations and their perceptions of satisfaction and value for money are in continual state of change and development. Organisations are placing more importance on positive customer experiences rather than customer satisfaction. In other words, Customer Experience Management (CEM) is a philosophy of doing business, a strategic orientation that focuses on customers who are the lifeblood of the organization. This is because, customers are becoming more sophisticated and demanding not only high quality goods and services but also they are expecting higher levels of exceptional customer service. Therefore, companies need to deliver customer service excellence to keep up with the rising customer expectations and at the same time, to maintain a unique customer experiences at any customer touch point. Hence, the ultimate success of an organisation depends very much on positive customer experiences. Indeed, CEM will definitely continue to be the rule of business for greater success. Increasingly, organisations are realising the strategic importance of managing customer experiences and are becoming truly customer-centric.

The mortgage industry is one of the fastest growing service industries. Lending institutions are now operating in a dynamic environment and are increasingly adopting a strategic marketing orientation. They are now placing more and more emphasis on positive customer experiences in order to place the customers in a delight zone. Consequently, the focus is moving from customer satisfaction to customer experience. This is because, the customer is back at the core of the business strategy and without them the organisation will collapse. In this respect, it is of great significance to manage customer experiences in the institutions specialized in housing loans due to the simultaneous production and consumption of services. In other words, the service is produced and consumed on the spot; therefore, it should be ensured that customer expectations are met by the company. Accordingly, the new mantra is to be customer orientated and be a truly customer centric organisation in order to enhance customer loyalty and gain sustainable competitive advantage.

There is clear evidence that customers’ expectations are rising in all sectors of the economy. Similarly, in the housing sector, the number of players in the market has increased steadily, so has the number of products and services on offer. As a result consumers are faced with an ever perplexing array of housing loans and saving schemes from various financial institutions. Banks, credit unions and insurance companies are still strong players in the mortgage and savings markets in Mauritius. Therefore, the service delivery of home loan services is continually changing because consumers are constantly adopting new technology into their lives and have access to new forms of information previously unavailable. Hence, it is essential that lending institutions understand what makes a good ‘customer experience’.

Many research works have been done to explore the potential of customer experience management in the housing sector in developed countries. No doubt, considerable literature on customer relationship management is available worldwide, but there is limited research paper throwing light on the potential of managing customer experience in the home loan industry in Mauritius. Hence, this study aims to fill the gap in the field of customer experience management in developing countries, Mauritius being an example of developing country. Thus, the results of this study will give a new perspective to the findings of previous studies on customers’ attitudes and perceptions of the different services offered by
home loan providers and at the same time, this study will coin the contributing factors of managing customer experiences for home loan providers in Mauritius.

The main purpose of this research is to explore the contributing factors for managing customer experience for home loan providers in Mauritius. Therefore, the paper reviews pertinent literature on customer experience and the housing industry. It also outlines and discusses the research methods which have been adopted to obtain the empirical findings of this research. It further offers an in-depth analysis of the research results; the paper also summarizes the main research findings and discusses the strategic recommendations to manage customer experiences in the housing sector in Mauritius. Directions for future research are also proposed in the arena of customer experience management and home loan providers in Mauritius.

LITERATURE REVIEW

MAJOR PLAYERS IN THE HOUSING SECTOR: A WORLDWIDE PERSPECTIVE

The provision of housing loans operates through specialized mortgage institutions [1]. The Federal Housing Administration (FHA) has been helping Americans to get loans for over 70 years, thereby, promoting homeownership in the United States [2]. Today, although the US home mortgage industry is consolidating rapidly, it is also highly fragmented with thousands of mortgage bankers and brokers. It is estimated that the top five lenders originate over 50% of residential mortgage loans, and the top ten firms service over 50% of such residential loans [3]. Moreover, Wells Fargo Home Mortgage is a division of Wells Fargo Bank and it finds the right home financing for customers. This is because, housing is one of the biggest investments for customers. Hence, it is important to ensure that mortgage fits the customers’ needs. Therefore, these specialized institutions help customers to determine what mortgage options work best for customers, guide them through the loan process and answer their questions pertaining to home loans [4]. Furthermore, as the UK economy has progressed, the proportions of the family budget spent on food and clothing have fallen dramatically in the last 50 years. Indeed, housing finance is a vital component of a well functioning housing system in any country [5]. Furthermore, according to the National Building Organisation (NBO), the importance of the housing sector in the economy is flourishing and the demand for housing has grown explosively [6]. Therefore, mortgage societies have realised that high priority should be placed on improving customer experiences and they must build a shared understanding on how to better deliver customer experiences [7]. In the same way, it has been found that the British obsession with home-owning is memorably summed up by the phrase 'an Englishman's home is his castle'. This denotes that the satisfaction delivered by home-owning is more than financial [8]. An important means to achieve an increased access to housing by households is the design and provision of adequate mortgage products on a continuous basis by financial institutions [9]. However, in Ghana, for instance, only 5% of those who want to own a house can do so from their own resources, 60% would need some form of financial assistance and the remaining 35% are not capable of owning and building a house in their lifetime [10].

THE HOUSING SECTOR AND HOME LOANS: AN INTERNATIONAL CONTEXT

Housing loans are loans of a long-term nature provided for the construction of individual house [1]. Another pertinent issue to note is many mortgage societies have slowly been
closing branches with an 8% reduction in the number of UK branches between 1981 and 1990 [11]. Hence, although a credit union is very different from a mortgage society, these two types of organizations are potentially in competition in the areas of savings and home loans [12]. In fact, if customers are looking for the best home loan, they can contact brokers like Mortgage World Australia that can help customers access more than 250 home loans offered by more than 30 of Australia’s best lenders. Mortgage World Australia encourages customers to apply online home loans. Greenlight Financial Services is one of the fastest-growing direct-to-consumer mortgage lenders in California. It owes its amazing success to its sound business model based on three fundamental principles namely, excellent customer service, very competitive rates and efficient loan processing [13]. In fact, opting for a housing loan is generally considered more difficult, complex, and onerous as it is a high involvement decision for customers [14, 15, 16]. In this respect, international mortgage societies like World Home Loans have a group of professional people specialised in the Australian mortgage industry to provide complete financial assistance to customers [17]. It is essential to note that home loans are an important part of business for financial institutions in the UK. Home loans are not the most complex of financial entities, but an educated consumer is often easier to work with than someone who has to have every aspect explained multiple times [18]. It should be noted that mortgage and building societies have continued to record a steady increase in profitability due to the rapid growth in the UK housing loans and financial markets during 2000 [19]. In fact, purchasing a property or changing an existing home loan can be a difficult, stressful and expensive time. Home loan, mortgage and home finance advice from Australian loan consultants like Bernie Lewis provides customer free of charge information and free consultancy is available seven days a week at any time convenient to the customers [20]. Convenience is a primary benefit sought by customers [21, 22]. Mortgage societies with an extensive branch office system and Automatic Teller Machine (ATM) network would have the opportunity to attract customers who are in this specific convenience segment [23, 21]. Furthermore, the ease of accessing loan accounts and details through interactive voice response systems would increase customer satisfaction [24].

THE NEW BUSINESS FRONTIER FOR HOME LOAN PROVIDERS: CUSTOMER EXPERIENCE MANAGEMENT

Customer experience is the next competitive battleground and the study of the service experience within a wide range of service environments has been developed [25]. The marketing concept, customer satisfaction and customer relationship management all promise to help managers to understand their customers [26]. However, each approach has remained narrowly focused and unnecessarily limited. Customer experience is a critical source of enhancing service excellence [27]. Customer experience involves an entire encounter and not simply a transaction, it is essential that online and offline customer experience be integrated [28]. In addition, CEM Technology delivers a significant improvement in company profitability and effectiveness by allowing companies to target desired information from customers and leverage a unified, actionable view of customer experience [29]. CEM is a business approach that puts the experience that a customer has with a product or service at the heart of the company’s strategies and goals [30]. CEM aligns reality with strategy and is part of the discipline of CRM [31]. It is a combination of product, service and the ‘feel-good factor’ generated by a range of stimuli at customer touch points. CEM is a business-oriented method of creating positive change to the customer experience of an online technology [32]. CEM is not an amorphous business philosophy but a practical management tool that can show managers how to provide experiential value to customers and, in turn, help
organizations to derive financial value [26]. CEM is the process of strategically managing a customer's entire experience with a product or a company to meet business goals [33]. In fact, service experience can be either enhanced or impoverished through customer-to-customer interaction. For example, a kind word or a pleasant smile from a fellow customer may make the service experience more enjoyable whereas rowdy and obnoxious behaviour is likely to have the opposite effect [25]. Indeed, CEM is the process of strategically managing a customer’s entire experience with a product or company [26]. In this competitive marketplace, it is customer focus that has effectively assumed centre stage in the strategic management decisions of leading service organisations, rendering it imperative that service managers develop strategies to direct the entire organisation on the customer [34]. Market research has shown that customers dissatisfied with a service will divulge their experience to more than three people [35]. Likewise, companies are still failing to provide their customers with positive experiences [26]. As a result, a negative service experience of customers not only forces the existing customers to migrate to competitors but also, due to the effect of negative word of mouth, results in fruitless effort of the organization to attract new customers [27]. Poor advice and delay lessens the customer’s sense of involvement with the company, also leads to linkage between negative emotions and their interactions with the firm and shows that the firm did not care about their customer experience [36].

SERVICE QUALITY AS A PREREQUISITE FOR SERVICE PROVIDERS

Improving service quality is thought to ultimately leading firms to gain new customers as well as retain current customers [37]. Several researchers have found a positive relationship between customer repurchase intentions and service quality perceptions [38, 39]. The increased competition in the financial institutions, where all banks are competing on the same interests rates on home loans and savings, is reflected in the way that customers critically assess the standard of service provided by competing service firms [40]. Those who provide customers with quality services can have a stronger competitive position in today's dynamic marketplace [41]. On the contrary, given that a large number of service quality problems result from incidents that occur between customers and staff, service industries use new technologies more and more in order to reduce or suppress customer contact. Thus, telephone conversations have replaced face-to-face contact, and ‘human’ services are replaced by self-services which often depend on the use of computers and automations [42].

INTERNAL MARKETING AS AN ENABLING IMPERATIVE FOR ENHANCING EMPLOYEE EXPERIENCE

CEM also takes an integrative approach to the organisation looking internally as well as externally [26]. Therefore, organisations must pay attention to the employee experience because employees influence customers’ perceptions of the company. Similarly, the perception of the firm by the customer is governed by the interaction between customers and staff members [36]. Good bank services marketing involves giving service providers the freedom to serve [43] and most bank employees would rather provide good service than bad service and they would rather be a hero to the customer than a villain [44]. In this respect, an organisation’s human resources are critical differentiators in service delivery [45]. In high contact service business, the quality of the service is inseparable from the quality of the service provider and high contact businesses are those where there is considerable contact between the service provider and the customer [46]. Management should treat employees as business partners, including them in the decision-making process [45, 47]. Internal
marketing is the key to superior service and the result is external marketing success [44]. Likewise, it is important to recruit, train, coach and provide incentives to staff to support the customer experience and build the required experience for each segment into the customer value proposition [31] (Smith and Taylor, 2004). Motivated and empowered employees who have a clear vision of service quality to the firm will provide superior service [48] and frontline employees are the face of the company to its customers [49].

CUSTOMER EXPERIENCE MANAGEMENT AND ELECTRONIC TECHNOLOGIES: THE NEW BUSINESS HORIZON IS HERE

The adoption of electronic technologies has been much hyped as a potentially transformational force in the financial sector and the mortgage societies [50, 51, 52, 53]. Similarly, UK mortgage and building societies have experienced an increase in the number of technologically advanced consumers who have become increasingly flexible in terms of choosing between competitive housing loan providers [54]. Demanding and well-informed consumers are making customer experience an increasingly important opportunity for differentiation. A stronger focus on customer experience should enable banks to raise customer satisfaction rate up to 70% in the industry [55].

When a consumer purchases a service, he or she purchases an experience and therefore, the inanimate environment, contact personnel/service providers, other customers and invisible organisation and systems all influence the customer experiences [56]. It is important to note that great customer experiences are full of surprising "wow" moments [57]. Similarly, the speed in serving customers is considered as the most important characteristic for the bank, before the quality of staff assistance and the quality of the information provided [58]. In today's mobile society, many banks in the home finance sector are eager to remain competitive, hope to attract and retain customers with enhanced online offerings. By integrating their business channels and customer views, expanding self-service functionality and improving web site security, mortgage institutions are creating a seamless online banking experience [59]. However, technology has been both a curse and an important enabler of CEM. Therefore, ill-conceived websites that damaged brand values and the appalling experience of many call centres have created a need for more technology to monitor and improve the customer experience at any point of contact [31].

THE USE OF “HIGH TECHNOLOGY” SERVICES IN THE HOUSING SECTOR

Several financial institutions like the Industrial Development Bank of India, Housing Development Finance Corporation and other investment banking institutions such as personalfn.com and sharekhan.com have introduced online services [60]. Since the introduction of on-line banking, it appears that customers use a combination of IT channels to interact with their home loan services provider, which is posing considerable strategic and tactical challenges for services managers in the home finance industry [61]. Similarly, the 1990s have seen the emergence of the Internet and the World Wide Web and in reality; the Internet is expected to have a major impact on the business world [62] whereby the Internet has substantially reduced the search costs of companies and consumers, particularly in case of home loans and savings [63]. For example, Australian International Mortgage Securities (AMIS) ensures that customers can apply for online home loans and offers the easiest home loan application process [64]. Moreover, Home Loan Advisors at World Savings, a lending institution with over $120 billion savings in Australia, have the expertise to help build the
right home loan offer for customers. For instance, customers can request online free loan analysis for home loans. In addition, customers are also provided with toll free numbers for further information on home loans [65]. Hence, it is ensured that both online and offline service delivery channels are closely integrated in order to deliver superior customer experience at any customer touch point.

CUSTOMER EXPERIENCES THROUGH THE USE OF ELECTRONIC TECHNOLOGIES

The effect of technology has come up as an essential dimension of the financial service encounter for home loans [66] and Internet Banking (IB) has proved to be a crucial part of the lending institutions’ delivery channel strategy [67, 68]. Internet banking services are crucial for the long-term survival of mortgage societies in the world of electronic commerce [69]. The market for IB is forecast to grow sharply in the next few years, affecting the competitive advantage enjoyed by traditional branch banks [70, 71]. To remain competitive, home loan service providers are increasingly offering their customers information technology (IT)-based service options [66, 72, 73]. For instance, Everbank provides innovative online lending solutions, exceptional personalized service, immediate response and attractive interest rates on home loans in the United States. Customers can visit the website for an online rate quote. In addition, loan calculator options and FAQs are inserted in the website to make customers life easy and to enhance their online loan experience [74]. Moreover, electronic technologies, unlike traditional service, are not constrained by distance and opening hours, and thus deliver convenience [75, 76, 77, 25]. Similarly, IB is viewed as time savings and 24/7 access [75, 78, 79]. Thus, customers would prefer technology-based self-services if such options could reduce service delivery time [80]. Customer experience and quality assessments will be influenced not only by the performance of the individual channels, but also by the way in which the different channels work together to offer the total service experience [25]. For instance, first time homeowners still have no first hand experience on borrowing for the purpose of purchasing a home. For people who are yet to avail of a housing loan, there are a number of considerations that they would need to take in order to get the best deals in the market [81]. In turn, many mortgage societies in UK made use of other service delivery channels like Call Centres to serve customers [19]. Similarly, Quicken Loans, one of American’s Home Loan Expert, aims to deliver an unparalleled customer experience and to make the mortgage process as quick and simple as possible through its advanced use of electronic technologies [82].

THE IMPACT OF ELECTRONIC TECHNOLOGIES ON SERVICE DELIVERY

Online customers expect fast, friendly and high quality service. Therefore, they want choice, convenience and a responsive service with a personal touch [83]. Online services such as easy search of services, updated information and quick responses to customers’ queries are important to win online customers and keep them coming back to the site for future business [84]. Customers can quite easily evaluate and compare the benefits of competing services which results in low switching costs among various lending institutions [85]. In fact, a growing number of traditional companies use the Internet as a channel to enhance, support or by-pass their traditional marketing and sales channels, and are adopting multi-channel strategies in order to deliver better customer experiences [86, 87]. Effective customer support and value-added services are vital to encourage customers to shop online for home finance and home equity loans [85]. There is wide agreement that electronic technologies
will have a significant impact on the future of home financing [88, 89]. Skilled consumers will be able to change lending institutions at the press of a button, in the comfort of their own homes. They will have access to online “intelligent agents”, which will give them the ability to compare products for the best terms and conditions and so push prices down. In addition, a whole new range of players, such as software and telephone companies, will view themselves as capable of providing these electronic banking services to customers and be interested in entering the mortgage market [90]. If they wish to survive in the online age, the institutions will have to earn customer loyalty through product features and service excellence, rather than allowing loyalty to stem from customer inertia [91]. It has also been stated that consumers are reluctant to relinquish face-to-face relationships and interactions for the benefits of automation [92]. It is also important to remember that face to face encounters remain the primary mechanism for service delivery and the customer’s relationship with personnel may be stronger than with the organisation itself [93, 94, 95].

**HUMAN VERSUS ELECTRONIC INTERACTION IN SERVICES**

There are an increasing number of contexts in which information systems are being used to support or replace the human service agent in the service experience [95, 96]. These developments are taking place against a background of growing technological sophistication, global marketplaces and communities, and an ever increasing significance of service products in national and international economies [95]. Much of the literature on the strategic use of information technology discusses the importance of customer information feeding back into the organisation in order to improve the service experience [97, 98, 99, 100]. On the contrary, little has been written on the role that information technology plays in enhancing the customer’s experience of service delivery [95]. However, another pertinent issue to consider is the acquisition of e-customers is difficult and expensive [85]. Consumers are reluctant to relinquish face-to-face relationships and interactions for the benefits of automation [92] and it is also important to remember that face to face encounters remain the primary mechanism for service delivery [93, 94, 95]. In particular, complex services like home loans and savings require trust and confidence on the part of the consumer in the organisation providing the service [97]. Undoubtedly the interaction between provider and customer is important, but the whole context of the interaction, including the physical environment needs to be considered [101, 102]. For instance, according to Forrester Research, many consumers require human assistance to validate their decisions. A recent report cited the need to have decisions validated by a professional as the number one obstacle that prevents consumers from applying for financial products online [103].

**CUSTOMER INCLINATION FOR HUMAN CONTACT AND PERSONAL TOUCH**

The nature of the service experience has dramatically altered towards a displacement of personal interaction [104]. As pointed out online service delivery is very different from service delivery through other channels, whether they be “bricks” channels, as is often the case in face-to-face interaction, post and mail order and telephone [25]. Therefore, the online service experience integrates service delivery and marketing communications [105], both of which are achieved through exchange of information which may be important in the formulation of customer satisfaction [106]. On the contrary, given that personal contact between bank employees and customers is largely reduced in electronic service delivery and that such interactions encompass, facilitate and reinforce the relational elements of trust, cooperation, reliability, flexibility and commitment [107], many individuals would be
relatively cautious about using new technology. In fact, many customers still feel particularly vulnerable when exposing their finances and personal details and therefore are still inclined to perceive the “bank branch” as providing more reliability and trustworthiness and thus they will prefer to apply for home loans in traditional branch [108].

PREFERENCE FOR ELECTRONIC INTERACTION

The adoption of IT in the service experience means the customer is drawn even closer into the production of the service, which corresponds emphatically with the service characteristic of inseparability [109, 95]. Moreover, non face-to-face interactions as well as the physical environment form part of the service [110]. The interface between customer and service provider may be best driven by customer needs which could be based on whether the customer is seeking a high or low involvement purchase [111]. Recent advances in technology have created a surge in “technology-based self-service” and such developments are changing the way that mortgage societies and consumers interact [112, 113, 114, 115]. Indeed, electronic service techniques are becoming increasingly important in providing consumers with a superior experience with respect to the interactive flow of information [116]. In the simplest format, electronic banking can be used to provide customers with information about the bank, interest rates on loans and deposits [117]. Despite an “absence” of employees in the electronic delivery process, many users of IB have become even more satisfied with their lending institution [96]. One possible explanation is the fact that technology-based services have made new service delivery options available to organizations and their customers [118].

THE USE OF SELF-SERVICE TECHNOLOGIES AND CUSTOMER EXPERIENCES

Most authors have described the electronic service experience as a self-service experience [119, 120]. Different individuals may experience the self-service encounter differently [121]. Research shows that customers are particularly satisfied with self-service technologies (SSTs) when SSTs meet their need, are faster and flexible and they are also consistent with customer’s preferences [122]. Customers are satisfied with the following facilities such as viewing account details, modifying account details, transferring funds between accounts, and purchasing additional products as far as online banking is concerned [123]. Likewise, it is essential to better understand how consumers feel about the growing role of “self-service technologies” in servuction, how they use them and whether they intend to use them more in the future [124]. The use of SSTs is appreciated by customers for its convenience, accessibility and speed [125]. The use of self-service technologies merely offers the user more freedom [126], customers will be tempted to do business with several banks in the housing sector, to enjoy the advantages offered by each. The home finance institutions are thus thrown into competition. This is because customers very often do not even know with whom they are dealing, the use of these technologies leads to a distancing of the customer and the lending institution [127] and a weaker relationship with the institution [128]. In addition, given the nature of this form of contact (interaction with a machine or a screen), the relationship becomes depersonalized, even in the case of “home banking,” and can even become an intrusion in customer privacy [129]. A few banks and mortgage societies in France are still strongly opposed to the idea of launching technological services; they argue that the elements of advice and contact, in a climate of trust remain indispensable characteristics of the offer [130]. Self-service technology certainly has its place for basic
transactions, but for high-value high-touch interactions, nothing replaces person-to-person contact. If a customer wants to know if he is choosing the right home loan option, customers will prefer face-to-face interactions as these conversations present very real opportunities to add value to the final service offering [131].

RESEARCH METHODOLOGY

Data for this empirical study was collected via a survey questionnaire that was divided into several sections through face to face interviews. All the data were processed using SPSS 16.0 whereby inferential analyses have been done. The analytical results of the study and discussions of survey findings were fully explored. Each item is rated on a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). The accuracy of the translation was verified by using back translation [132]. Prior to data collection, a pilot test was conducted to ensure comprehensiveness, clarity and reliability of the questionnaire. The pretesting of the questionnaire was done among 10 customers randomly, resulting in some minor modifications of the wordings of some survey items. The method used to administer the questionnaire was through a personal interview so as to obtain more accurate, reliable and valid information and to make the respondents at ease by maintaining a social rapport with them. The target population sampled was the individual customers of home loan providers and owing to the need for a relatively large sample size while at the same time keeping the research costs down, the sample size of this study amounted to 100 customers and the convenience sampling technique was adopted where surveys were carried in the different housing service outlets in Mauritius. The Cronbach’s Alpha overall value in the entire questionnaire was above 0.60. Such a high figure (very close to the maximum value of 1) indicates that the questionnaire is a good indicator of what the researcher wants to investigate. A coefficient of less than 0.6 indicates marginal to low internal consistency [133] and a value of 0.60 or more indicates satisfactory internal consistency reliability [134].

RESEARCH FINDINGS AND DISCUSSIONS OF RESULTS

From gender perspective, 57% which represent the majority are female and 43% are male. In terms of age classification of respondents, 36% which represent the majority of the respondents are Between 26 and 34, followed by 30% Between 35 and 44, 10% Between 18 and 25, 14% Between 45 and 54 and 10% were 55 or More. Majority of respondents have attained Higher School Certificate with 33%, 21% being degree holders and 18% of respondents are diploma holders. 28% of respondents have attained School Certificate. 27% of respondents were Professionals/Executives, 41% were Service Workers and Clericals which represent the majority of the sample size and 15% were Manual Workers. The distribution was 8% and 9% for Self Employed and Retired respectively. Moreover, in terms of income distribution of the respondents, it can be found that the majority of respondents, that is, 24% earn Between 10,000-14,999 followed by 23% Between 15,000-19,999, 24% Between 5,000 – 9,999, 17% Between 20,000 – 24,999, 9% and 3% of respondents earn Less than 5000 and 25,000 or More respectively. As far as information pertaining to the geographical location of respondents is concerned, the majority of respondents, 57% were from an urban region and 43% of respondents were from a rural area.

As a measure of Reliability Analysis, the Alpha (Cronbach) which is a model of internal consistency, based on the average inter-item correlation has been adopted. Therefore, Reliability Analysis (Cronbach’s Alpha) has been calculated to test the reliability and internal
consistency of each of factor. The results showed that the alpha coefficients were high for the 6 factor items namely, Reliable and Accurate Banking Service (Alpha Score = 0.959); Service Quality and Consistency of Service (Alpha Score = 0.937); Professionalism of Home Loan Contact Personnel (Alpha Score = 0.932); Prompt and Personalised Customer Service (Alpha Score = 0.889), Status and Convenience (Alpha Score = 0.836) and Value in Banking Services (Alpha Score = 0.833). Furthermore, it can be observed that alpha coefficients for the 2 factor items Employees’ Commitment and Trust and Human Interaction and Employee Behaviour are 0.617 and 0.697 respectively. Therefore, the reliability analysis shows that the alpha coefficients are well above the minimum value of 0.5, which was considered acceptable as an indication of reliability [135, 136]. Hence, the value of Cronbach’s Alpha indicates the overall reliability of the scale and and thus, it can be deduced that the questionnaire used in this survey is a reliable instrument due to the fact that the reliability analysis has consistently yield alpha scores above 0.5 for factor items 1 to 8. Factor analysis was carried on all the 47 Statements in order to test the dimensionality of the instrument. Data collected from the questionnaires were analysed using factor analysis. A principal component analysis with Varimax rotation was conducted on the 47 items. Only factors with eigenvalue equal to or greater than one were considered significant and chosen for interpretation. A variable with factor loadings of 0.40 was considered, that is, items less than 0.40 were excluded.

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.819 and it can thus be deduced that it is a highly adequate sample. In addition, the Barlett’s Test of Sphericity has a significance of 0.00. In summary, it would mean that all the variables correlates fairly well with all others and none of the correlation coefficients are particularly large; therefore, there is no need to consider eliminating any question at this stage. Therefore, both the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Barlett’s Test of Sphericity shows that Factor Analysis will be useful with the data. From the Varimax rotated matrix, eight factors representing 72.7 percent of the explained variance were extracted from the 47 statements. The eight factors are labeled below and some explanations are given regarding the labels assigned to them.

**Factor 1 – Reliable and Accurate Banking Service (29.2 %)**

Factor 1 has an eigenvalue of 13.8 and explained 29.3 per cent of the variance in the data captures an underlying dimension which is the most important. The attribute that reveal the highest loadings on this factor relates to reliable and accurate banking service that customers want as far as electronic banking is concerned. This dimension groups eleven main factors which relates to customer education on electronic services (Loading = 0.893), provision of written guarantee (Loading = 0.888) and customer feedback services (Loading = 0.885). Moreover, it can be observed that customers expectations are higher because they want all their banking needs to be included in the menu options (Loading = 0.871) and they want their complaints to be handled within 24 hours (Loading = 0.870). Similarly, accuracy (Loading = 0.784), convenience (Loading = 0.679), safety & security (Loading = 0.628) and ease of use (Loading = 0.626) are other considerations which customers take into account regarding an ideal electronic banking institution in the housing sector.

**Factor 2 – Service Quality and Consistency of Service (19.5 %)**

Factor 2 has an eigenvalue of 9.2 percent and explains 19.5 % of variance. The attributes under this dimension have an impact on service quality and consistency of service for home
loan providers. This factor is closely linked to a service oriented dimension, whereby, it relates to the level of service quality and service consistency, which are important determinants of customer satisfaction for home loan providers. This dimension groups twelve factors which have a particular importance in measuring the overall customer satisfaction for home loan societies. It can be also deduced that maintaining quality standards all of the time (Loading = 0.759), happiness with the services contracted (Loading = 0.759) and the gracious handling of complaints and problems (Loading = 0.769), appealing physical facilities (Loading = 0.747), performing the right service the first time (Loading = 0.716), convenient branch locations (Loading = 0.711) and the results of the service were as expected by the customer for the home loan providers (Loading = 0.689) are determinants of service quality and consistency of service. Provision of good value in banking products and services (Loading = 0.671), acceptable level of quality compared to other entities in Mauritius (Loading = 0.669), the service as a whole is correct (Loading = 0.662), provision of convenient banking hours (Loading = 0.640) and many people opting for the same housing loan providers for financial services (Loading = 0.633) are determinants of service quality and consistency of service.

**Factor 3 – Professionalism of Home Loan Contact Personnel (5.9 %)**

Factor 3 has an eigenvalue of 2.8 percent and explains 5.9 % of variance. This factor groups eight attributes related to employee behaviour for home loan providers. This dimension depends more on the competence and capability of employees to meet customer housing needs (Loadings ranging from 0.697 to 0.824).

**Factor 4 – Prompt and Personalised Customer Service (5.4 %)**

Factor 4 has an eigenvalue of 2.6 percent and explains 5.4 % of variance. This factor groups 5 attributes and further depicts the importance of prompt customer service through Telephone Banking (Loading = 0.811). The focus is to minimize the waiting time of customers through electronic services such as ATM and Telephone Banking. Furthermore, provision of online/voice directions (Loading = 0.801) and the customer being acknowledged by his name on the ATM (Loading = 0.672) explains that customers want personalized services and user friendly systems like Telephone Banking and ATMs (Loadings = 0.743, 0.579).

**Factor 5 – Status and Convenience (3.9 %)**

Factor 5 has an eigenvalue of 1.8 percent and explains 3.9 % of variance. This dimension simply reflects that status (Loadings = 0.898, 0.806) and convenience (Loading = 0.734) are associated with the adoption of IB for housing loan societies.

**Factor 6 – Value in Banking Services (3.3 %)**

Factor 6 has an eigenvalue of 1.6 percent and explains 3.3 % of variance. Factor 6 reflects the importance of value in banking services in terms of reasonable service charges (Loading = 0.733), competitive interest rates on deposits (Loading = 0.690), easy access to needed information (Loading = 0.657) and competitive interest rates on loans (Loading = 0.569) for housing loan providers. This is because; these attributes are determinants of customer satisfaction for home loan providers.
Factor 7 – Employees’ Commitment and Trust (2.9 %)

Factor 7 has an eigenvalue of 1.3 percent and explains 2.9 % of variance. The attributes in Factor 7 relates employees’ commitment and trust and they pertain to the ability of employees to keep their promises (Loading = 0.709) and the needs of customers being met by home loan personnel in the housing sector (Loading = 0.695).

Factor 8 – Human Interaction and Employee Behaviour (2.5 %)

Factor 8 has an eigenvalue of 1.2 percent and explains 2.5 % of variance. Under this dimension, two attributes load and they relate to the preference of human interaction for home loan providers and customer confidence through employee behaviour. It should be noted that customers have a preference for human interaction in the home loan sector (Loading = 0.852). This explains the importance of having resourceful employees for housing societies.

RECOMMENDATIONS

Consumers are reluctant to relinquish face-to-face relationships and interactions for the benefits of automation [92]. However, it is also important to remember face to face encounters remain the primary mechanism for service delivery and the customer’s relationship with personnel may be stronger than with the organisation itself [93, 94, 95]. Findings from the survey have shown that respondents would prefer to deal face-to-face with the home loan service providers in Mauritius. Therefore, home loan providers can further add a personal touch online through the provision of online mortgage platforms where customers and loan experts can interact. Online communities should be also promoted where customers can share their views concerning their home loan experience.

In addition, online chat rooms should be promoted in the website of home loan providers where customers and loans experts can interact easily, thereby, ensuring human touch in an online context. The analysis has also revealed that employee behaviour instills confidence in customers in the housing sector. Therefore, home loan providers should ensure greater human touch and interactivity through IB, Telephone Banking and ATMs. Another pertinent issue is that respondents claim that they will adopt ATM if ATM acknowledges them by name on the screen during the transaction. This shows the importance of being a customer centric company in today’s highly competitive business environment whereby customers feel that the company should know them and they want to be treated out of the crowd. Similarly, home loan providers should ensure that customers are greeted by their name when they use Telephone Banking, ATM and IB. This is because customers want to be offered a personalized service when dealing with home loan providers. They will thus feel highly privileged and enjoy positive customer experiences with the home loan providers.

Home loan providers need to adopt innovative electronic technologies such as IB, Telephone Banking and ATMs in order to keep pace with technological advancement and maintain its market share. The use of electronic services will offer customers with greater convenience and flexibility. Indeed, home loan providers should not limit themselves to traditional branch banking; it should adopt multi channel service delivery systems in order to meet the particular needs of each segment. In addition, home loan providers should capitalize on alternative service delivery channels such as Call Centres, IB and Telephone Banking in order to come
closer to its customers and serve their particular requirements. It is equally important to ensure that home loan providers devise a business model, which links the electronic and offline marketing tactics so as customers get a unified and consistent message about the company. Likewise, the home loan providers should manage all customer contact points and ensure that it gets a 360 degree view of the customer across all customer touch points in order to offer them an exceptional customer experience. Enhancing the employee experience and delivering superior service quality are other important considerations to enhance customer experiences for home loan societies.

CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

In today’s highly competitive business environment, managing customer experiences is becoming more significant due to increased customer expectations. Similarly, the rapid growth of electronic services has created a greater urge for companies to adopt electronic banking. In fact, CEM is a business philosophy that will determine the organisation’s overall success. Therefore, the ultimate philosophy of an organisation should focus on managing customer experiences. This is because, it is easy to replicate the same product and service features. However, it remains very difficult to replicate great customer experiences. Thus, home loan providers needs to develop a more focused and clear definition of the customers as it has been highlighted that providing powerful and compelling customer experiences will set organisations apart from their competitors in such a way that simple satisfaction will never [26]. It is apparent that the study presented here has highlighted, and attempted to analyse some significant issues in relation to the contributing factors for managing customer experience for home loan providers. In other words, the present study has enabled to shed light on the contributing factors for managing customer experiences for home loan providers; however, some potential limitations exist. It should be noted that research was conducted only in context of home loan providers. Likewise, the sample size has been restricted to 100 respondents due to certain constraints in terms of resources and time. In addition, some part of the questionnaire had to be translated; hence the understanding of the question may have been somewhat lost. Furthermore, the present study has referred to a number of sources which highlighted attitudes and behavioural characteristics of customers and employees. Whilst every effort was made to locate the most up-to-date sources, they were not always available and many of the sources used were written at different times, when circumstances may have been different. As a result, it is difficult to say precisely whether or not they give a completely accurate picture of the attitudes of customers. For instance, it has been equally difficult to locate up-to-date articles concerning customer experience management in the housing sector and the mortgage industries. In this respect, further research is clearly needed in order to increase the generalizability and enhance the understanding of the present study’s findings.

Future research projects need to be carried out to complement and validate this project. In fact, a single company case study of home loan providers can provide additional evidence to support the findings. Likewise, there is a need for more in-depth research into the monetary costs of implementing multi channels service delivery approach such as IB, ATMs, Call Centres and Telephone Banking for home loan providers. Feasibility studies and success benchmarks concerning the adoption of multi channel service delivery systems should also be deeply evaluated. The present study has only incorporated the attitudes and perceptions of individual customers of home loan providers. Supplementary cross-sector case studies on different samples of respondents at differing time periods can help validate and refine the
conclusions of the present study. Therefore, the cross sectional study will enable to elucidate differences among the diverse samples concerning the preference and attitudes of customers. Furthermore, the present survey was restricted only to home loan providers. In order to assess home loan providers’ competitive advantage, it is crucial to look at the big picture of the housing finance industry because there are various dominant players, that is, both direct and indirect competitors. For example, many banks, insurance companies and credit unions are offering housing loans. Finally, a large scale questionnaire based study with a larger sample size could help to validate statistically the results of the present research and assess the contributing factors for managing and enhancing customer experiences for home loan service providers.

REFERENCES


[57] http://www.businessweek.com/magazine


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