



Improving leasing of vacant premises through tenant experience in the Finnish commercial real estate market

Jenna Isokuortti

2022 Laurea



Laurea University of Applied Sciences

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Jenna Isokuortti
Service Innovation and Design
Thesis
October, 2022

Jenna Isokuortti

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| | | | |
|------|------|-----------------|----|
| Year | 2022 | Number of pages | 64 |
|------|------|-----------------|----|

The real estate industry has traditionally been a production-oriented industry, but the change to customer orientation has started during the last decade. Competition is increasing in the demand-driven commercial real estate sector and landlords are looking for new ways to differentiate from their competitors and retain their current tenants. In addition to the technical and financial factors of the real estate, landlords have started to concentrate more on customer satisfaction and experience.

This thesis studies tenant experience in the commercial real estate market in Finland. The objective of the Master's Thesis was to identify factors affecting tenant experience. The purpose of the study was to develop tenant experience and improve leasing of vacant office and retail premises. The thesis is part of the House of Experiences project, which is a two-year cooperation project of four universities of applied sciences (Laurea UAS, Haaga-Helia UAS, Turku UAS and Xamk).

The theoretical background of the thesis consists of service- and customer-dominant logics that introduce frameworks for service- and customer-oriented business. In addition, the concept of customer experience and its implications in real estate sector are covered in the literature review. The methodology and empirical part of the research were based on research-oriented approach and service design. The research followed the double-diamond (Double Diamond) process model that consists of four phases; discover, define, develop and deliver. The thesis was limited to the first three stages of the process. Research methods included desk research, semi-structured interviews and co-creation workshop.

Research indicates that the importance of customers and services will continue to increase in the commercial real estate market in the future. The focus continues expanding from the physical premises to the users and furthermore to the amenities and surroundings of buildings. The customer journey of tenants starts from the awareness of the need for new premises and ends after the move-out from the premises. Ecosystem map of tenants presents various stakeholders, building amenities and channels that affect the tenant experience.

Development of tenant experience requires collaboration among the stakeholders. Property owners and managers should invest in understanding their customers' needs, proactive actions and communication throughout the customer journey. Leasing could be improved by introducing new digital solutions that enable finding, viewing and comparing vacant premises online.

Keywords: customer experience, tenant experience, commercial real estate, service design, leasing

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1 Introduction

The pace of change is accelerating and businesses are looking for ways to adapt to the change. Additionally, increasing competition requires distinctive service offering and skills to analyze the market. (Gentile et al., 2007) Customer experience has been an important driver for competitive advantages and successful business. Thus, companies have shifted their focus to the customers in order to differentiate from the competitors in the market and win their customers loyalty. (Prahalad & Ramaswamy, 2004)

Competition is also increasing in the demand-driven commercial real estate sector and landlords are looking for new ways to differentiate from their competitors and retain their current tenants. (Appel-Meulenbroek, 2008; Rasila, 2010) Therefore, tenants should be seen as valued customers (Pinder et al., 2003) and more focus should be put on their experiences. Occupiers are demanding more flexibility and better service in terms of premises. In addition, covid-19 pandemic has hindered the market perspectives as people are working more from home and third spaces. (Gujral et al., 2020) During excess of space, fiercer competition among landlords and lower rates of return, the impact of good customer service and satisfied occupiers is crucial (Sanderson, 2019).

Commercial real estate has been traditionally seen as product-oriented sector where the focus is on physical spaces instead of experiences and people. (Petruaitiene et al., 2018) Real estate companies are still transferring from product or brick oriented companies to customer oriented companies (Palm, 2011). Furthermore, landlord who focuses on customer service and satisfaction are more likely to achieve their financial goals. Higher satisfaction rate leads to higher occupancy rates, longer lease terms and greater rents. (Sanderson, 2019)

Customers are seeking for well maintained, inspiring and adaptable facilities equipped with attracting amenities that offer great place to work for their workforce and partners (Sanderson & Edwards, 2016). New service models have been developed to answer to the demand. In recent years, real estate owners and service providers have started marketing spaces from community perspectives. In addition, new service models such as coworking premises and servitized offices have shifted the focus from physical spaces to services. Thus, customer-oriented companies define their business as providing services rather than premises (Palm, 2011). To add value to the tenants, landlords need to understand their customers' needs and wishes for their premises and relationship with landlord (Rasila, 2010). Therefore, landlords and property managers would benefit from understanding the determinants of customer experience and means to develop it.

Real estate companies have slowly seen the importance of customer experience and began embedding new processes and roles in their operations. Customer experience in real estate sector has not been studied widely but some international academic research has been

conducted. Furthermore, most of the current studies focus on customer satisfaction and relationships (see for instance Appel-Meulenbroek, 2008; Karunasena et al., 2018; Palm, 2011, 2016; Sanderson, 2019; Sanderson & Edwards, 2016) and user experience (Ainoa et al., 2010; Kaasinen et al., 2021; Rasila et al., 2009). Thus, there is a research gap in the customer experience and especially in tenant experience in the field. This Thesis aims to diminish that gap by studying the determinants of customer experience of tenants in the commercial real estate market in Finland. The focus is on landlord and tenant relationship in shopping centres and office buildings.

Covid-19 pandemic has affected commercial real estate sector by increasing vacancy rates and hindering decision-making of the actors. Restrictions forced people to work from home and limit visits in public places. Four Universities of Applied sciences, namely Laurea, Haaga-Helia, Turku and XAMK, have commenced a research project called House of Experiences (in Finnish Kokemusten Talo) to study virtual, social and physical elements affecting end-users and consumers' sense of space. The purpose of the two years-long (2022-2023) research project is to identify and co-create new business models and solutions for vacant premises. (Laurea University of Applied Sciences, 2022) This thesis is part of the research project and its purpose is to develop tenant experience and improve leasing of vacant retail and office premises.

The development work is carried out by utilizing service design tools and following Design Council's framework for innovation called Double Diamond. The methodology is explained more detailed in the fourth chapter.

1.1 Research and development objectives

This thesis studies tenant experience in commercial real estate sector in Finland. The objective of the Master's Thesis is to identify factors affecting tenant experience. The purpose of the study was to develop tenant experience and improve leasing of vacant office and retail premises.

This thesis answers to the following research questions:

1. Who are the stakeholders affecting customer experience of office and retail tenants?
2. What are the factors affecting tenant experience in commercial real estate?
3. How can real estate owners and managers develop tenant experience?
4. How can real estate owners and managers improve leasing of vacant retail and office premises?

The answers to the research questions are presented in the results chapter of this thesis.

1.2 Context and limitations of research

The main focus of the research is on tenant and landlord relationship in commercial real estate market in Finland. Furthermore, the study is limited to customer experience of tenants in retail and office buildings. In this context, customer experience of tenants is also called as tenant experience and determined as the experience of a tenant throughout the customer journey and tenancy.

Tenants are occupiers of the buildings who lease the spaces from the landlords. Therefore, they are customers of the property owners. In the context of this thesis, both customers and landlords represent companies and thus, they act in business-to-business environment. House of Experiences project focuses on small and medium sized companies. Therefore, tenant companies in this thesis are also limited to Finnish small and medium sized enterprises. As for landlords represent private international and national real estate investors operating in Finnish commercial real estate market.

This study is limited to commercial properties and thus, residential and community properties are out of the scope of the research. Commercial property refers to a space which is used to produce intangible or tangible goods (KTI Kiinteistöalouden instituutti, 2001). Moreover, the focus is on the office and retail premises located in multi-user buildings and shopping centres. The study is conducted in Finland, which sets the boundaries for the empirical part of the study. Thus, desk research and interviews concentrate on real estate actors operating in Finland. However, the studied literature includes both international and national sources.

1.3 Structure of the thesis

The thesis constitutes of literature analysis and empirical study. The overall structure of the study is presented in the figure 1. The literature analysis sets the knowledge basis for the study and examines theories behind the phenomena and previous studies in the field. First, the theories of service-dominant logic and customer-dominant logic are explained to understand the change from product-centric to service focused ecosystems. Additionally, the phenomenon of customer experience is presented to study the determinants and management of customer experience. Finally, the literature review introduces academic research concerning customer experience and satisfaction in relation to commercial properties.

The empirical part of the thesis is conducted by utilizing service design methods. In the fourth chapter, the research methods and their applications in the research context are explained. The empirical study follows service design process called “Double Diamond”, which consist of four steps; discover, define, develop and deliver. This study will mainly focus on the three first steps and thus, excludes the implementation of the development case. Finally, the results and answers to the research questions are presented in the chapter five.

The final chapter concludes the main findings of the research, evaluates the process and gives suggestions for further studies.

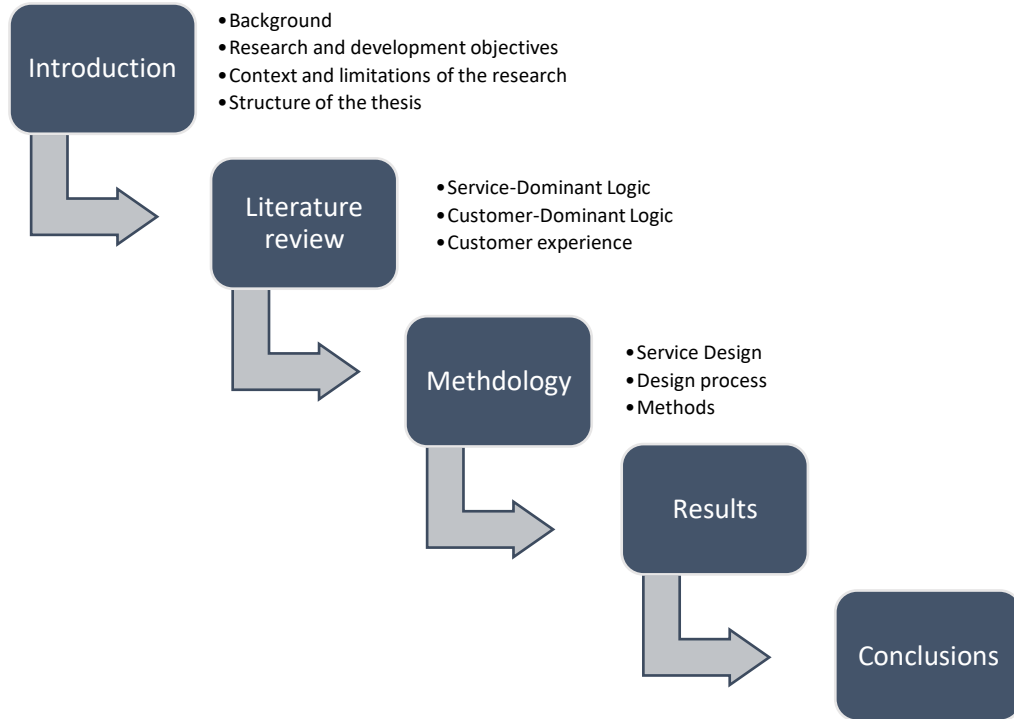


Figure 1 Thesis structure

2 Towards customer oriented service business

The shift from industrial to service economy commenced globally in the second half of the 20th century. However, it has required a lot of time for service sector to be considered as a standard. The development of service sector emerged a need for understanding services better which led to evolution of new disciplines such as service marketing and management and furthermore, concepts like service quality and measurements. Services also require examination of customers' role in the service process. Instead of customers being only passive actors, they were positioned as active co-creators in the process. (Foglieni et al., 2018)

Since the beginning of 2000s, the field of services has shifted its focus from companies to customers. Reborn impression of value creation emerged new service marketing perspectives; Service-Dominant Logic and Customer-Dominant Logic. This chapter introduces the knowledge basis of the research. Literature review studies the two main service perspectives; service-dominant logic and customer-dominant logic.

2.1 Service-Dominant Logic

Vargo & Lusch (2004) introduced new service-dominant (S-D) logic for marketing to expand perspective on intangible resources, relationships and co-creation of value. Goods-dominant (G-D) logic focuses on efficient manufacturing of products. As for service-dominant logic sees the services as a way to help other entity. G-D logic suggests placing the products, firms and exchange value into the core of the process creating a "producer-consumer" distinction. Thus, the firm is seen as a proactive and central actor in markets, exchange and decision-making. G-D logic implies that the company's purpose, as an active mover, is to produce goods and sees that the value lies in the products. On the contrary, S-D logic sees the consumers and services as the heart of the process and producers and consumers as actors. Additionally, it suggests that all actors share the same purpose: "value co-creation through resource integration and service-for-service exchange". Therefore, people share their competences to benefit others and co-create value. (Vargo et al., 2004)

Service-Dominant Logic is based on four axioms that include 11 foundational premises (FPs) (see table 1). The first axiom consists of five foundational premises. Axiom 1 and the first foundational premise (FP1) implies "service is the fundamental basis of the exchange", which is the heart of S-D logic. Operant resources, primarily knowledge and skill, are used for helping and serving other actors. These resources are developed, applied and finally exchanged with other actors. Physical and mental skills are not equally distributed and thus, people share them for mutual benefit. This leads to specialization of skills, which requires exchange. (Lusch & Vargo, 2014)

FP2 suggests that indirect exchange masks the fundamental basis of exchange. This means that the exchange of skills is indirect. Actor, who has received money from its service, can use the money to buy other service. In addition, FP2 implies that service exchange in an organization is not directly market facing. Several actors are contributing directly or indirectly to the service offering and value-creation. FP3 “goods are a distribution mechanism for service provision” implies that goods are used to deliver service and act as service appliances. Other actors use their knowledge and skills to create the goods themselves. FP4 “operand resources are the fundamental source of competitive advantage” states that actors are utilizing operand resources to benefit one other and ultimately gain advantage. Operand resources are useless without skills and methods of the actors, thus operand resources are needed to exploit the benefits of operand resources. FP5 “all economies are service economies” implies that through specialization and good & service exchange all economies have entered to service economy. (Lusch & Vargo, 2014; Vargo et al., 2004)

Axiom 2 (FP6) “the customer is always a co-creator of value” states that the value is co-created either directly or indirectly (through goods) between the actors. Value won’t arise from internal processes, it always requires consumers. FP7 “the enterprise can only make value propositions” means that another actor co-proposes to improve another actor’s position. Value propositions can be seen as an offer to engage with the company for benefit. FP8 “a service-centered view is customer oriented and relational” implies that in terms of S-D logic a company co-operates and plans the business with other actors and beneficiary. Thus, the value is created over time rather than only at a specific time of transaction. (Lusch & Vargo, 2014; Vargo et al., 2004)

Axiom 3 (FP9) “all economic and social actors are resource integrators” means that the process includes intangible and tangible objects that can be either directly or indirectly involved. Resource integrators mean actors that combines resources (e.g. private, market and public) to create new resources. Axiom 4 (FP10) “value is always uniquely and phenomenologically determined by the beneficiary” states that actors determine the value of goods and services independently as the value is unique and experimental for everyone. Finally, the 5th axiom (FP11) “value co-creation is coordinated through actor-generated institutions and institutional arrangements” highlights the role of institutions and institutional arrangements in terms of collaboration. (Vargo & Lusch, 2016)

| | |
|--------------|--|
| Axiom 1/FP1 | Service is the fundamental basis of exchange. |
| FP2 | Indirect exchange masks the fundamental basis of exchange. |
| FP3 | Goods are a distribution mechanism for service provision. |
| FP4 | Operant resources are the fundamental source of strategic benefit. |
| FP5 | All economies are service economies. |
| Axiom 2/FP6 | Value is cocreated by multiple actors, always including the beneficiary. |
| FP7 | Actors cannot deliver value but can participate in the creation and offering of value propositions. |
| FP8 | A service-centered view is inherently customer oriented and relational. |
| Axiom 3/FP9 | All social and economic actors are resource integrators. |
| Axiom 4/FP10 | Value is always uniquely and phenomenologically determined by the beneficiary. |
| Axiom 5/FP11 | Value cocreation is coordinated through actor-generated institutions and institutional arrangements. |

Table 1 Axioms and Foundational Premises (FPs) of S-D Logic (Vargo et al., 2004; Vargo & Lusch, 2008, 2016)

S-D logic requires collaboration between the actors as the value is co-created. Moreover, markets are co-created through representing, integrating and normalizing practices. Through specialization, actors become more dependent on each other's service. Collaboration improves actors' way of working together for mutual benefit. It also benefits co-production and co-creation as well as system viability. Service ecosystem connects resource-integrating actors who share institutional logics and mutual value creation. The ecosystem provides an environment for innovation and structural transformation where value creation results from changing rules and resource relationships. Therefore, S-D logic strategy focuses on design, collaboration and value propositions. The strategic implications for the application of S-D logic have to do with innovation and market creation, the ongoing creation and institutionalization of value propositions that assist in the value-creation processes of other actors. (Lusch & Vargo, 2014; Vargo et al., 2004)

2.2 Customer-Dominant Logic

Customer-Dominant Logic (CDL) views businesses and marketing from customer's point of view. CDL suggests steering the perspective from companies providing services for customers to customers embedding service to their ecosystem. (Heinonen & Strandvik, 2015) Heinonen et al. (2010) argue that Service-Dominant Logic is still production- or interaction-focused and service provider-dominant rather than customer-dominant. Thus, service co-creation is determined by the service provider where customer is an active partner. In CD logic, customer is placed at the center of the business. The interest lays on how service is and will be embedded in the contexts, activities, practices and experiences of the customer. Therefore, service companies aim to understand the implications of the process. (Heinonen et al., 2010)

CD logic reaches the view of service lifecycle beyond the actual service process. It takes into account the history and future of the customer actions as well as the pre- and post-service activities. Whereas SDL focuses on the experiences that are directly related to the service, CDL expands the scope to customer's life before and after the service. Thus, the aim is to understand what the customer is doing or trying to achieve and how the service is related to the tasks. (Heinonen et al., 2010) This requires examining the invisible and mental life of the customer in addition to the visible interactions. (Heinonen et al., 2013)

In the recent service literature, most studies discuss the three key concepts: co-creation, value-in-use and customer experience. (Grönroos, 2008; Grönroos & Voima, 2013; Vargo et al., 2004; Vargo & Lusch, 2008) These concepts explain the role of customer and distinguish between a provider-dominant logic and customer-dominant logic (see table 2). In SD logic, customer always co-creates value with the service company, which controls the co-creation by managing the interactions. (Vargo & Lusch, 2008) CD logic, in turn, sees the co-creation from customer-oriented view where customers involve service providers in their life. This perspective makes an important difference between the logics. Moreover, CD logic don't believe that company solely controls co-creation as there are other elements that affect the customer's experiences and which are not managed by the company. (Heinonen et al., 2010)

According to Grönroos (2006) value-in-use is an interactive process where value emerges as a result of service companies providing resources for customers to create value for themselves. Thus, the focus is on visible interactions. However, CD logic presented a broader view to value-in-use in terms of visibility. Value emerges before, during and after the service and thus, all customer's experiences are not visible to the company. (Heinonen et al., 2010)

The concept of customer experience has emerged and gained attention in previous years. It will be also explained more thoroughly in the next chapter of this study. In the context of Provider- and Customer-Dominant logics, customer experience distinguish the perspectives.

Provider-Dominant logic restrain customer experience as an occurrence during the service process. CD logic suggests that the customer experience include direct and indirect interactions with the service company. It emerges in customer's everyday life and thus, cannot be controlled by the company. Customer experience consists of ordinary and automatic processes as well as unique and memorable moments. Therefore, companies should pay more attention to the large scope of customers' activities and different consumption contexts. (Heinonen et al., 2010)

| | | Provider-Dominant Logic | Customer-Dominant Logic |
|----------------------------|-------------|----------------------------------|--|
| <i>Co-creation</i> | Involvement | Customer involved in co-creation | Company involved in customer activities |
| | Control | Company controls co-creation | Customer controls value creation |
| <i>Value-in-use</i> | Visibility | Focus on visible interactions | Also considers invisible and mental action |
| <i>Customer experience</i> | Scope | Formed within the service | Emerges in customer's life |
| | Character | Extraordinary and special | Also mundane and everyday |

Table 2 Provider-Dominant logic vs Customer-Dominant logic (Heinonen et al., 2010)

2.3 Customer orientated real estate sector

Commercial real estate has traditionally been seen as product-oriented sector where the focus is on physical spaces instead of experiences and people. (Petrolaitiene et al., 2018) According to Lindholm & Nenonen (2006) corporate real estate managers are typically focusing more on operational efficiency of property maintenance than customer satisfaction or customer relations. The real estate sector is slowly changing and its shift from product orientation to customer orientation has started in the mid-1990s (Palm, 2011).

Palm's (2011) research indicates that the categorization of real estate companies should be broadened to product/brick, customer, project and financial oriented companies. Brick oriented companies relate to traditional type of real estate companies that apply brick thinking. This means that the companies are concentrated managing their properties, brick and mortars, and not their customers. Customer oriented companies have made a shift from

providing premises to providing services. Thus, they are perceived as service management companies. Project oriented companies focus on developing real estate and express themselves in terms of “our aim is to develop functional premises together with our clients”. Finally, financially oriented companies are specialized in financial part of real estate management. Hence, their focus is on strategic property selection and asset management. (Palm, 2011)

Businesses can seek customer-focus through servitization which is a strategic process of sales towards competitiveness (Petrolaitiene et al., 2018; Vargo & Lusch, 2008). Petrolaitiene et al. (2018) have studied servitization in terms of workplace management. The study indicates that workplace experience is replacing physical space in value offerings. The ontology of workplace value offerings (see figure 2) consists of three levels; product-, community- and experience based offerings. They state that the value offerings have transferred to workplace-as-a-service model where service related to community are offered on top of traditional space and facility management services (see figure 2). More advanced value offerings take into account experiences by offering personal services such as personalized events, wellbeing and transportation services. Agreements related to workplace usage are also changing and membership based options are gaining popularity in addition to traditional lease agreements that are tied to physical elements of the space. Membership pricing and personalized services are typically available in coworking premises. (Petrolaitiene et al., 2018)

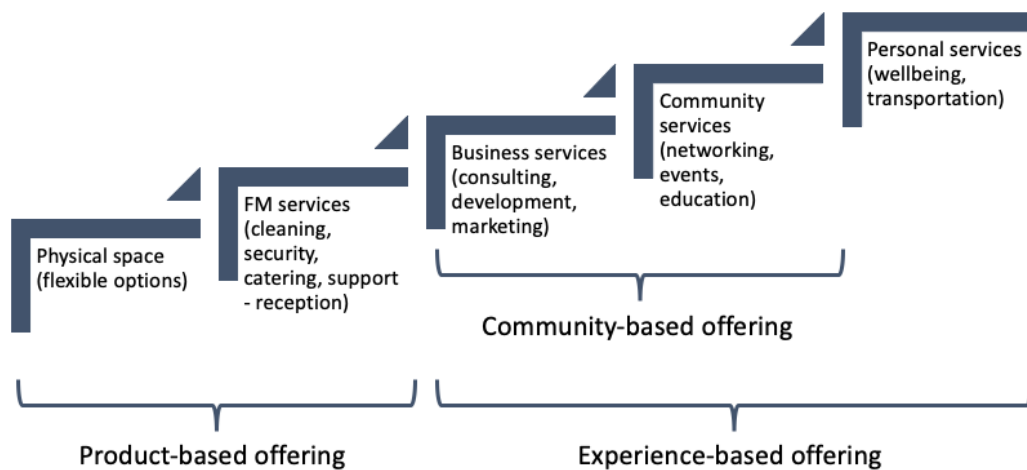


Figure 2 Ontology of workplace value offerings (Petrolaitiene et al., 2018)

Property management has focused mainly on maximizing the value of the real estate assets. However, Sanderson (2019) states that the property owners who treat tenants as valued customers are more likely to achieve their financial goals. Real estate investors have only

recently prioritized customer-focused property management. Moreover, traditional scope of property managers' duties is expanding and customer service is becoming one of the main tasks. Through excellent customer service, real estate investors may attract and retain tenants as well as achieve higher rents. (Sanderson, 2019)

Sanderson & Read (2020) have also studied the implications of customer-focused property management and recognized three themes based on the literature. First, property managers can add significant value to real estate portfolios by delivering high-quality customer service to tenants. Second, emerging trends in the real estate industry are creating new opportunities for property managers to participate in the value creation process. Key emerging trends include heightened tenants demands, space as a service movement, technology-driven market disruptions, proliferation of sustainability initiatives and threat of regulatory intervention. Finally, there are a number of steps property managers can take to leverage customer service to benefit the real estate investors they represent. These themes highlight the importance of customer service and its potential to become a competitive advantage for property managers. (Sanderson & Read, 2020)

Sanderson & Read's (2020) research suggests best practices (see figure 3) for customer-focused property management. The best practices aim to enhance the quality of customer service of property management. (Sanderson & Read, 2020) Edington's (1997) customer service model highlights the relevance of motivating property managers to utilize their information to improve tenants' satisfaction. This requires understanding and acting based on customer's needs as well as evaluating the satisfaction level. Building a strong foundation enables differentiating from peers and winning tenants' loyalty. Another important factor in customer-focused property management is communication. Communication can occur in various channels for instance in meetings, telephone calls or emails. Most importantly, communication channels should be developed based on tenant's preferences and easiness of expressing matters. (Rasila, 2010; Sanderson & Edwards, 2016)

According to Howard et al. (2017a) customer journey maps enable systematic analysis of the overall experiences of tenants over the tenancies. Customer journey maps present the most crucial interactions and touchpoints that act as opportunities for improving the customer experience. (Howard et al., 2017a) The maps also clarify that in addition to property managers, there are several other service providers engaging with the tenants on regular basis (Sanderson & Read, 2020) and thus, contributing to the tenant experience. Customer journey maps also reveal how technology is adapted in various touchpoints. Property managers should consider how technology affects the interactions with tenants as it can potentially reduce customer efforts but also bring the parties apart. (Sanderson & Edwards, 2016) Therefore, interactions requiring personal touch and human connections should not be replaced by technology but it can be used to improve them. (Lu et al., 2014)

Transparency throughout the tenancy may improve customer satisfaction. Landlords should make sure that the tenants know what they are getting for their money. This is crucial in case of service charges that are paid on top of rent. (Halvitigala et al., 2011) Understanding tenants' expectations and explaining the cost structure may deepen the customer relations and increase tenants' appreciation for the property management.

Customer service is becoming one of the main tasks of property managers. This shift requires changes in recruiting and in organizational level. Recruiters and organizations should understand the importance of customer service skills and strive for improvement in the area. (Sanderson & Read, 2020) Customer-focused property management companies should also empower staff to take action in terms of customer experience. Tenant satisfaction leans on responsiveness of requests and flexibility on meeting the tenant requirements. Thus, property managers should be authorized to make decisions on the go to enable proactive actions. (Howard et al., 2017a; Sanderson & Edwards, 2016)

Outsourcing of property management should be made in great consideration. The structure of the agreements between real estate investors and property management firms should take into account the customer-focused property management efforts and align them with the empowerment and incentives of the service provider. (Palm, 2013; Read & Carswell, 2019) Property investors should also carefully consider the reasons for outsourcing and insourcing property management. Outsourcing can offer flexibility over staffing but less control on customer service efforts. Ultimately, both outsourcing and insourcing should be evaluated from the perspective of capacity. (Chiang & Perng, 2018; Palm, 2013; Sanderson & Read, 2020)



Figure 3 Best practices for customer-focused property management (Sanderson & Read, 2020)

3 Co-creating experiences

The interest in customer experience has increased rapidly in the past few years. Companies have recognized the value of customers and their experiences as one of the key competitive advantages in the global market. Nowadays, customers have more choices and channels to choose from which creates a complex and competitive challenge for companies. (Gentile et al., 2007; Meyer & Schwager, 2007) The shift from traditional company-centric market to customer-centric market, where the value is co-created by both the company and customer, has emerged a concept of customer experience. According to Prahalad & Ramaswamy (2004) “high-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantage”.

Customers’ growing expectations, requirements and capabilities have challenged the firm-centric view and required companies to leverage their transparency and interactions with the customers. (Prahalad & Ramaswamy, 2004)

Customer experience can be seen as a more comprehensive and continuous expansion of customer relationship. (Gentile et al., 2007) There are various definitions for customer experience due to its multidimensional nature. Meyer & Schwager (2007) state that “customer experience is the internal and subjective response customers have to any direct or indirect contact with the company”. Direct contact occurs while the customer is purchasing, using and being serviced by the company. Indirect contact contains occasional encounters with the firm’s products, services and brands. These can include for instance recommendations, feedback, ads, and articles concerning the company. Verhoef et al. (2009) see customer experience as a multidimensional and holistic concept which entails customer’s cognitive, affective, emotional, social and physical responses. Finally, Lemon & Verhoef (2016) conclude that “customer experience is a multidimensional construct focusing on a customer’s cognitive, emotional, behavioral, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey”.

Lemon & Verhoef (2016) have conceptualized customer experience as “customer’s journey with a firm over time during the purchase cycle across multiple touch points”. Hence, managing customer experience requires understanding customer’s dynamic and iterative journey from pre-service phase to post-service. (Berry et al., 2002) Customer journeys include various touchpoints in media and multiple channels, which creates a complex and uncontrolled managerial task for the firms. Four different types of touchpoints include: brand-owned, partner-owned, customer-owned and social/external/independent. Customers are sharing their experiences in social media platforms which connects peer customers. This can be seen as both disadvantage and advantage for the company. (Lemon & Verhoef, 2016)

Understanding and managing customer experience require capabilities to measure and monitor customer reactions to company's service offering. There is no unambiguous method for measuring the overall customer experience with all aspects across the customer journey. However, various customer feedback metrics predict customer behaviour better than a single metric. Customer satisfaction is one of the best-known assessment which compares actual performance and customer expectations. Furthermore, Net Promoter Score (NPS) indicates the firm performance and customer behaviour. Customer satisfaction has been seen as backward-looking metric whereas NPS is forward-looking metric. However, it has been argued that there is no major difference between customer satisfaction and NPS. (Lemon & Verhoef, 2016)

Investing in customer satisfaction and experience will likely pay for itself and increase profitability as well. The impact of good customer satisfaction can be seen in improved reputation and word of mouth from customers. (Palm, 2016) Customer satisfaction has become even more crucial in today's world and gained also great interest in real estate industry. Next chapter will discuss customer experience and satisfaction in commercial real estate sector.

3.1 Customer experience in commercial real estate sector

The recognition of customer experience has also increased in commercial real estate industry in recent years and the focus has expanded from buildings to tenants and users of the building. Commercial real estate market is described as demand-driven and thus, space providers have altered their focus from competing with others and attracting new tenants to retaining their current tenants (Appel-Meulenbroek, 2008). Pinder et al. (2003) state that "occupants are the true end users of office buildings. The notion is slowly taking hold that occupants should be treated as valued customers by the providers of the office facilities they occupy".

In recent years, a concept of tenant experience has evolved in the real estate industry. However, there is no exact definition for tenant experience in the academic literature. Workplace experience platform provider District (2021) has determined tenant experience as follows: "Tenant experience relates to the experience of a tenant or user of a building, particularly in commercial real estate. The overall experience covers a wide number of things, from the amenities in the building to the community and wellbeing."

In the beginning of coronavirus pandemic in 2020, people were forced to work from home and their activities in the leisure time changed due to the restrictions. Real estate industry leaders have expanded sources of revenue, developed digital strategies and focused on tenant experience during the past several years. Coronavirus pandemic brought out the need of these strategic changes. (Gujral et al., 2020) Gujral et al. (2020) states that "while relatively

few real estate companies were actively developing or pursuing digital and advanced analytics strategies before the pandemic, such strategies can help with tenant attraction and churn, commercial lease negotiations, asset valuation, and improved tenant experience and operations”.

Literature related to customer experience of tenants in commercial real estate sector is finite. In academy, the focus has been on customer satisfaction and relationships (Appel-Meulenbroek, 2008; Karunasena et al., 2018; Palm, 2016; Sanderson & Edwards, 2016) as well as on experiences of individual workers in office buildings (see Kaasinen et al., 2021; Petrulaitiene et al., 2018). The following chapters reviews existing literature in relation to tenant satisfaction and relationships as well as user experience in terms of workplace management and shopping centre management.

3.1.1 Tenant satisfaction and relationships

Competition has increased in the dynamic real estate environment and therefore, customer satisfaction has drawn attention in industry in the past decade (Palm, 2016). Investing in good customer satisfaction may result in increased profits, good reputation and positive word of mouth from customers. In real estate industry, the focus is typically on current tenants' needs because retaining tenants can be more rewarding than attracting new tenants (Palm, 2016; Pinder et al., 2003). In the end, customer satisfaction enables building stronger relationship between customer and company (Kärnä, 2004).

Satisfaction of commercial tenants is grounded on the service quality delivered by service providers. (Saravanan & Rao, 2007) Thus, service providers should be aware of service attributes that add value and increase satisfaction and which should meet minimum requirements. According to Karunasena et al. (2018) “tenant satisfaction is based on experience with service providers and also with the outcome of the service”. In the context of property management, communication and understanding tenants' needs are the most impactful factors affecting customer satisfaction (Sanderson & Edwards, 2016) Tenant satisfaction has been recognized as one the key factors for successful business. It is connected to tenant loyalty which has an impact on tenant retention. Karunasena's et al. (2018) study states that assurance and empathy correlates clearly with the tenant satisfaction. Additionally, phone and face-to-face encounters have higher satisfaction level than remote service encounters.

Appel-Meulenbroek (2008) has studied “keep, push and pull” factors on satisfaction and ways to improve landlord-tenant relationship in office buildings. Push and pull factors concerns mainly appearance and comfort of buildings. Thus, tenants prefer well-maintained and appealing premises. These factors are directly linked to the tenant satisfaction and also manageable by the landlord. Keep factors include extension possibilities, facility service,

flexibility, net usable area in the building and parking facilities, proximity to inner city and reachability. However, keep factors are not easily changed and controlled by the landlord. The study also indicates that tenant retention is more dependent on the relationship efforts than on offering a good price/quality ratio. (Appel-Meulenbroek, 2008)

Sanderson & Edwards' (2016) study presents the most influential factors in achieving occupier satisfaction, loyalty and advocacy amongst UK office tenants. These factors are (1) the physical aspects of the property, (2) the empathy of the property manager, (3) the assurance that an owner or managing agent can give the customer and (4) perception of receiving value for money in terms of the overall office occupation. According to the study, corporate occupiers value specification, form and function of the property, its location and the amenities in the building and surroundings. Moreover, perception of receiving value for the money indicates occupiers' loyalty that is shaped by the reliability of the property management service and the transparency of service charge documentation. Customers desire empathy for their business and they want to be understood. Hence, property management staff should have necessary listening skills, open attitudes, and motivation to build relationship with occupiers. (Sanderson & Edwards, 2016)

3.1.2 Customer experience in commercial buildings

Customer experience in commercial real estate has been studied in relation to workplace and shopping centre management (Howard et al., 2012, 2017b; Rasila et al., 2009). In addition, the focus has been on the usability of the premises (see for instance Ainoa et al., 2010; Kaasinen et al., 2021). This chapter introduces key findings from the aforementioned literature.

Howard et al., (2012, 2017) have constructed practical guides for developing customer experience in office and shopping centre environments. Both reports include checklists for property managers and landlord to see where they are currently in relation to customer-orientation and where they could improve in terms of customer experience. The main areas of consideration include service culture, understanding customers, people and management, customer journey, stakeholder relationship, performance measurement and technology. In their report, Howard et al., (2017) stress the importance of recognising who is the customer. They state that actors working, living or visiting the community of a building are customers of the property suppliers (see figure 4).

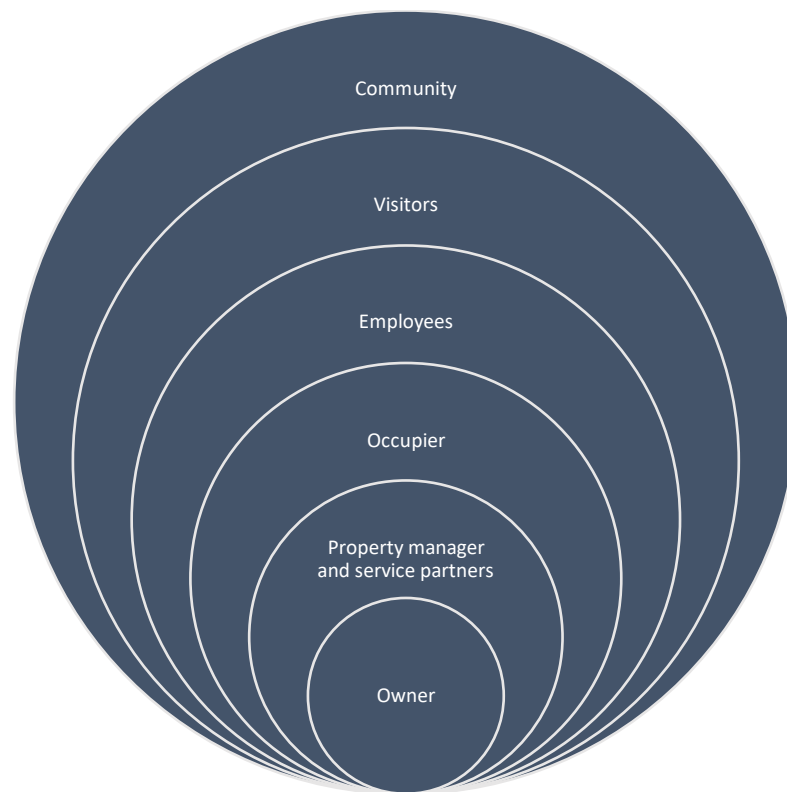


Figure 4 Customer hierarchy (Howard et al., 2017)

Kaasinen et al. (2021) have also studied user experience in smart business buildings. The research indicates that buildings' technical solutions together with human interaction with different touchpoints shape the tenant experience. They also identified key stakeholders at a business campus from the tenant point of view (see figure 5). Some of the stakeholders are outside the campus ecosystem such as investors and partners. However, most of the stakeholders are regularly present in the buildings and collaborate with the tenant. These stakeholders include service providers, other tenants and visitors in the building as well as management of the building. (Kaasinen et al., 2021)

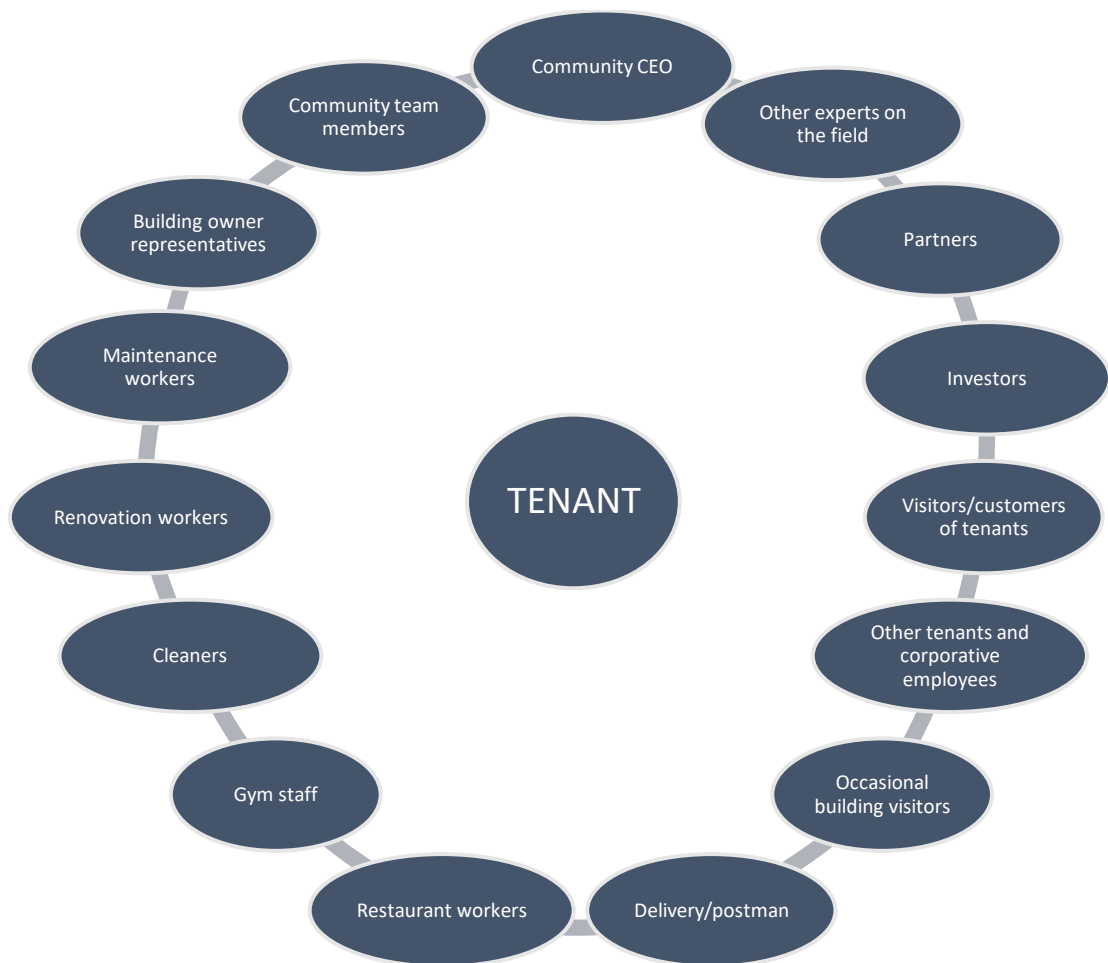


Figure 5 Key stakeholders at the business campus from the tenant point of view (Kaasinen et al., 2021)

Ainoa et al. (2010) have studied usability in shopping centre environments in Finland. They have recognised key attributes for usability from shopping centre consumers and occupiers' perspectives. The attributes include recognition, accessibility, tenant mix, functionality, navigation, attractiveness and interaction. Based on the attributes and evaluation, the key development areas are typically recognition, accessibility and above all navigation. Successful navigation enables wayfinding and therefore, improves customer experience. Another significant finding is that the interaction in shopping centres is not adequate and thus, it is recommended to create a common platform within the centres. (Ainoa et al., 2010)

Rasila's et al. (2009) research presents a methodology for assessing user experience in workplace environment. The methodology combines post-occupancy evaluations and service audits that enables studying and improving customer or user experience in a specific building. The methodology is tested by studying end-users' journeys to work in selected Finnish business parks. Overall experience was quite neutral but some problems or annoyances were introduced; overcrowded bike parking facilities, unroofed mailboxes, poor shower premises

and lack of lockers. The methodology reveals the experience from the user's point of view and takes into account technical, social and virtual aspects along the journey. Moreover, the method presents how the premises are used and what users want from them. (Rasila et al., 2009)

As stated in the literature, customer experience is multidimensional concept which is affected by various stakeholders, platforms and actions. This also determines tenant experience, which refers to the overall experience of a tenant throughout the tenancy. Development of customer experience requires collaboration as well as systematic management and monitoring.

4 Methodology

This thesis is based on research oriented approach and service design. Research oriented approach is a systematic, analytical and critical way of conducting a study. In the approach, researcher examines theory and practice concerning the development work. The main characteristics of research oriented approach include systematicity, gathering of data, analytical and critical thinking as well as production of new information. (Ojasalo et al., 2009) Furthermore, service design approach is chosen due to its ability to develop service concepts with customer focus. The chosen framework for the empirical study is called Double Diamond model. The study follows Design Council's framework for innovation known as evolved Double Diamond. The design process includes various qualitative research methods which is also recommended in the research oriented approach.

The objective of the Master's Thesis is to identify factors affecting tenant experience. The purpose of the study is to develop tenant experience in commercial properties and improve leasing of vacant office and retail premises. This chapter introduces the service design approach, design process, data collection and methods for analysis of the development work.

4.1 Service design

Nowadays, service sector has gained a permanent role as a value creator and generated a new field of study and design as a need for specific knowledge and tools were recognized. In 1991, service design was officially introduced as a distinct disciplinary field. Ever since, service design has drawn attention from academics and corporate life presenting new approaches for value creation and innovation. (Foglieni et al., 2018) Service design offers diverse methods for promoting, developing and implementing innovations. Therefore, service design has become a crucial element for service innovation and development. The definitions and features of service design are complex due to the diversified nature of the field. Research argues that service design acts as a driver for service innovation by providing methods for implementing changes. Both service and product companies are reaching for value creation through service development process. (Foglieni et al., 2018; Yu & Sangiorgi, 2018)

Service design is described as multidisciplinary practice combining tools and approaches from several fields such as product development, marketing, psychology and technology. This enables examining multifaceted service development processes that consist of both abstract and physical elements. Service design aims to enhance the customer experience from the perspective of the user. The purpose of service design is to improve functionality, usefulness and usability of the service. In addition, the method intends providing effective, efficient and distinctive solution. (Moritz, 2005)

The core of service design is in focusing on the right problem. Therefore, the users and customers of the service are involved in the process to solve their real needs and problems. (Stickdorn et al., 2018) Co-creation enables customers to take part in designing the service experience. Another fundamental feature of service design is the iterative and experimental process. Iterative design processes include prototyping, testing, analyzing and refining the idea. (Miettinen & Koivisto, 2009) Thus, the initial solutions are prototyped and tested quickly and cheaply. This enables generating new ideas and improving the solution from the beginning of the development. (Stickdorn et al., 2018) According to Stickdorn et al. (2018) six key principles of service design are the following:

1. Human-centered: Takes into account all people involved in the service process
2. Collaborative: Service design process involves versatile group of stakeholders
3. Iterative: The cyclic process advocates iterative, adaptive and experimental methods
4. Sequential: The service process is seen as compact sequence and it should be visualized
5. Real: The research should be based on reality and the outcomes should be presented in reality
6. Holistic: The needs of stakeholders should be taken into account in all levels of service and business

The field of service design includes various design process frameworks such as Double Diamond (Design Council, 2019), Evolution 6² (Tschimmel, 2018), Service Design Thinking model (Stickdorn et al., 2018) and Service Innovation model (Ojasalo et al., 2015). The number and names of the process steps vary but the models share the same central concepts: understanding the challenge and users, co-creation, visualization, ideation, iterative prototyping and implementing the solution. (Miettinen & Koivisto, 2009)

The chosen process for this thesis is the Double Diamond model. The following chapter introduces the selected model and its application to this development work. Moreover, the tools and methods are explained in the chapter.

4.2 Design process

The design process of the development work follows Design Council's (2019) framework for innovation. This model is called Double Diamond. The process is presented as two diamonds and consists of four stages: discover, define, develop and deliver. The two diamonds express opposite ways of thinking and exploring the design challenge at hand. First halves of the diamonds represent divergent, wide and deep, thinking whereas the second halves signify convergent, focused and narrowed, thinking. (Design Council, 2022) Double diamond framework applied in this thesis is shown in the figure 6.

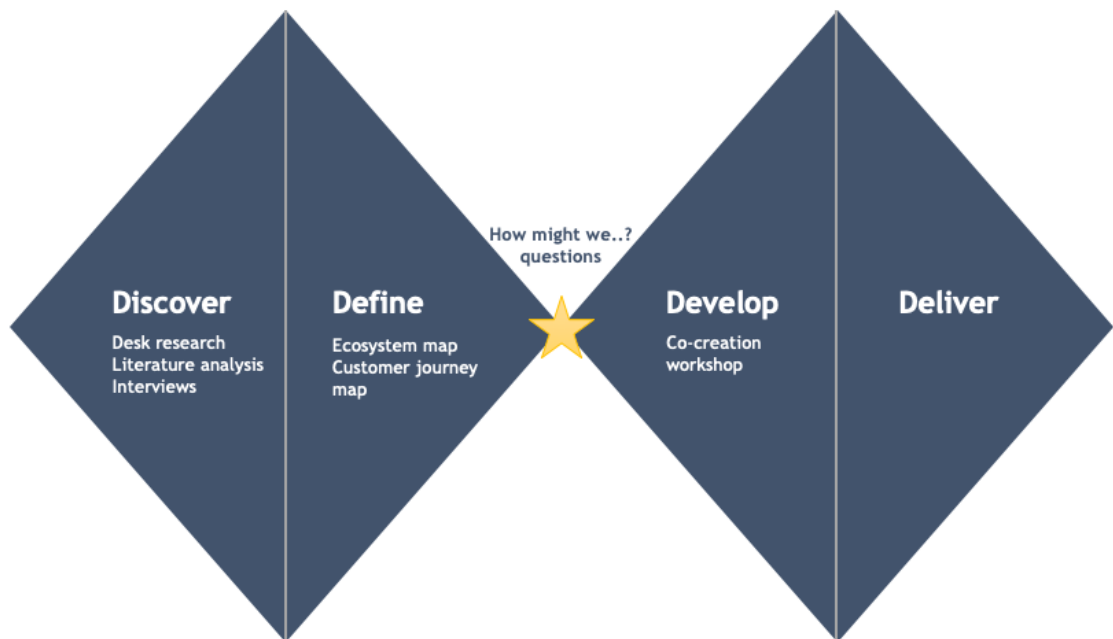


Figure 6 Design process and research methods of the development work (modified Design Council, 2019)

Discover phase aims to understand the problem at hand instead of assuming it. At this stage, designers typically familiarize themselves with the background information as well as observe and speak with people that are involved in the problem. In the define phase, the information gathered is reviewed and crystallized in order to limit the right challenge. Develop stage of the second diamond helps to ideate various solutions and look for inspiration for the development. This phase typically involves several people who are co-creating answers together. Finally, in the deliver phase the selected solutions are tested and iterated starting from small-scale. Design process is an iterative and collaborative way of finding, developing and testing ideas. It should always take into account the people using a service. (Design Council, 2022)

Double Diamond was chosen as the design process for this thesis because of its ability to explore challenges, shape insights and create ideas. It is one of the best-known design frameworks and proved to be suitable for diverse challenges. Discovery stage included desk research, literature analysis and interviews. Next, customer journey and ecosystem maps were created in the define phase. Finally, the right problem was chosen and solutions were ideated in the co-creation workshop in the develop phase. Due to the resource and time constraints, the deliver stage is out of scope of this thesis. The chosen design methods and tools of each stage are presented in the following chapters.

4.3 Discovering the current state of customer experience in commercial real estate sector

The service design process started with discovering the current state of customer experience of tenants in commercial real estate sector. First, desk research was conducted to gain knowledge on the field. Second, selected tenants and property owners were interviewed as part of the discover -phase. The following paragraphs explain the processes of desk research and interviews.

4.3.1 Desk research to study customer experience of tenants

In the first phase of the design process, the aim was to gain understanding on the field of services and customer experience by conducting a desk research. Desk research consists of investigating existing data that is collected for other projects and purposes. It should serve as the starting point for the project as it aims to examining existing research on the topic. Thus, the research helps to formulate research questions and limit the scope and methodology of the project. (Stickdorn et al., 2018)

The desk research of this thesis started with a literature review of the service and customer dominant logics as well as customer experience. Literature review included both national and international scientific articles, books and reports. In addition to the theoretical knowledge, the aim was to study the role and meaning of customer experience in commercial real estate sector in Finland. Therefore, a research was carried out to examine real estate actors' webpages, reports and blog texts to study their interpretations of customer experience and satisfaction. Actors included commercial real estate owners, managers and consultants.

In the desk research, the aim was to study how customer experience appears in the Finnish commercial real estate sector currently. The target was to investigate if customer experience is part of the companies' service offering, operations or strategy. The researcher looked for key words such as customer experience, satisfaction, collaboration, co-creation and tenants.

4.3.2 Interviewing tenants and property owners

Interviews represent qualitative research method which help to uncover subject's experiences and behavior. Interviewees can express their knowledge and viewpoints in own words. (Kvale, 1996) Interviews are one the most common methods for data collection as it is relatively flexible method for various kinds of purposes. The method can be applied in most of the research cases and it enables gathering truthful and deep information of subjects under study. Also, interviews are far more personal and active processes compared to questionnaires, which are also widely used for data collection. In this thesis, interviews were chosen as one of the research methods due to their ability to uncover possible gains and pain points of customers. Additionally, interviewing property owners and managers aimed to

understand the current status and management of customer experience of tenants in commercial real estate market in Finland.

The categories of interviews are divided into following three types: structured, semi-structured and un-structured. (Kvale, 2008) The chosen interview type for this study was semi-structured interview. The interview type contains a certain set of questions and the interviewer tries to guide the conversation in specific direction but gives still freedom for the participant to tell about other interesting and important topics. (Hesse-Biber & Leavy, 2011)

Altogether eleven interviews were conducted for actors operating in Finnish retail or office property field (see table 3). Six participants represented tenants that are leasing either retail or office premises. The chosen tenant companies represent small or medium sized businesses operating mainly in Finland. By focusing on the smaller companies, the aim is to promote common-good and social value in the commercial real estate sector. Moreover, retail operators had most of their stores in shopping centres whereas office tenants were leasing premises from multi-user buildings. The intention was to find tenant representatives that are working closely with the company's leased premises. In addition, five service providers including four real estate investors and one representative from property management company were interviewed. As for property owners and managers', the participants' tasks involved customer experience, marketing and asset management. Thus, the interviewees had previous knowledge on the themes at hand and were able to share their viewpoints. The names and positions of the participants are not published to ensure confidentiality.

| Interviewee | Industry | Property type |
|--------------------|---|----------------------|
| Tenant 1 | Retail sale of pets, pet food and pet supplies | Retail |
| Tenant 2 | Retail sale of photographic equipment; photography services | Retail |
| Tenant 3 | Processing of tea and coffee | Retail |
| Tenant 4 | Manufacture of other outerwear | Retail |
| Tenant 5 | Specialist medical practice activities | Office |
| Tenant 6 | Construction of residential and non-residential | Office |
| Provider 1 | Fund management activities | Office and retail |

| | | |
|------------|--|--------|
| Provider 2 | Letting of other real estate | Retail |
| Provider 3 | Letting of other real estate | Office |
| Provider 4 | Business and other management consultancy activities | Office |
| Provider 5 | Fund management activities | Retail |

Table 3 List of interviewees

The researcher contacted prospective actors by email and asked their willingness to participate in the research. The background and purpose of the research as well as themes of the interview were explained in the email. Participants were interviewed individually and remotely via Microsoft Teams platform in February and March 2022. The length of the interviews varied from 45 to 60 minutes. Interviews were recorded and taped with interviewees' consent to enable encompassing transcription. In addition to recording, interviewee took some notes but the main focus was on listening the interviewee.

As the interviewees represented both tenants and property owners and managers, two different kinds of field guides were used (see appendices 1 & 2). Both field guides included the following themes; background of the interviewee, current offering/premises, leasing process, tenant relationship, customer experience and future. Additionally, tenants' field guide included theme focusing on decision-making. Owners and manager's questions focused on their service and space offering, internal processes, tenant relationship and customer experience management and leadership. Tenants' were asked to describe their current premises, leasing process, relationship with the landlord and managers, customer experience and decision-making process.

Transcribed interviews were analyzed by conducting thematic analysis, which is a method of qualitative data analysis (Lester et al., 2020). The process of thematic analysis applied in this thesis is shown in the figure 7. Interviews of tenants and property owners and managers were analyzed separately in order to compare the results as well as to identify differences and similarities. The process of thematic analysis begins with preparing and organizing the data. This includes gathering all research data into same location and transferring them preferably into digital format. (Lester et al., 2020) In this study, all interview material was already in the digital format as the interviews were conducted remotely and recorded in Microsoft Teams. Recordings were saved both with and without the video in order to have audio files separately. Second step of the analysis consists of transcribing the data. Verbatim transcripts are often used in thematic analysis as it aims to capture every expression and form precise

documentation. (Lester et al., 2020) Audio recordings of the interviews were transcribed with the help of Microsoft Word transcribe function. Thus, interviews were saved in word documents for further analysis.

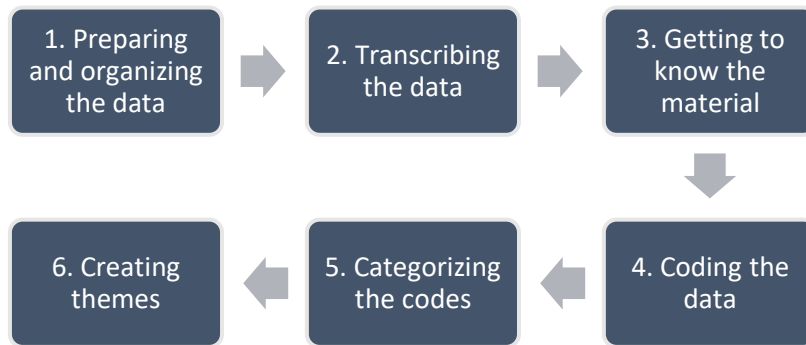


Figure 7 Process of thematic analysis (modified Lester et al., 2020)

Third phase of thematic analysis entails getting to know the material. Transcribed interviews were reviewed and read through several times. Next, the data is organized in systematic way by applying coding. Codes are short sentences or words describing the data. Researcher chooses the data sets and codes based on research interest. It is suggested to apply coding in several phases to create layers of codes. The aim of coding is to reduce the amount of data and formulate it to smaller chunks. (Lester et al., 2020) In this phase, the research data was entered into Miro. Researcher selected the most relevant content of the data for coding. The data was color-coded based on the interviewee. Data was reviewed again and interesting parts were marked with codes in order to highlight and summarize key concepts. Codes included sentences such as “interest in tenant”, “smooth process” and “direct contact”.

After coding, the codes were categorized and categories were turned into themes. The aim is to see how the codes are connected to one and other. Therefore, categories include codes that are related analytically or conceptually. After categorization, researcher forms themes in two stages. First, categories are gathered based on their similarities, differences and relationship. Second, researcher appoints a descriptive theme for the underlying and selected categories. Furthermore, themes imply significant or interesting matters about the research data or research questions. (Lester et al., 2020) At this phase, researcher clustered the data into categories (see figure 8). Then, relationships of the categories were analyzed and categories were arranged according to their relations. Finally, researcher created themes for the aligned categories. Final themes are presented later in the results chapter.



Figure 8 Categorisation of the codes

4.4 Defining the actors and mapping out the customer journey

In the second phase of the design process, the research material was reviewed and clarified in order to restrain the focus of the research and prepare for the ideation phase. The key research data and insights were crystallized in forms of customer journey and ecosystem maps.

4.4.1 Ecosystem map

Ecosystem map is a comprehensive visualization of the ecosystem around a service. The map can be created from various perspectives including customer's or business' perspectives. Ecosystem map helps to clarify and visualize research data. Typically, ecosystem map is built on stakeholder map which presents the key stakeholders in a service system. In addition to typical stakeholders, ecosystem maps include vast range of actors such as channels, places, platforms and equipment. Actors are placed to the map based on their prioritization and usually, the most important ones are situated closest to the centre. (Stickdorn et al., 2018)

The ecosystem map was created mainly based on the interviews for tenant and providers. The map was built from tenant's perspective and thus, the tenant company was placed in the at the centre of the map. Actors contributing to the tenant experience were situated in

different levels based on their connections and importance towards the tenant. During the interviews, the interviewees were asked to name key stakeholders affecting the customer experience of tenants. Interviewees mentioned key contact persons and people who are responsible of the customer relationships. In addition to people, interviewees described touchpoints, platforms and places that they use frequently or have an impact on tenant experience.

4.4.2 Mapping out the customer journey

Journey maps visualize the service experience and actions of a customer over time. The map can present the overall experience across the service or specific parts of it. In addition to direct contact points with the service provider, journey map also includes experiences that occur before and after the service. Therefore, journey maps can uncover pain points and potential opportunities for developing the customer experience. The map is presented as sequences of stages and steps of a customer. It can be a high-level presentation of a service experience or more detailed depending on the need. Moreover, the map can present current or future journey of a customer. (Stickdorn et al., 2018)

To synthesize the findings from the discover phase, a journey map of current tenant experience was created. The map was produced by utilizing the information from desk research and interviews. It was decided to visualize the overall high-level journey of a tenant. Office and retail tenants' experiences were somewhat similar and thus, it was decided to combine these perspectives into a one map. The customer journey map was built on sections of phases, touchpoints, stakeholders, customer actions, experience and pain points. After the co-creation workshop the map was completed with opportunities that arose during the How Might We..? -exercise. The final map is presented in the results chapter. The aim of the workshop was to conclude the define -phase and develop new solutions. Next chapter introduces the workshop methods and arrangements.

4.5 Developing tenant experience and leasing of vacant premises

After studying the phenomena and defining customer journey and ecosystem of tenants, the process continued to the develop phase. Co-creation workshop was arranged to define the right problem based on the research outputs and ideate ways to improve the current tenant experience. According to Stickdorn et al. (2018), service design principle "collaborative" means that the process should engage various stakeholders from different backgrounds. Additionally, Design Council (2019) has also named "collaborate and co-create" as one of the design principles. They suggest working together and becoming inspired by others work. Therefore, the aim of the workshop was to bring people together to co-create and ideate. Workshop enabled building on others' ideas and combining different views.

The workshop was named as “Added value through tenant experience” and targeted to professional real estate owners and managers operating in Finland. The workshop was planned to be held in Finnish and thus, event description was written in Finnish. As this Thesis was part of the House of Experiences project, the workshop was published under the project’s website and social media platforms one month prior the event. The thesis writer acted as the facilitator and the project group was presented by one of project team members. The aim was to find real estate professionals with various backgrounds to attend the workshop. The event was public and attendees were recruited by advertising the event in LinkedIn, project’s collaboration networks and website. In addition, prospective attendees were invited directly by email and phone. The targeted participants were real estate actors owning or managing office and/or shopping centre properties. Despite of the wide publicity of the event, it was somewhat challenging to find participants. In the end, five participants registered for the workshop but one of them needed to cancel a few hours before the event.

The workshop was held remotely in Microsoft Teams in May 2022 and scheduled to last for two hours in the afternoon. The meeting was recorded with the participants’ consent. There were six participants including facilitator and one team member from House of Experiences project. Rest of the attendees represented commercial property owners or property management companies. The facilitator planned the workshop agenda, sent the meeting invitations to the attendees, designed the exercises in Miro and prepared a workshop script before the event. As there were only four participants, it was better not to divide them into pairs but to work as one group in order to have more perspectives and dialogue.

The aim was to identify tenants’ pain points throughout the customer journey and ideate ways to develop tenant experience and improve leasing. All exercises were performed in a visual collaboration platform called Miro. The platform enables co-creation and communication in a digital format. The workshop started with participants introducing themselves. Moreover, House of Experiences project was briefly explained by the project team member. Afterwards, a warm-up exercise was performed to set the participants’ mindsets towards ideation and customer experience. Also, the exercise helped to test the platform and try basic features such as moving post-its and writing on them. In the exercise, participants were asked to write what come to their mind about the words “customer experience”. Next, the workshop facilitator presented the research process by explaining double diamond framework. Additionally, research findings were introduced in forms of customer journey map and ecosystem map of a tenant. Thus, the participants were able to get to know the main stakeholders and touchpoints affecting the tenant experience as well as customers’ pain points, actions and experiences.

After research presentation, the workshop continued to co-creation activities. First task was How Might We...? -exercise where the aim was to come up with opportunities and ideas based

on the research data. The exercise helps to generate insights and formulate trigger questions. The method aims to prepare for ideation and focus on the right challenge. (Stickdorn et al., 2018) After giving instructions for the exercise, participants started to create How Might We -questions independently. Altogether 28 questions were formed. Next, participants reviewed each others' questions and voted for the ones that they would like to continue working on. Voting enabled prioritization collaboratively and systematically in a short time. Each participant had three votes and they were able appoint them for one or more questions. Outcome of the exercise and voting is presented in the figure 9.

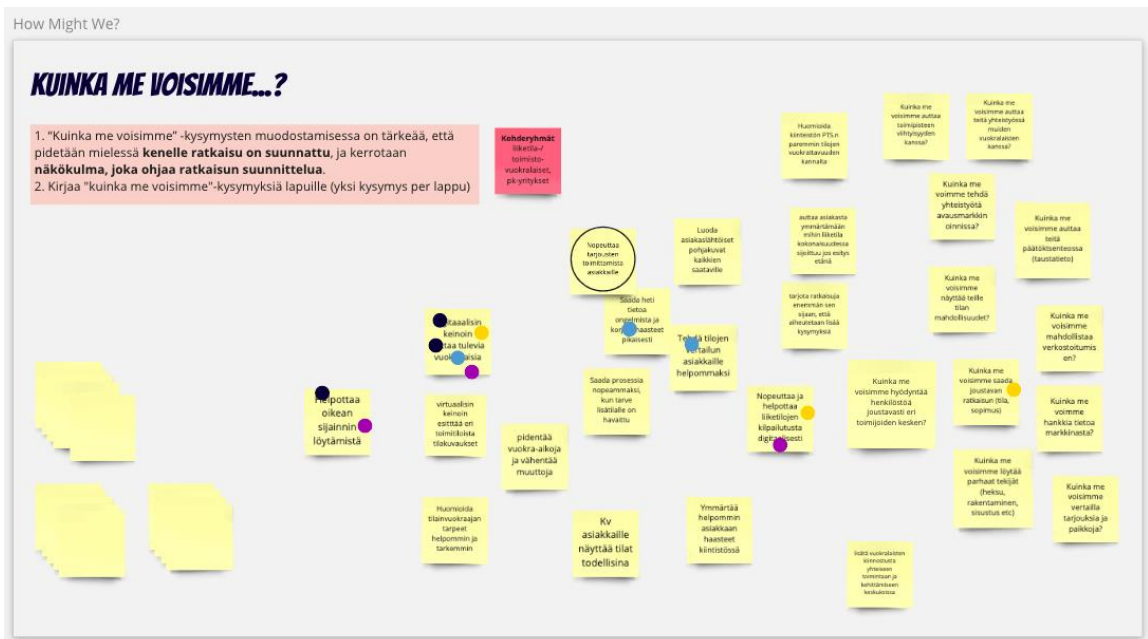


Figure 9 How Might We? exercise in Miro platform

Once one of the How Might We -questions was chosen for further analysis, the workshop continued to ideation exercises. Participants were asked to brainstorm solutions for the HMW question. Verbal brainstorming and silent brainwriting are common tools for formulating several ideas in a given time frame. Brainwriting is suitable exercise when ideas are complex and diversity is required. Moreover, brainwriting helps to engage also quiet persons as everyone is working on their own. In ideation phase, it is important to introduce all ideas and not to limit them. (Stickdorn et al., 2018) Participants had a few minutes to write down all their ideas on post-it notes in Miro. When there were a few minutes left, they suggested to review others' ideas and build on those either by combining ideas or continuing them. The group created 15 ideas for the challenge. Next, ideas were evaluated and prioritized.

Participants were asked to prioritize and evaluate their ideas together based on customer value and business value. They were presented a prioritization matrix where the values were set as the axis of the diagram. The diagram was divided into four clusters. These clusters

presented the value of the idea. If the business and customer value were high, the idea was supposed to be located to WOW! cluster. These ideas are the most valuable and promising ones. If the business value was low but customer value high, the ideas were located to a cluster with smiley face. These ideas possibly improve customer experience even though they might not be the most profitable ones. If the idea had high business value but low customer value, they were placed to € -cluster. These ideas are worth to consider due to their business potential but need to be re-evaluated based on the customer value. Finally, the ideas with low business and customer value were located to the red cluster. These ideas do not have high priority and might be put down.

In the end, participants chose one idea from the WOW! cluster for the final task. To visualize the idea, the participants created a mood board. The board can include various elements including pictures, text and videos. Mood board helps to explain the idea and inspire further development in the next phase of design process. Final results and outcomes of the development project are presented in the next chapter.

5 Results

5.1 The current state of customer experience in commercial real estate sector

Current state of tenants' customer experience in commercial real estate sector was studied by reviewing scientific articles, reports and property owners' websites as well as by interviewing tenants and property owners and managers.

5.1.1 Tenant experience

The objective of the development work was to identify factors affecting customer experience of tenants in retail and office buildings. The following themes were recognised through tenants' interviews: (1) co-creation, (2) empathy, (3) communication, (4) flexibility and (5) attractiveness.

Co-creation included categories collaboration, listening tenants and impact. The amount and level of collaboration varied case by case but it was evident that if there is collaboration it was seen as a positive thing. There were both bad and good experiences in terms of collaboration. Some stated that there have been instances where the property owner doesn't put much effort on the development of the building. On the other hand, in some cases the collaboration was close and tenants were actively engaged in the development. One interviewee stated that collaboration is key for good customer experience. Tenants hope that they are taken seriously and their wishes and hopes are taken into account. However, it can be indicated that more effort could be put into co-creation and participatory actions. Some of the tenants stated their opinions were asked in some instances but they felt that it did not impact on the final result.

Empathy indicated understanding tenants' lives and promoting human to human interactions. The interviews showed that tenants value open and humane communication. The stakeholders should be able to discuss also difficult matters. Small and medium sized companies stress the importance of understanding their businesses' characteristics. Due to the resource constraints, the business is not always constant. Additionally, small companies may lack experience and thus, may not have solid reputation. Even though commercial real estate often comprehend business to business environment, the actors should not forget that it is still human to human business. Understanding and listening each other's can strengthen the collaboration and customer relationship. One tenant representing a small business described their experience as follows:

"Maybe in that customer relationship, we were equal to the landlord. They were always ready to negotiate if there were any problems or challenges. In a way, they were willing to meet us halfway in many respects."

Communication is one of the key factors in customer experience. Communication should be systematic, clear and proactive. Hence, everybody is kept up to date and knows what to expect. Communication can also ease customers' lives by clarifying complex matters. However, if there is lack of information, it can cause confusion and reduce tenant's employees' satisfaction. It concerns the entire customer journey from finding the premises to moving-out. Also, communication should be relevant and directed to right people. If there are a lot changes or challenges, informing is important but it should not be overwhelming. During covid-19 uncertainty challenged many businesses:

“In a way, it felt like shopping centres did not spend too much time on considering the situation or how to overcome it.”

The tenants stated that there is quite little contact with the landlord or manager if everything is going well. The contact is concentrated on difficult situations or problems and some described it as one-sided where contact occurs mainly from tenants' initiative. Tenants want to focus on their own business and avoid additional inconvenience. Therefore, they appreciate clear guidelines and communication. The research indicates appreciation for service-oriented and active contact persons. Collaboration may personify and thus, the behaviour and communication of the contact person has a decisive role in the customer relationship. Contact persons' interest and prompt actions improve customer experience. Tenants value direct contact which they also find effective. Negotiating and communicating is easier when the stakeholders know each other's. Additionally, digital communication platforms can be time-consuming and stiff in some instances. Thus, digital platforms should be implemented in user-friendly manners and promote effectiveness. Furthermore, face to face contact should not be underestimated and replaced by digital channels. Property owners could improve personal and one on one contacts in order to get acquainted with their tenants. One interviewee described their experiences as follows:

“Here it is easy because I can call either the leasing manager or shopping center manager and then they look after the matter. Thus, it [the process] is not that strict. --- But in a way, it doesn't help the situation if there are any disagreements and you don't know the people personally. Then it's wrangle both sides and thus, I hope it could be friendlier.”

Flexibility relates to both premises and terms of the agreement. Flexible terms enable preparing for the future and changes. Terms could permit decreasing or increasing space size. It was indicated that terms are often pre-issued and not entirely negotiable. Therefore, small businesses need to adapt and stretch their operations to meet the terms. Finally, attractive building and premises improve tenant experience. The look and feeling of the space affects customer's first-impression of the building and landlord. It also affects tenants' customers' experience.

5.1.2 Managing and developing tenant experience

Based on the desk research and analysis of the service providers' websites, customer experience or satisfaction are taken into account in most of providers' operations. In some cases, tenant satisfaction and collaboration was discussed as a part of the ESG reporting. Some providers mentioned that customer experience or satisfaction are in the core of their business or part of the strategy. Regular satisfaction surveys, collaboration with the tenants and proactive communication are mentioned as ways to improve tenant experience.

In the interviews, property owners and managers were asked how they manage and develop customer experience. Moreover, they described their leasing processes and tenant relationship management. The following themes emerged from the owner and managers' interviews: (1) Effectiveness, (2) Customer relationship, (3) Resources, (4) Attitude, (5) Co-creation, (6) Service offering, (7) Management and (8) Future.

Property owners and managers aim to offer premises that promote effectiveness and easiness for the tenants. Premises should be flexible, accessible and well-maintained. Moreover, additional services such as lobby service, restaurant and marketing, supplement the offering. They believe that the most important features are fast response and reliable service. Interviewees have also recognised the importance of physical presence and thus, their staff or service providers should be available in the building. Their aim is to get to know the customers in order to build relationship. One owner described their operations as follows:

"...And then it's the visibility of the centre management in the shopping centre. They dismount to the centre. The tenant sees that there was the shopping centre manager. They see that the management is present and accessible. This is crucial."

Resources relate to both tenants' and property owners' resources. Interview results indicate that the resources of small enterprises are limited and thus, restrict their capabilities in terms of leasing. Therefore, one property owner stated that they offer for instance business training for individual tenants who do not have as much supporters or expertise as chain operators. Limited resources may also hinder the decision-making and financial capabilities of a tenant. Additionally, lack of knowledge and experience can be echoed in understanding of responsibilities and rights in relation to negotiation and terms of the agreement. According to the property owners', resources affect customer experience as budget and time are limited. Development ideas need to be prioritized because everything cannot be executed at once.

Development of customer experience requires right attitude and engagement from the service provider. Property owners should not hide behind their service providers but to take the responsibility over the customer experience. One interviewee stated that people need to understand its meaning and pledge oneself to it:

“The customer experience is certainly processes and systems but above all it begins with people and these people need to see, already when employed, the importance of the matter and that they want to make things right.”

The research indicates that customer experience is still relatively new thing in real estate field. One interviewee believed that this is due to the structure of the field where the owners of the properties change often. Hence, investors rather focus on the value of the property than customer experience and long-term development becomes discontinuous process. However, majority of the property owners believed that the significance of customer experience has evolved during the past years and will continue increasing in the future. Owners have understood that the tenants are crucial part of profitable investment; without tenants, there is no cash flow. Tenants should not be considered as self-evident fact. Furthermore, some interviewees stated that interior design and construction lack user-centricity which should be taken into account from the very begin. Developers should understand to whom the building or premises are built for and how could they serve best the users.

Some of the property owners and managers mentioned that they have engaged their tenants, service providers and end-users in co-creating services and concepts. Involvement has included round-table discussions, workshops or surveys. Some of the interviewees mentioned that new services, platforms and systems have been tested with customers to collect feedback. The interviewees also stated that all parties need to be committed to co-creation. However, some property owners and managers have found it difficult to get tenants or customers involved in common meetings and development processes. Moreover, one interviewee brought out that tenants' initiative varies depending on their presence in the building. The role and responsibilities of a staff member and size of the company may affect their activity. Typically, larger companies have systematic processes and thus, individual staff members do not engage with the owners or managers that much.

Property owners have been pivoting their service offering and premises in order to meet the needs to the customers. The aim is to find effective use of space that supports tenants' business. In addition to traditional property maintenance services, owners may offer additional services to the tenants. Some owners have developed flexible space offerings, pickup points as well as click & collect services that support ecommerce. However, some owners find it somewhat difficult to identify the most potential services and information that generates added value for the tenants. Traditionally, real estate owners have been seen relatively passive actors who provide the space but not much more. Today, the role and requirements of the owners are changing and tenants should also recognise it.

According to the interviewees, customer experience management is a continuous work which requires collaboration and systematic processes. Most of the owners mentioned that they collect feedback with regular occupier satisfaction surveys. Surveys cover satisfaction concerning spaces, user services and service providers. Moreover, satisfaction can be observed continuously through measuring daily operations such as success of restaurant operator and cleaning as well as internet connections. Interviewees stated that they have created property- or customer-specific development plans that include for instance satisfaction, auditing of the premises and meeting frequencies with customers. One interviewee also mentioned that their service providers' rewards and employees' targets are tied to customer experience. Furthermore, interviews indicate that customer experience management and development is challenging due to the complex ecosystem related to properties. Property owners need actively to monitor their service providers' success in order to guarantee that their standards are met.

Property owners were asked about the current state of customer experience in real estate sector and future development. As the research was conducted, covid-19 pandemic was still ongoing and remote work was common practice. Interviewees also took a stand on the remote work and believed that people will return to offices and shopping centres. However, the majority stated that workplaces must be attractive and their main task is to bring people together. Moreover, one owner mentioned that the standards have increased and customers require more from the premises. Shopping centres and offices should offer pleasant experiences for the users. One interviewee believed that activity based offices are becoming a new norm. There will be more variety in different types of spaces; quiet rooms, podcast studio, video conference room, gym etc. Some interviewees also highlighted that people want to expand their activities outside home, especially in cities where homes are relatively small. Therefore, there could be demand for additional spaces that enable for instance working, arranging parties, spending time with friends and relatives as well as pursue various hobbies. Moreover, some interviews indicate that the focus will shift from physical spaces to services. The space itself is not at the centre of the business anymore but instead the services and experiences around it.

5.2 Ecosystem of tenants

Ecosystem map (see figure 10) presents actors and touchpoints affecting customer experience of office and shopping centre tenant and hence, answers to the first research question. The map is created based on the interviews of tenants and property owners and managers. The tenant, in this case company x, is located in the middle of the map (level A). Other actors are situated around the tenant (levels B and C) based on their importance and connections to the tenant. Touchpoints and stakeholders that have the greatest affect to the experience and direct contact often with the customer are placed in the level B. Moreover, other actors who

are not that often in contact with the tenant are placed in level C. Actors affecting office and shopping centre tenants' experience are mostly the same. However, there are some differences based on the property management activities and thus, these are presented in separate clusters in the bottom right corner of the map.

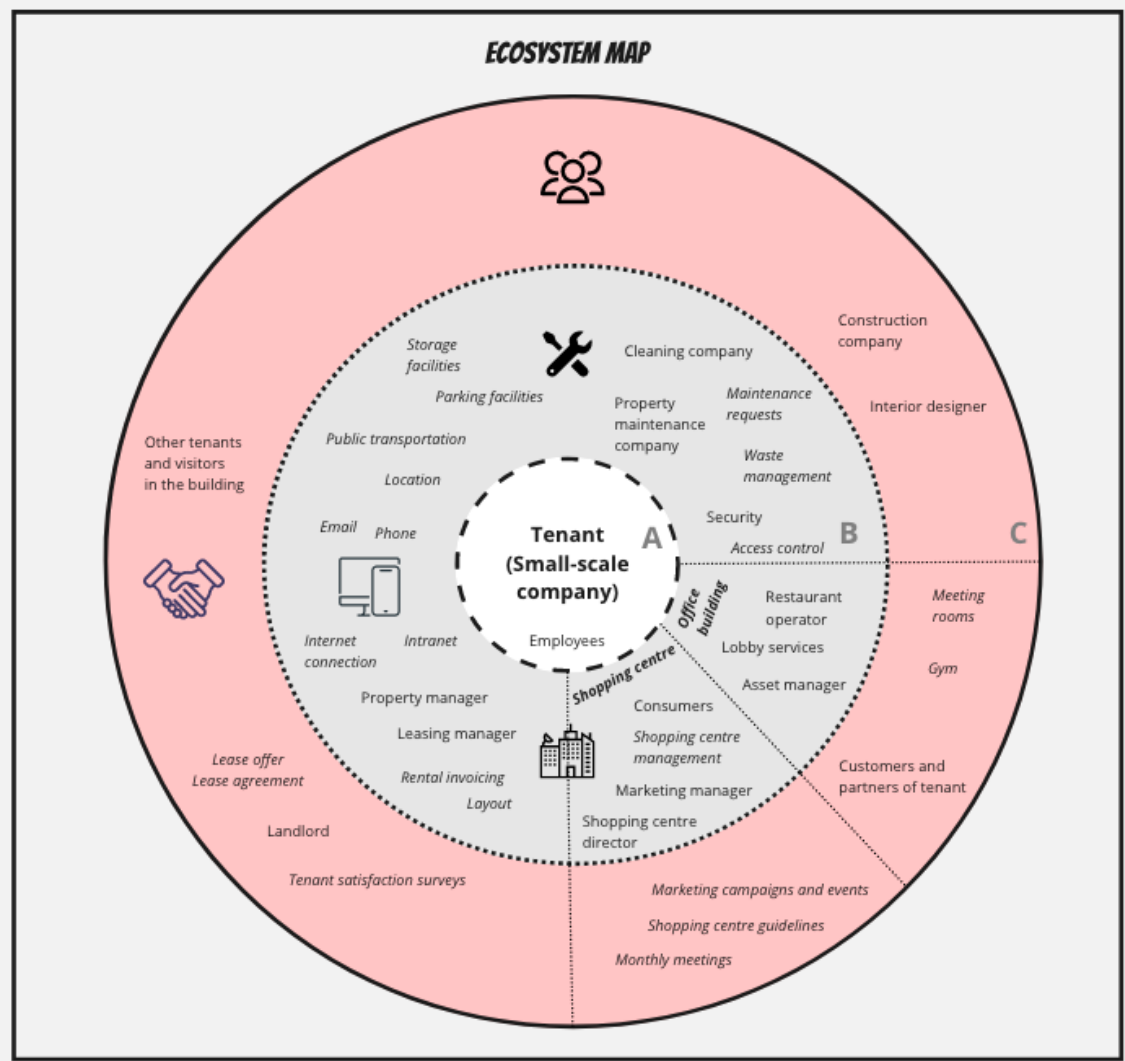


Figure 10 Ecosystem map of a tenant

Level B actors include actors who represent property owner, management and maintenance. Furthermore, touchpoints enabling communications and important features of the premises are placed in level B. According to the interviews, leasing manager takes care of the sales process of the premises. Therefore, they are usually the first contact point from the property owners side. Their main duties are showing the premises and preparing lease documents. When the sale is closed and lease term begins, usually the contact person also changes. The contact person is often property manager in technical issues and asset manager or shopping centre director in lease related matters. Asset manager and shopping centre director was often mentioned as the persons responsible over tenants. They are in charge of the

operational management of the building and tenant relationships. In some cases, asset manager can also be responsible for the leasing. Regarding contact persons, one office tenant said:

“Surely my contact matters are quite in the operational level but those contacts that I make are towards the building coordinators or lobby personnel. Often in the case of office hotels, the sales person is there when the sales process and negotiations are on, but then they move on to the next project and then the building’s own contact person becomes the one who to contact and communicate with.”

In shopping centres, the shopping centre management also include marketing manager and shopping centre assistant. Marketing manager is responsible for the marketing activities and materials whereas assistant takes care of the daily operational tasks. Additionally, consumers and visitors of the shopping centre are crucial for the tenants.

In terms of daily operations, security, cleaning and property maintenance service providers are important stakeholders as they take care of the property. Their work also affects tenant experience directly. Some of the interviewees mentioned that everyone in the building affects their customer experience regardless who the service provider work for. Cleaning provider maintains cleanliness and security ensures safety in the building. Property maintenance was mentioned several times when tenants described actors affecting customer experience. They handle mainly technical issues in the premises which can be crucial for the tenants’ business operations. One tenant described their experience as follows:

“Here we have one awesome property service man who visits the premises, fixes things and so on. After all, quite small factor but still very significant. It makes us feel that our store is taken care of when this guy comes to fix things or takes a look at the premises. These kinds of things matter a lot.”

The location and facilities of the building affect the customer experience. Parking facilities and public transportation are important factors for the companies. Tenants also mentioned that often their operations require storage spaces. In office buildings, restaurant operator and lobby services are among key stakeholders. Both tenants and property owners recognized the importance of the lobby service as it creates the first-impression of the building. One owner stated that the most important interfaces should be under the company’s own brand and thus, they have transferred from outsourcing the lobby service to providing it by their own employees. Lobby services help tenants in various daily matters (e.g. booking facilities, reporting service requests etc.) and is present in the building. One office tenant stated as follows:

“I’m surprised positively, even though I was aware of it, how important the lobby service is. The attitude of the lobby personnel and also, when you enter the building and there’s familiar person greeting you in the morning and they are very service-oriented. Thus, it has a huge impact that there is a good atmosphere which is created by the lobby service.”

The level B factors also include touchpoints, materials and platforms that are mainly used for communication between the stakeholders. Emails and calls were most often mentioned as communication channels between the tenant and service providers. Additionally, some mentioned that they use building’s own intranet. Intranet may include information about the building and its happenings or it can be used for reporting. Internet connection is important feature both for communication and tenants’ business operations.

Level C actors include stakeholders, touchpoints and platforms that are not often in direct contact with the tenant or they are used more seldom. In some instances, property management and facility services are outsourced and thus, landlord is not directly in contact with the tenants. Some tenants described their landlords as faceless and emphasized the importance of service providers that represent the property owner in day-to-day operations. One interviewee described their relationship with their landlord and stated that “once the lease agreement is signed, we need to figure out who to contact if we have something to discuss”. The terms of the lease are presented in the lease offer and agreement. These guide tenants’ decision-making and operations in the building. Some owners collect feedback by sending out tenant satisfaction surveys in order to improve tenant experience. However, some tenants mentioned that the follow-up of the surveys is not systematic and they have not noticed any impact.

In shopping centres, there are usually separate guidelines which concerns tenants’ operations. Guidelines include for instance rules about opening hours and reporting as well as instruction for waste management and accessibility. Moreover, shopping centre management arranges monthly meetings to present current topics and happenings to the tenants and service providers. Some interviewees mentioned that other tenants also affect their customer experience. Tenants can collaborate by arranging events or helping in daily matters. In addition, some mentioned the importance of relevant neighbours in boosting their brand and sales. In office buildings, shared facilities such as meeting rooms and gym affect tenant experience. Also, if the premises require renovation, construction company and interior designer may have an effect on the experience.

5.3 Customer journey of tenants

One of the aims of the research was to identify factors contributing to the customer experience of office and retail tenants. The second research question was “What are the factors affecting tenant experience in commercial real estate?”. The answer to the question

is presented in a form of customer journey map. As Lemon & Verhoef (2016) stated, customer experience is customer's journey with the company across time. It is dynamic and iterative process, which also seen in the tenant's journey. Customer journey map (see appendix 3) describes the experience of a small-scaled company looking for new premises and leasing an office or retail space. The map visualizes the overall journey of a tenant in a high level. The journey is somewhat complex and multistage but the map helps to perceive the main phases, customer actions, experiences and pain points throughout the process. Additionally, it presents the stakeholders, touchpoints and opportunities related to the journey. Therefore, the map illustrates how different touchpoints affect the customer's experience. Only part of the touchpoints are under company's control and thus, the map helps to understand variable external factors affecting the experience.

The phases include (1) awareness, (2) consideration, (3) negotiation & decision, (4) preparations, (5) lease term and (6) moving out. The customer journey begins either by planning expansion or when need for new space arises. The need can be related to too small or large premises. If the tenant is looking for premises they typically commence the process by searching vacant spaces online. This is when the consideration of options begins. They might find premises from properties' webpages, vacant space listings or through ads. Afterwards, the customer contacts the owner or broker who leases the premises. It is also possible that the owner or broker contacts the prospective tenant directly and offers them specific premises. If an interesting space is found, customer schedules a site visit to see the premises. During the consideration, customers typically compare their options, studies the location and demographics of the area. This way they can ensure whether the location is suitable for them.

After visiting the premises, the negotiation and decision phase begins. Customer receives an offer and the stakeholders negotiate about the terms of the lease. If the terms and the space are satisfying, the customer makes a decision to lease the premises and signs the lease agreement. Moving to a new space requires preparations such as planning the interior and move-in, delivering a deposit to the landlord and final space modifications. Once the tenant moves into the premises, the actual lease term begins. The length of lease terms is usually negotiable and varies case by case. However, typically the leases last several years. Thus, during the relatively long customer relationship, the customer actions are repeated. They might contact the asset manager or shopping centre management regarding invoicing or lease agreement details. Additionally, urgent repairs and faults are reported to the property maintenance by calling, email or sending a maintenance ticket. In shopping centres, the tenants may attend monthly meetings and report the agreed figures regularly to the manager. In an office building, the tenants may use the restaurant and gym facilities and contact the lobby personnel if any assistance is needed. Finally, the lease is terminated either automatically after fixed term or by either one of the agreement parties. After the

termination of the lease, the space is being emptied by the due date and tenant moves out from the premises. They need to return the keys and in turn, landlord returns the deposit if tenant has met their obligations.

Throughout the journey customer's experiences vary. The curve in the map indicates the highs and lows of the experience. In the beginning of the journey, customers may feel frustrated due to the difficulties in finding suitable spaces and background information. There are listings of vacant spaces online but the information provided is limited. Typically, only address, space size, layout and a few pictures are provided online. More detailed information such as rent, maturity of the lease and modifications are negotiable and thus, not visible. Tenants need to look for information from various sources and compare options without comprehensive information. One office tenant stated that "looking for the premises is the most challenging part of the process". Tenants do not want to waste their time reviewing options that are not suitable for them.

During the negotiations, customers may feel that the terms of the lease are somewhat strict and demanding as described by one retail tenant: *"The set-up is not always equal. The landlord executes their conditions that they have agreed upon and in a way, the operative side works well. However, the set-up includes strict terms which need to be committed to and abided. The tenant does not get a chance to set any conditions. There are ready templates with long lists and those need to be pledged."* The terms concern for instance operations in the shopping centre, opening hours and marketing. Additionally, customers would like to have flexibility in terms of the space size and lease length due to the changeable needs.

Moving-in to new premises may require resources from marketing, interior design, concept planning and scheduling. Managing the process can be time-consuming for the customer. However, tenants described the leasing itself as a straightforward process once the right space has been found. During the lease term, the experiences of the customer vary throughout the time. However, main pain points concern repairs and faults in the premises as well as communication. Problems in the space may disturb tenants' operations and affect crucially to their business. Moreover, customer don't always get the information when and how maintenance requests or issues will be fixed. Some of the interviewees mentioned that the property owner or manager collects feedback but the tenants do not know how their opinions are taken into account.

Communication may cause pain points due to the vast amount of information. Buildings comprise complex systems and networks that are related to the maintenance, development and management. Therefore, there are typically various contact channels, persons and guidelines associated with the building. Informing and communication are partly performed

digitally which has disadvantages and advantages. It can make information sharing more effective but also scatter it. Some tenants stated that finding information from digital platforms is more time-consuming than just calling to the contact person. Additionally, digitalization may decrease direct communication with the owner or manager and thus, bring them apart. It was stated that usually contact concerns problems and thus, one tenant described their experience as follows:

“Often you don’t hear from the customer when there’s no need to contact anyone and everything is going well and rolls under its own weight. But then again, if there are problems, then there’s more communication. So, if I can concentrate on my own work and we can focus on our business in our space, everything is fine.”

In the final phase of the journey is the actual move-out, which causes additional work for the tenant especially if they need to look for new premises.

5.4 Developing tenant experience and leasing of premises

The purpose of the thesis was to develop tenant experience and improve leasing of vacant office and retail premises. This chapter presents answers to the research questions 3 and 4. Opportunities for development and improvement were recognized through interviews and workshop. Opportunities may serve as an ease for pain points and add value for the customers. Development opportunities for tenant experience are listed in the figure 11.

Communication was one of the clear development areas throughout the customer journey. Service providers should contact customers proactively and provide topical information systematically. Communication can happen directly between the stakeholders or through a platform. However, personalised and face to face communication would promote empathy and strengthen the customer relationship.

Humanity and transparency were highlighted in the tenants’ interviews. These values are appreciated and seen as manners that reinforce collaboration. Tenants suggested that owners and managers try to live along with the customers and understand their perspectives and businesses. Therefore, owners and managers could offer their ideas and help for the customers. Moreover, additional support related to marketing, visibility and business could be offered to small enterprises. Due to changing world and needs, tenants value flexibility in negotiation and spaces. Especially office tenants wished for flexible expansion possibilities. For retail tenants, flexibility instead of absoluteness is desirable.

Regarding co-creation, tenants suggested that property owner or manager would collect feedback systematically. Also, development meetings were seen as a useful way to share information and ideas.

Tenants wished for prompt responses and explicit information. Important instructions should be easily available for everyone. However, excessive information was seen as disadvantage.

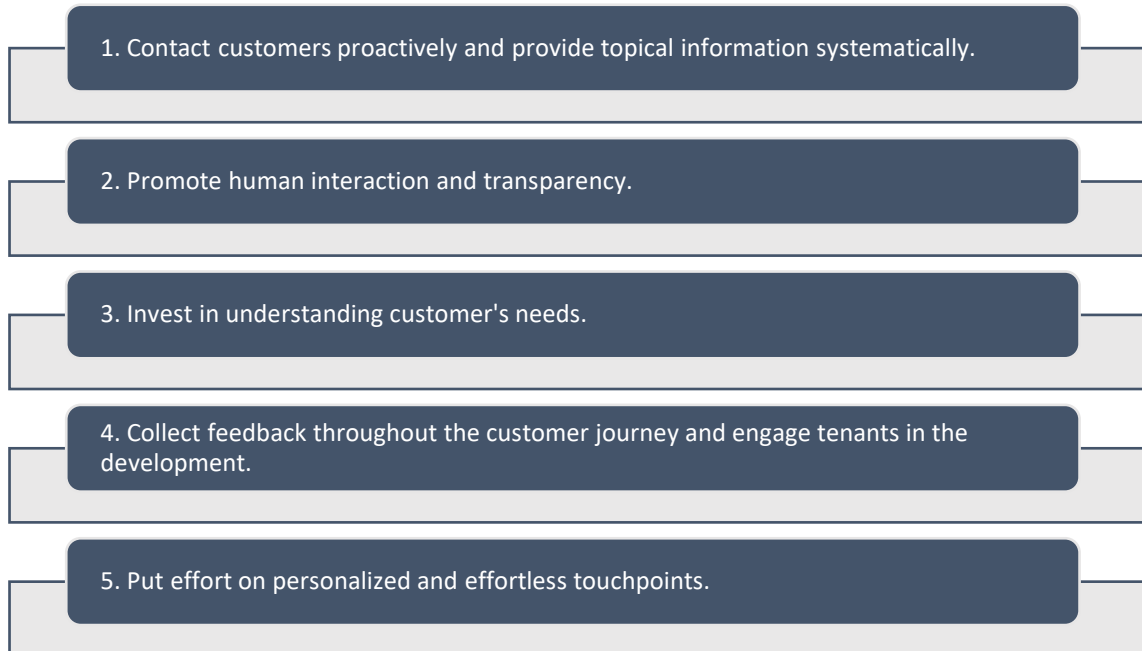


Figure 11 How to develop tenant experience?

To ideate possible solutions to the development opportunities, researcher organized a co-creation workshop for real estate professionals. In the beginning of the workshop, How Might We..? exercise helped to identify development opportunities based on the research data presented by the researcher. The aim was to formulate HMW questions which are used for the ideation phase. Development opportunities were presented earlier in this chapter. Workshop participants were instructed to choose one of the questions for ideation. They chose question “How might we help future tenants by means of digitalization?” by voting.

Next, participants ideated solutions for the chosen development opportunity. The aim of the brainwriting exercise was to come up with as many ideas as possible. Ideas are presented in the figure 12. These ideas also help to improve leasing of premises and thus, present answers to the research question 4 “How can real estate owners and managers improve leasing of vacant retail and office premises?”.



Figure 12 Brainwriting exercise results

Ideas were evaluated by using prioritization matrix (see figure 13). Ideas included digital solutions that could help tenants along their customer journey. The most promising ideas were placed in the "WOW!" cluster and included the following:

- Software which enables reporting development ideas and problems directly
- Streaming of properties and possibility to compare them before visiting the premises
- 360 platform example of vacant space
- Transparency in what is being developed and when in the property
- Digital and virtual pictures of leasable premises and entity

The ideas with high value for customers but low business value:

- Enable better/more precise search criteria when looking for premises
- Digital interior design service
- Collaboration in terms of platform with a school from the field (vacant spaces platform)
- Collect data about the premises as much as possible and present them
- Common meetings with the property owner in appreciation of a tenant
- Design studio type of platform for office layouts

The ideas with business value but low customer value:

- Digital signatures
- Discussion channel (chat) which enables discussion with tenants and landlords easily and fast
- How tenants can be rewarded if they maintain or improve conditions of the premises by themselves

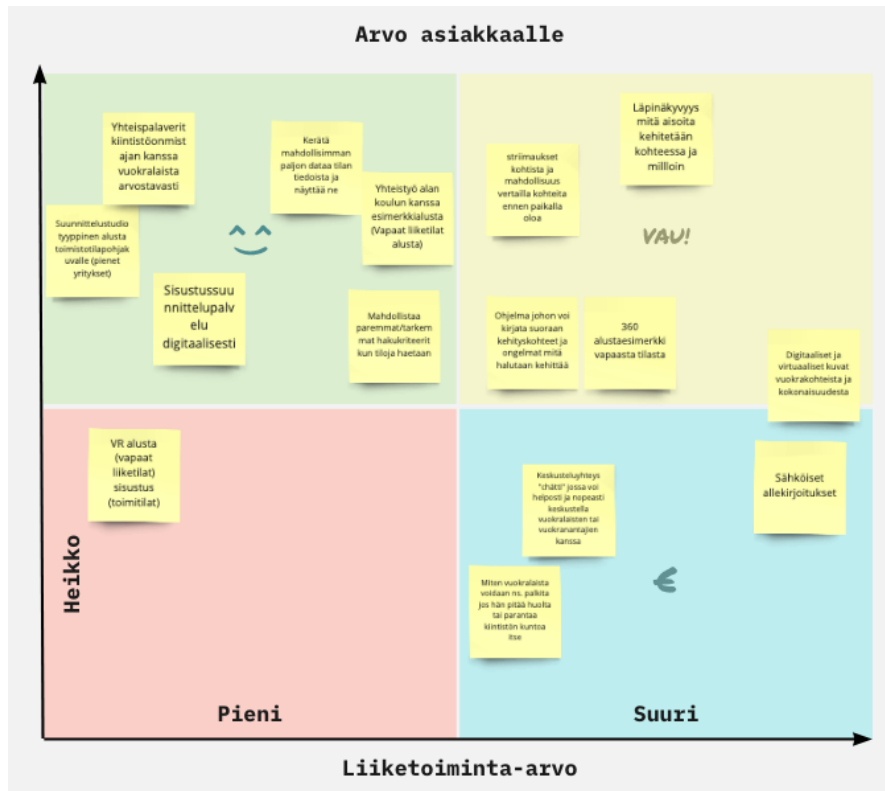


Figure 13 Evaluation and prioritization matrix for ideas

Leasing could be improved by introducing new digital solutions that enable finding, viewing and comparing vacant premises online. The process should be straightforward and effortless for the customers. Digital solutions could enable designing vacant premises virtually. Moreover, providing more precise data and comprehensive information could improve leasing of vacant premises.

6 Conclusions and reflection

This thesis studied tenant experience in commercial real estate market in Finland and focused on tenant-landlord relationship. The objective of the Master's Thesis was to identify factors affecting tenant experience. The purpose of the study was to develop tenant experience and improve leasing of vacant office and retail premises.

Real estate sector has traditionally been product-oriented and the shift towards customer-oriented business is still ongoing. Moreover, customer-oriented real estate companies have made a transition from providing premises to providing services. (Palm, 2011) Competition is increasing in the demand-driven commercial real estate sector and landlords are looking for new ways to differentiate from their competitors and retain their current tenants. (Appel-Meulenbroek, 2008; Rasila, 2010) During excess of space, fiercer competition among landlords and lower rates of return, the impact of good customer service and satisfied occupiers is crucial (Sanderson, 2019). Hence, understanding customers has become even more important for the owners and managers in order to develop and improve their services.

Service design is described as a multidisciplinary practice combining tools and approaches from several fields such as product development, marketing, psychology and technology. This enables examining multifaceted service development processes that consist of both abstract and physical elements. Service design aims to enhance the customer experience from the perspective of the user. (Moritz, 2005) This development work applied service design framework called Double Diamond to study the customer experience of tenants and improve leasing of retail and office spaces.

Research indicates that the importance of customers and services will continue to increase in the commercial real estate sector in the future. The focus will be broadened even more from the physical premises to the users of the spaces and amenities in the building and surroundings. In addition, well-maintained and accessible spaces as well as helpful contact persons attract tenants.

Tenants value empathy, clear communication and collaborative actions. In addition, face-to-face and proactive interactions are seen as possible ways to improve tenant experience. Sanderson & Edward's (2017) research support this by stating that communication and understanding tenants' needs are the most impactful factors affecting customer satisfaction in the context of property management.

Limited resources of small-scaled companies may hinder the decision-making and contribution of tenants. In addition to traditional long-term leasing, flexible contracts and supplementary services in terms of premises could be beneficial for smaller companies. Landlords and managers could also provide data to support the decision-making of tenants. Moreover,

additional support related to marketing, visibility and concept development could be offered to small enterprises. Flexibility in relation to terms of agreement and premises would help customers to prepare for the future and support small-scaled companies' business.

Property owners and managers aim to provide services that promote effectiveness and easiness for their tenants. They also highlight that customer experience requires sufficient resources and commitment from the organization. Owners have understood that the tenants are crucial part of profitable investment; without tenants, there is no cash flow. Thus, tenants should not be considered as self-evident fact. Pinder et al. (2003) also state that "the notion is slowly taking hold that occupants should be treated as valued customers by the providers of the office facilities they occupy". In addition to traditional product-oriented and technical competence in commercial real estate sector, customer experience requires new capabilities and know-how from the managers and owners. Service-oriented and empathic actions enable building long-lasting relationships with tenants. Sanderson & Read (2020) highlight the importance of customer service and its potential to become as competitive advantage for property managers.

Tenant experience is affected by various stakeholders and touchpoints. Even though the lease agreement is signed only between the tenant and landlord, there are several other stakeholders who are associated with the building. Property management and facility services are often outsourced in multi-use buildings. Therefore, landlords need to monitor their performance in accordance with the customer experience targets and manage the pool of service providers. Taking into account the entire lifecycle of buildings and long-term agreements between stakeholders in the industry, customer experience is vital for the companies.

Covid-19 pandemic has affected commercial real estate sector by increasing vacancy rates and hindering decision-making of the actors. Restrictions forced people to work from home and limit visits in public places. House of Experience project studies virtual, social and physical elements affecting end-users and consumers' sense of space. The purpose research project is to identify and co-create new business models and solutions for vacant premises. (Laurea University of Applied Sciences, 2022) The results present various ways to develop tenant experience and improve leasing of vacant premises. As a result of the co-creation workshop, development ideas were identified and evaluated based on their value for customers and business.

The leasing of premises can be improved by introducing digital solutions that enable finding, viewing and comparing vacant spaces online. Development ideas could be developed and tested with the customers and property service providers. Service providers have adopted technologies to automate and perform parts of processes remotely. However, personalization

and human interaction should not be underestimated. Most importantly, communication channels should be developed based on tenant's preferences and easiness of expressing matters (Rasila, 2010; Sanderson & Edwards, 2016).

The results of this study can be applied in practice in commercial real estate field. The research is limited to Finnish commercial real estate market but the results are applicable to some extent in other markets too. Real estate owners and managers can improve their asset and property management based on the research findings. In addition, the research can broaden the understanding of customers' needs and wishes in commercial real estate. Thus, the results can be used to develop the customer experience of tenants in office and retail buildings. Results could serve as development ideas for innovating new services and business models in the field.

The research concerned only Finnish real estate market and limited number of actors. Thus, to increase the validity of the study, the research could be more extensive in terms of informants and geography. Workshops could have been repeated to gather more comprehensive data for development. In addition, recruitment of workshop participants was somewhat challenging and thus, more time and resources could have been put to the recruitment.

To follow the ethical principles of research, the anonymity and confidentiality of the informants were protected throughout the process. Names of the informants were not published in the thesis. In addition, researcher informed the participants that the thesis is public and accessible through Laurea's library. Therefore, confidential information should not be provided during the interviews or workshop.

Due to the limited amount of existing studies concerning customer experience in commercial estate field, further research would be beneficial. Further research could focus on the evolution and definition of tenant experience. Moreover, the research could concentrate on specific parts of tenant experience e.g. management, strategy, development and implications. Also, it would be interesting to study service providers' tenant experience development actions and their results. Finally, gaining knowledge on the tenants' wishes and needs would be useful to understand customers' perspective better and develop new business models.

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Appendix 1: Interview fieldguide for tenants

Interview fieldguide - Tenants

Briefing

- Background of the research
- Recording
- Publishing the thesis
- Agenda

Introduction

1. Could you tell a bit about yourself and your work?
2. Could you shortly introduce the company you work for?
3. What are the key objectives of the company for the upcoming years?
4. Have you been involved in leasing process of the spaces?

Current premises and leasing process

1. What kind of premises does the company lease?
2. Could you describe the most recent leasing process?
3. Why did you end up choosing the premises?
4. What went well during the process? What was challenging?
5. How satisfied are you with the current premises?
6. What are the most important factors in the leased premises?
7. How has COVID-19 pandemic affected the usage of premises?

Tenant relationship

1. How would you describe the relationship with your landlord(s)?
2. With whom are you in contact mostly from the landlord's side?
3. Who is responsible of the tenants from the landlord's side?
4. What is going well in the relationship and what is not?
5. How do you keep in touch with your landlord?
6. How would you develop the relationship?
7. What are the most important qualities of a landlord?
8. How does the landlord take into account tenants' wishes?

Customer experience

1. What do you think about customer experience?
2. Where does tenants' customer experience begin and end?
3. Who are the main stakeholders affecting tenants' customer experience?
4. What is good in the current customer experience?
5. How would you develop tenants' customer experience?
6. Have tenants been involved in the development process?

Decision-making

1. How would you describe your decision-making process in terms of leasing?
2. What are the main factors affecting the decision-making?
3. What affects the decision-making in the end of lease term?

Future

1. What would be your dream space concept like?
2. How would you see your space need changing in the future?
3. What kind of new business models or innovations could be developed in real estate field in terms of digitalization in the future?

Wrap-up of the interview and thank you

Appendix 2: Interview fieldguide for property owners and managers

Interview fieldguide - Property owners and managers

Briefing

- Background of the research
- Recording
- Publishing the thesis
- Agenda

Introduction

1. Could you tell a bit about yourself and your work?
2. Could you shortly introduce the company you work for?

Current premises and leasing process

1. What kind of premises do you lease out?
2. What kind of space-related services do you offer?
3. Who is your target audience?
4. How do you market your premises and services?
5. What factors add value for your customers?
6. How would you describe the leasing process of your spaces?
7. What is working well in the current process? What should be developed further?
8. How has COVID-19 pandemic affected your operations and space usage?

Tenant relationship

1. How would you describe the relationship with the tenants?
2. Who is responsible of the tenants?
3. How do you keep in touch with the tenants?
4. What is working well and what is challenging in the relationship?

Customer experience

1. What do you think about customer experience?
2. Where does tenants' customer experience begin and end?
3. Who are the main stakeholders affecting tenants' customer experience?
4. How do you manage the customer experience of tenants?
5. Who are involved in the development of customer experience?
6. What is good in the current customer experience?
7. What kind of challenges do you see in tenants' customer experience?
8. Have tenants been involved in any development processes?
9. How do you collect feedback from the tenants?
10. What does customer centricity mean to you?
11. What enables and hinders customer centricity at your company?

Future

1. How do you see the space usage changing in the future?
2. What kind of new business models or innovations could be developed in real estate field in terms of digitalization in the future?

Wrap-up of the interview and thank you

