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Master's Thesis

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CUSTOMER VALUE CREATION IN PROPERTY DEVELOPMENT

Enhancing customer perceived value in pre-construction property development process

Helsinki, Finland, 7th of December 2016

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ABSTRACT

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Customer perceived value is a basis for all business, and recognizing customer value sources is crucial for supplier's success. Still, existing research of customer value components in B2B business is limited. This is particularly the case in property development: value creation for user customers in B2B development projects is not understood adequately in the literature nor by practitioners.

This study aims to increase the knowledge of customer value creation in property development by identifying elements enhancing user customer's perceived value in pre-construction property development process. Study employs constructive research approach with two-phased empirical data generation, where qualitative thematic interviews with 18 customer firms and 7 developer experts was followed by a quantitative survey refining and validating the findings of qualitative phase.

As research outcome, two constructs of customer value creation in property development were formed. Comprehensive framework identifies 10 customer value drivers in property development with in total 47 sub-dimensions. Refined model summarizes 6 most significant customer value drivers in property development with 29 sub-dimensions. Identified drivers were further structured as a higher-level model with five separate categories, all present in the refined model also, illustrating the extensive nature of value in property development.

Study complements the existing theory by increasing understanding of customer value in property development as well as in project and B2B business. Research moreover identifies several novel benefits and sacrifices not observed in earlier customer value studies. Refined construct also works as a practical tool for managers to implement in their businesses. Finally, study findings build avenues for further research linked on customer value creation in property development.

TIIVISTELMÄ

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Työn nimi: Asiakasarvon luominen kiinteistökehityksessä
Asiakkaan kokeman arvon edistäminen hankekehitysprosessissa

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Asiakkaan kokema arvo on kaiken liiketoiminnan perusta ja asiakasarvon lähteiden tunnistaminen on kriittistä toimittajan menestymisen kannalta. Tästä huolimatta olemassa oleva tutkimus asiakasarvoa muodostavista komponenteista B2B-liiketoiminnassa on hyvin rajallista. Tämä on tilanne erityisesti kiinteistökehityksessä: arvon luomista käyttäjäasiakkaille ei kaupallisissa kehitysprojekteissa ymmärretä riittävän hyvin kirjallisuudessa eikä käytännön työssä.

Tämä tutkimus pyrkii lisäämään tietoa asiakasarvon luomisesta kiinteistökehityksessä tunnistamalla elementtejä, jotka edistävät käyttäjien kokemaa arvoa hankekehitysprosessissa. Työssä hyödynnettiin konstruktiivista tutkimusotetta ja kaksiosaista tiedonkeruumenetelmää, jossa 18 asiakasyrityksen ja 7 hankekehitysammattilaisen kanssa toteutettuja laadullisia teemahaastatteluja seurasi määrällinen kyselytutkimus, joka jalosti ja validoi laadullisen vaiheen löydöksiä.

Tutkimuksen tuloksena muodostettiin kaksi konstruktiota, jotka kuvaavat asiakasarvon muodostumista kiinteistökehityksessä. Laaja viitekehys tunnistaa 10 asiakasarvon ajuria kiinteistökehityksessä ja niiden 47 aladimensiota. Jalostettu, tiivis malli sisältää 6 kaikkein merkittävintä asiakasarvoajuria ja niiden 29 aladimensiota. Tunnistetut ajurit jäsenneltiin vielä korkeamman tason malliksi, joka sisältää viisi eriävää ajurikategoriaa, jotka ovat kaikki mukana myös tiiviissä mallissa, kuvastaen kiinteistökehityksen arvon laaja-alaisuutta.

Tutkimus täydentää nykyistä teoriaa lisäämällä ymmärrystä asiakasarvosta kiinteistökehityksessä sekä projekti- ja B2B-liiketoiminnassa. Lisäksi työ tunnistaa useita uusia hyötyjä ja uhrauksia, joita ei ole havaittu aiemmissa asiakasarvotutkimuksissa. Jalostettu konstruktio toimii myös implementoitavana työkaluna liikkeenjohdolle. Tutkimuksen tulokset luovat myös mahdollisuuksia jatkotutkimuksille arvon muodostumisesta kiinteistökehitysprosessissa.

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Appreciation belongs also to my family and friends: I would not be here without them. Finally, I would like to thank Rauno who has always been by my side and for always believing in me when I didn't even believe in myself. Today I have to admit that you were right all the time: At the end, everything have a tendency to work out for the best.

Helsinki 7th of December 2016

Krista Niemi

TABLE OF CONTENTS

1. INTRODUCTION 1
1.1 Need for understanding of customer value in property development 2
1.2 Focus and contribution of the case company 4
1.3 Research questions and objective of the study 5
1.4 Scope of the study 7
1.5 Context of the study 9
1.6 Structure of the report 11

2. METHODOLOGY 14
2.1 Characteristics and guidelines of qualitative research 14
2.2 Research approach and research design 15
2.3 Research methods 19
2.4 Selected customer segments 21
2.5 Characteristics of customer segments 22

3. PROPERTY DEVELOPMENT BUSINESS IN FINLAND 27
3.1 Real estate business and markets as an operating environment 27
3.2 Definition of property development 29
3.3 Main actors in commercial property development 31
3.4 Process of property development 34
3.4.1 Idea searching and idea development 36
3.4.2 Marketing and sales operations 37
3.4.3 Planning and construction contracting 37
3.5 Customer orientation and value creation in property development 38

4. CUSTOMER PERCEIVED VALUE IN B2B MARKETS 41
4.1 Definition for customer perceived value 41
4.2 Value as a difference between benefits and sacrifices 44
4.3 Relationship value in B2B markets 47
4.4 Service-dominant logic and value co-creation 49
4.5 Concepts related to customer perceived value 50
4.6 Existing models for customer value creation in B2B environment 52
4.7 Earlier studies of customer value creation in property development 61
4.8 Conclusions of the literature review of customer value 62

5. EMPIRICAL STUDY 65
5.1 First part of the empirical study: Thematic interviews 66
5.1.1 Interview data analysis process 69
5.1.2 Development of customer value framework 71
5.2 Findings of the thematic interviews 72
5.2.1 Core product related value drivers 75
5.2.2 Service process related value drivers 85
5.2.3 Customer operations related value drivers 98
5.2.4 Relationship related value drivers 105
5.2.5 Overall costs related value drivers 113
5.3 Second part of the empirical study: Electronic survey 120
5.3.1 Developing and testing the survey instrument 121

5.3.2 Sampling procedure and data collection 123
5.3.3 Data analysis of the survey 125
5.4 Results of the survey 126
5.4.1 Differences in value perceptions between customer groups 132
5.4.2 Differences in value perceptions between developers and customers 134

6. REFINED FRAMEWORK FOR CUSTOMER VALUE ENHANCEMENT IN PROPERTY DEVELOPMENT 136
6.1 Refined framework of most important customer value elements 136
6.2 Practical examples of value drivers for developers 139

7. DISCUSSION 142
7.1 Answers to the research questions 142
7.2 Theoretical implications 148
7.3 Managerial implications 150
7.4 Trustworthiness of the research 152
7.5 Limitations and recommendations for future research 155

8. CONCLUSIONS 157

REFERENCES 161

APPENDICES 175
Appendix 1: Internal interview guideline
Appendix 2: External interview guideline
Appendix 3: Internal interviewee profiles
Appendix 4: External interviewee profiles
Appendix 5: Example of the data-driven content analysis procedure
Appendix 6: Illustrative example of the survey design
Appendix 7. Survey answers | question 1
Appendix 8. Survey answers | question 2
Appendix 9: Comprehensive framework of customer value drivers
Appendix 10: Refined framework of most important customer value drivers

LIST OF TABLES

Table 1. Structure and process of the research 12
Table 2. Definitions of customer value in the literature 42
Table 3. Benefits and sacrifices related to an offering (Woodall 2003, p. 12) 46
Table 4. Comparison of customer value and satisfaction (Eggert & Ulaga 2002, p. 110) 51
Table 5. Customer value drivers in professional services (Lapierre 2000, p. 125) 53
Table 6. Relationship value drivers in professional services (Adapted from Howden & Pressey 2008, p. 797) 54
Table 7. Customer value attributes in B2B markets (Ulaga & Chacour 2001, p. 535) 55
Table 8. Relationship value drivers in industrial buyer-seller relationships (Adapted from Ulaga 2003, p. 682) 56
Table 9. Customer perceived benefits and costs in business relationship (Ulaga & Eggert 2006b, p. 122) 57
Table 10. Supplier representative activities and customer perceived value in the context of complex industrial solutions (Prior 2013, p. 1199) 60
Table 11. Order of importance of value drivers for all customer respondents 126
Table 12. Division of value driver rankings made by all customer respondents 127
Table 13. Value driver rankings of five customer groups and developer respondents 132
Table 14. Practical examples of customer value drivers for developers 139

LIST OF FIGURES

Figure 1. Three perspectives of customer value and focus of the study (Ulaga 2001, p. 317) 8
Figure 2. Main parties of property development and focus of the study (Olkkonen, Kaleva & Land 1997) 9
Figure 3. Three phases of property development and scope of the study 10
Figure 4. Framework for research approach generation (Creswell 2014, p. 5) 16
Figure 5. Elements of constructive research (Kasanen et al. 1993) 17
Figure 6. Phases and steps of constructive research (Labro & Tuomela 2003) 18
Figure 7. Number of residents in institutional and non-institutional care from 2000 to 2014 (Väyrynen & Kuronen 2015, p. 1) 23
Figure 8. Tripartite of property development (Kiiras & Tammilehto 2014, p. 24) 32
Figure 9. Forms of property development (Kiiras & Tammilehto 2014, p. 70) 35
Figure 10. Process models of property development (Miles et al. 2000, p. 7; Kiiras & Tammilehto 2014, p. 68; Wilkinson & Reed 2008, p. 3) 36

Figure 11. Differing perspectives of construction companies and users on business premise quality (Riihimäki & Siekkinen 2002, p. 36) 40
Figure 12. Dimensions of customer perceived benefits and sacrifices (Woodall 2003, p. 13) 47
Figure 13. Conceptual model for relationship value (Eggert et al. 2006, p. 22) 57
Figure 14. Two-level model of relationship value creation (Ulaga & Eggert 2005, p. 87) 59
Figure 15. The empirical data generation, interpretation and analysis process 65
Figure 16. Empirical data analysis and interpretation process (Creswell 2014, p. 197) 70
Figure 17. Framework of customer value drivers in property development 73
Figure 18. Higher-level model for customer value in property development 74
Figure 19. Value driver of end-product quality and its five sub-dimensions 80
Figure 20. Value driver of project orchestration and its four sub-dimensions 84
Figure 21. Value driver of customer orientation and its five sub-dimensions 89
Figure 22. Value driver of interaction and its three sub-dimension 95
Figure 23. Value driver of proactivity and its four sub-dimensions 98
Figure 24. Value driver of customer specific knowledge and its three sub-dimensions 101
Figure 25. Value driver of added value creation and its four sub-dimensions 104
Figure 26. Value driver of trust and its six sub-dimensions 108
Figure 27. Value driver of closeness and its five sub-dimension 112
Figure 28. Value driver of cost management and its eight sub-dimensions 119
Figure 29. Simplified process of developing the refined framework 120
Figure 30. Framework of most important customer value drivers in property development 136
Figure 31. Refined higher-level model for customer value in property development 137
Figure 32. Key elements of customer value enhancement in property development 138

1. INTRODUCTION

Customer value is a central concept in today's industrial marketing, strategy and business literature and value creation has been a topic of growing interest from 1990's for both academics and practitioners (Khalifa 2004; Lindgreen, Hingley, Grant & Morgan 2012). Customers are increasingly seeking for superior value from suppliers' offering and good product alone is not enough anymore - suppliers need to find out ways to create additional value in customer relationships (Storbacka, Blomqvist, Dahl & Haeger. 1999, p. 112; Ulaga & Eggert 2005, p. 98) Consequently, ability to create customer value has been identified as one of the most significant factors for company's success and important source of sustainable competitive advantage (Woodruff 1997; Parasuraman 1997; Ulaga & Chacour 2001; Ulaga & Eggert 2006a), a cornerstone in B-to-B business and marketing (Anderson & Narus 1998; Möller & Törrönen 2003; Lindgreen & Wynstra 2005) and in a key role in creating and maintaining business relationships (Ulaga & Eggert 2006a; Grönroos 2008).

In order be successful in business-to-business (B2B) environment it is critical for suppliers to be customer oriented and understand how customer value is created, communicated and delivered (Howden & Pressey 2008; Ulaga & Reinartz 2011). For a customer oriented company, gaining knowledge of customers and their needs is one of the most significant issues, creating opportunities to meet customer needs and maintain competitive advantage in the markets (Howden & Pressey 2008) Customer oriented company understands customer is not only a consumer of an offering, but an active participant in the production process, which turns the focus from product to the customer and customer value. In a broader sense, customers can be seen as a part of the industry ecosystem, where participants are constantly exchanging knowledge and combining capabilities to co-create value (see e.g. Pulkka, Ristimäki, Rajakallio & Junnila 2016). Created value is an output of the whole interactive process, not delivered unilaterally in a single transaction and therefore suppliers must understand multiple aspects of customer value creation (Arantola & Simonen 2009, p. 2–4).

Increased customer focus in value research is reflecting the overall change in industrial markets towards more customer oriented operations and understanding of customer value through customer relationships (Ulaga & Eggert 2006a, p. 313). However, empirical research of customer perceived value elements in B2B environment is scarce and has mainly

focused on value assessment of physical products, and value creation in B2B relationships and services needs more research, especially in empirical level (Eggert & Ulaga 2002). Singh and Koshy (2011) also argue that customer value research in industrial contexts is still in immature phase. Value is a subjective concept, hard to understand and measure (Ulaga & Chacour 2001; Keränen 2014) and for that reason small amount of empirical research in limited area of industries is not enough to create a sufficient understanding of customer value creation in business relationships.

1.1 Need for understanding of customer value in property development

The growing aim towards customer understanding and closer customer relationships is particularly evident in the context of services (Barry & Terry 2008) and industries containing great amount of personal interaction, complex environment, and long, shared processes, like project business (Mainela & Ulkuniemi 2013, p. 103), solution business (Tuli, Kohli, & Bharadwaj 2007; Storbacka 2011) and professional services (Liljander & Roos 2002). Consequently, understanding of customer value is particularly important in these businesses.

Real estate industry and especially property development has features from all of the businesses mentioned in the previous paragraph: it is characterized as a project natured service business with long-term projects and relationships combining different types of professional services, construction services and a physical products into a complex offering, a tailored solution for a customer made according to customer preferences (Miles, Berens, Eppli & Weiss 2000 p. vii; Tuli et al. 2007; Kiiras & Tammilehto 2014, p. 15). Pre-construction phase of property development has all the characters of professional B-to-B services described by Howden and Pressey (2008): Development process and service are usually customized, value creation requires intensive interaction from both parties, involve customer assessments of value influenced by their context and considerable information asymmetry usually exist between service provider and client. This approach is strengthened also by La, Patterson and Styles (2009), who categorize construction industry, project planning and project management as professional B2B services.

According to the universal definition, the main purpose of the property development is to increase the value of a building or area (Kiiras & Tammilehto 2014 p. 15), e.g. create value for the owner of the land or property, who is often the developer itself. Furthermore, in order to create value for owners and developers, at first it is needed to create value for building

users, in order to make them to commit to the project (Graaskamp 1981; Fisher & Collins 1999). Even though the principal objective of commercial property development is value formation, there is not much literature about value creation in real estate business, especially from B2B users' perspective (Roulac, Adair, McGreal, Berry & Allen 2006). Also Fisher et al. (1999, p. 226) mention that despite the fact that occupiers' demand should be that starting point in property development, occupier needs are often neglected. In addition, value in property development is usually understood to refer only to the monetary value of the property (Graaskamp 1981). Property development is also highly supplier-centric and there seems to be lack of knowledge of B2B user customer's role and value perceptions in property development process (e.g. Sivunen 2015). User companies of business properties are often seen only as value elements of the property or mentioned in the process steps as targets of developer's activities, like "attracting tenants and negotiate lease" "marketing" or "negotiating contracts" (e.g. Roulac et al. 2006, p. 478; Kiiras & Tammilehto 2014).

Overlooking customers in construction industry has also been recognized by Dulaimi (2005), who argues that there is a lack of customer understanding and importance of customer orientation and customer value is recognized, but practices in designing, procurement and customer relationships are still outdated. Construction and property development business has however followed other B2B industries by becoming more customer oriented during the recent years (Kärnä, Junnonen & Sorvala 2007, p. 9), but despite the positive development, there still is a need for enhancing customer knowledge (Kärnä 2004). In addition, customer value often stays uncaptured in real estate business (Jylhä & Junnila 2012, p. 35) and shifting focus from discontinuous projects to customer orientation requires understanding of customer value (Jalkala, Cova, Salle & Salminen 2010).

Earlier studies of value creation in B2B real estate business have not focused on property development but the value of property itself and mainly on valuable features of offices (e.g. Appel-Meulenbroek 2008; Luoma, Niemi, Rothe & Lindholm 2010). However, products are not the only source of value, but it also matters how they are created for and with the customers (Grönroos 2011; Jylhä & Junnila 2012) and focusing on value creation during the whole development process is important. Similarly, Kärnä et al. (2007, p. 9) argue that creation of customer value in project business is depending on overall assessment of numerous interactions in client-supplier interface and customer is choosing to operate with the supplier who is able to create the greatest total value for them. In his dissertation, Keränen

(2014) furthermore points out that suppliers should focus extensively on improvement of customer value and customer's own value creation processes instead of focusing on value of a single product or service transaction.

Graf and Maas (2008, p. 10) comment that pre-purchase phase can significantly influence customer value and refer to the study of Chen and Dubinsky (2003) in the area of eBusiness. Additionally, Roulac et al. (2006) point out that in property development construction as a physical activity has only a low impact on value creation. Therefore is more reasonable to focus on customer value creation in pre-construction phase of property development than to the construction implementation phase. Emmitt, Sander and Christoffersen (2005) also discuss the importance of focusing on value creation early in the design process.

As can be noted, current research on customer value creation lacks of understanding of customer value perceptions in property development as well as in project and B2B business in general. There is particularly a need for value research in pre-construction phase of property development process and in business relationship between developers and commercial (B2B) user customers. In order to encourage customer orientation and be competitive, it is essential for the suppliers to understand what the elements creating value for the customers are and at the moment there is no solid understanding of how to create value for customers in the development process (Ulaga & Chacour 2001). For these reasons, research aiming to enhance knowledge of customer value creation in pre-construction phase of commercial property development is needed.

1.2 Focus and contribution of the case company

In addition to theoretical need for complement the research of customer value in B2B project business and property development, there is likewise a practical need for increasing understanding of customer perceived value in property development business relationships. This become evident through the collaborative organization of the thesis, called "case company" in this report. Property developers perceive that current understanding of customer value creation mechanisms in property development is insufficient, fragmented and there is no common knowledge of the most critical elements effecting on customer value in development process, especially when it comes to user customers. Thus, case company as a property developer wanted to improve their customer orientation and identify central elements for customer value creation in property development process.

Case organization of the research is a large, global construction company. Case company's operations in Finland cover commercial and residential property development and construction, technical construction services (building construction, building services civil construction and environmental construction) as well as public private partnership projects (PPP). Company is mainly conducting property development for own new construction projects, e.g. project development. Project development and construction are separate business units: property development activities are the responsibility of project development unit (developer) and construction unit is the building contractor in projects.

The aim of the company's project development unit is to find out what are the most effective ways for them as a developer to enhance customer value creation in commercial property development process and be more customer oriented. In addition, company is currently conducting development activities in numerous ways without common practices, which led them to consider possibilities to unify their customer operations by starting with identifying focus areas for their operations, e.g. most important features for customers. Improved customer orientation is also one of the main focus areas of case company's new strategy, making the understanding of customer value creation even more important for them.

The role of the case company in the research process is to support theory creation by enabling access to the property development business and B2B customers of property development in Finland. Study is therefore not to focusing on the property development process of the case company, but contributes results with both theoretical and managerial problem solving relevance, adding value also for the case company by providing them knowledge of customer value to implement in their customer work. (see e.g. Ruokolainen & Aarikka-Stenroos 2015)

1.3 Research questions and objective of the study

This study aims to fill the gap in the current literature of customer perceived value in property development process. Study aims to develop theoretical knowledge of customer value creation in property development and more generally in B2B relationships and project and solution business. This research also aims to answer to the practitioners' desire to shift their actions towards more customer orientated direction and increase their understanding of customer value creation in property development by constructing valuable information of customer value enhancement in property development process. Moreover, one of the targets is to offer practical implications for property developers to enhance customer perceived

value in their customer work. Therefore study focuses on creating a construct for customer value enhancement and identifying the most central elements for customer value creation in B2B property development process.

Study concentrates especially on creating knowledge of marginally explored area of pre-construction property development process and B2B user customers. Study also aims to clarify, what is the current state of developer's understanding of the most significant factors affecting on the customer perceived value. As Hines Found, Griffiths & Harrison (2011, p. 149) remark, companies often think they know the sources of customer perceived value, but this is rarely true and companies are making many decisions only based on their beliefs.

To address this both academically and managerially relevant topic and to achieve the research aims, the following research questions were developed to lead the study:

1. What are the elements of customer perceived value in property development?
2. How customer perceived value can be enhanced most effectively in property development process?
3. Are the identified elements considered beneficial for customer value enhancement?

Research questions are addressed through qualitative study, employing constructive research approach and by using both qualitative and quantitative data collection methods (mixed methods). Research questions were refined during the study, after more comprehensive understanding of the topic was obtained, as characteristic for theory-building research (Eisenhardt 1989, p. 536). At its best, research plan in exploratory and qualitative studies transform along the project (Eskola & Suoranta 2008, p. 15–16; Hirsjärvi, Remes & Sajavaara. 2009, p. 160; Hirsjärvi & Hurme 2011, p. 58).

The first research question aims to identify what the components forming customer perceived value in property development process are. By defining dimensions of customer value creation, it is possible to create a model, framework, summarizing the elements of customer perceived value in property development. Elements are planned to present in a form of customer value drivers, through which developers can increase customer value. Value drivers refer to any kind of tangible or intangible features of an offering, such as products, services, actions, knowledge, presence or other factor effecting positively on customer value (Tikkanen, Aspara & Parviainen 2007, p. 161-162).

The second research question is contributing the first one by creating a refined version of the customer value framework. Purpose of the second question is to reveal which of the identified customer value components are the most significant for customer value creation in property development process. Refined model with most important value drivers serves especially the practical purposes of the research: By identifying the most efficient ways to enhance customer value creation, developers can focus their value creation improvement actions particularly to these dimensions.

The third research question is embedded to the constructive research approach selected to use in the study. Aim of the constructive research is to create a useful construct with both theoretical and practical contributions (Lukka 2000). Therefore the objective of the third research question is to find out, if the created framework for customer value enhancement is practically relevant, i.e. are the components of it truly perceived valuable by customers. Aim of the third research question is also to confirm and test the elements of full customer value framework and consequently improve the theoretical validity of the created framework

Research questions will be answered through interpreting and analyzing empirical data generated through thematic interviews and survey as well as utilizing the existing literature. Emphasis is however on empirical data and understanding the phenomena from pragmatic perspective, since one of the main intentions of the study is to response to the need for increased understanding of customer value raised by practitioners of property development business. Knowledge created through the research questions will illustrate how customer perceived value is constructed in property development and what the best practices for customer value creation in commercial pre-construction property development process are.

1.4 Scope of the study

Value research is multifaceted and since there is no universal definition for customer value it can be observed from several perspectives. In this study, customer value is explained through benefits and sacrifices, i.e. as a trade-off between what customer gets and has to give of a supplier's offering, which is a typical way to see value formation (Lapierre 2000; Ulaga & Chacour 2001). Study recognizes the subjective nature of value and sees it perceived by customers individually and for that reason the term *customer perceived value* is adopted in the study (Lapierre 2000).

Ulaga (2001) elaborates customer value from three perspectives based on the literature examining customer value: (1) the perspective of buyer, (2) the perspective of seller and (3) network perspective (Figure 1). Graf and Maas (2008, p. 2–3) and Woodall (2003, p. 1) have described similar distinction, but they limit the perspectives to two, perspective of a supplier and perspective of a customer.

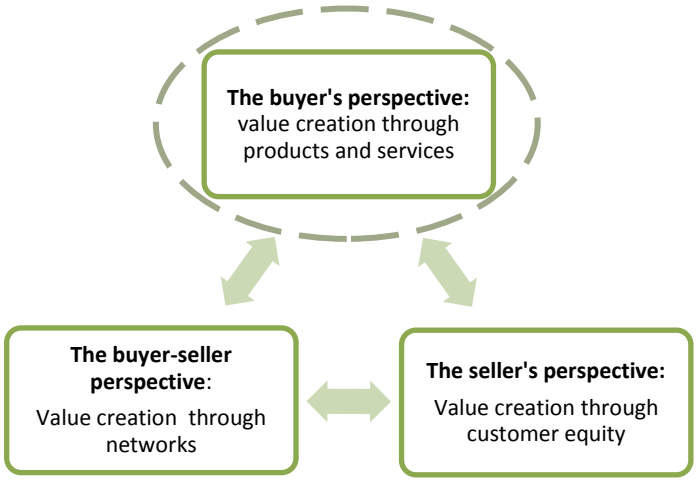

Figure 1. Three perspectives of customer value and focus of the study (Ulaga 2001, p. 317)

Perspective of a buyer is examining how suppliers can create *value for customers* and is most often conceptualized as customer value or customer perceived value in the literature (e.g. Ulaga 2001; Ulaga & Chacour 2001; Woodall 2003; Prior 2013). The second perspective, perspective of a seller, sees customer as a valuable asset for the seller and defines customer value as a *value of a customer* for the supplier, often referred as "customer lifetime value" (CLV) (e.g. Walter, Ritter & Gemünden 2001; Bolton, Lemon & Verhoef 2004; Baxter & Matear 2004; Graf & Maas 2008; Nenonen & Storbacka 2014). Buyer-seller perspective is examining joint value creation in broader networks, relationships and partnerships (e.g. Peppard & Rylander 2006). This study concentrates on buyer's perspective of value creation by identifying attributes creating *value for customer* in property development context.

Academic literature also divides customer value research broadly into two streams: emphasizing value of an offering, for example products and services (e.g. Zeithaml 1988; Monroe 1990) or highlighting the value distributed through the business relationship between customer and supplier (e.g. Walter et al. 2001; Lindgreen et al. 2012). Recent studies have however focused on more holistic perspective of value, often called *relationship value* (Keränen 2014). Relationship value combines both, value of an offering and value of the relationship interaction and gives the overall perspective of customer perceived value in

industrial environment (e.g. Lapierre 2000; Ulaga & Eggert 2006b; Barry & Terry 2008; Corsaro & Snehota 2010). By aiming to get most comprehensive understanding of customer value in property development and acknowledging elements of project offering as well as business relationship, this study is adopting the relationship value approach.

1.5 Context of the study

When exploring customer value creation in customer-supplier relationships in property development context, at first it is important to define, who the customer and who the supplier in property development process is. In construction and real estate business the concept of customer is not unambiguous and may refer to multiple stakeholders, for example user of the property, tenant, investor, different business unit, or consumer visiting in business properties (Thyssen, Emmitt, Bonke & Kirk-Christoffersen 2010). There can also be complicated networks of outsourcing among property developers, owners, tenants, real estate managers, internal customers etc. Sometimes the same organization is supplier and customer at the same time, or the viewpoint is changing during the project (Kärnä et al. 2007, p. 16; Bol 2011, p. 7). In this study, company using business premises is called user or tenant and seen as a customer in the property development. Correspondingly, company acting as a developer and gaining financial benefit from project is seen as supplier or service provider.

Parties of property development process are usually described with a tripartite of investor, developer and user of the premise. This research will concentrate on business relationship between developer and user (Figure 2). However, besides of these actors, development process comprises wide network of authorities, consultants, consumers, cities, engineers etc.

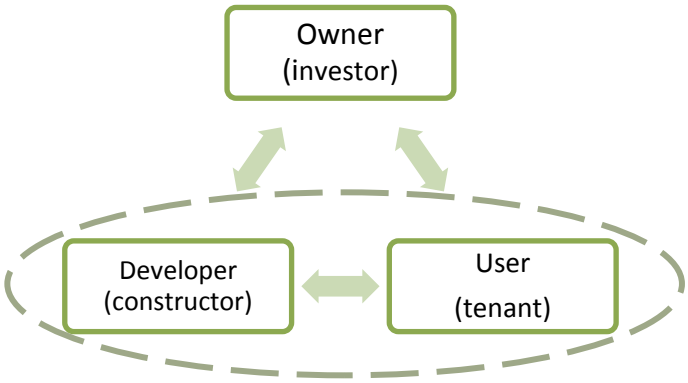

Figure 2. Main parties of property development and focus of the study (Olkkonen, Kaleva & Land 1997)

The interaction between developer and investor is not included to the research, since value for investor is mainly measured with yield maximization (Wilkinson & Reed 2008 p. 16). Development is furthermore based on the needs of markets (Graaskamp 1981) and developer's ability to create value for potential tenants is hence centric for business. In addition, it has been stated that property development should be more tenant-oriented (Luoma et al. 2010). Existence of broader network is recognized, but excluded from the study in order to have deeper understanding of value creation in developer-user relationship.

Property development process encloses several phases, which can be divided roughly to the pre-construction, construction, and facility management phases (e.g. Kiiras & Tammilehto 2014). This study is concentrating on process before construction activities, called *pre-construction property development* in this study, according the similar use of the term for example by Newell and Steglick (2006) and Costello and Preller (2010) (Figure 3).

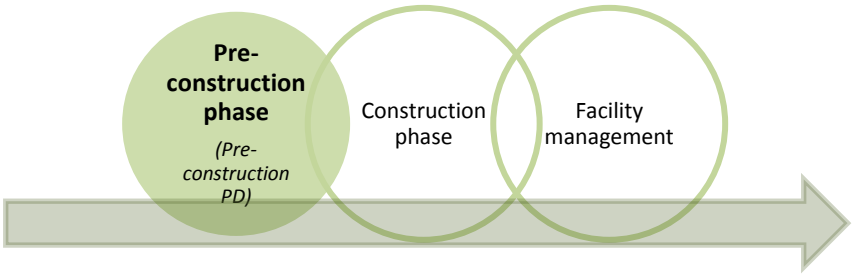

Figure 3. Three phases of property development and scope of the study

Pre-construction development phase includes tasks like negotiating, sales, agreements, financial securement, approval process, planning and design and starting the construction work. After pre-construction, next steps of development process are actual construction and controlling the sale of the completed project. (Costello & Preller 2010) In construction companies, as the case company is as well, property development is often seen *project development* and a part of construction process instead of distinct business, since it creates projects for own construction unit. In this research, pre-construction property development and project development are seen as interchangeable terms, since both are including same tasks and stating to the development phase before construction. Likewise, when discussing about property development process and activities in this study, it is referred to the pre-construction property development phase, not construction or facility management phases.

In order to provide in-depth information about the selected phenomenon, area of the research desired to keep focused enough. This study is limited to concern only commercial property

development in B2B relationships. Residential development and consumer users are not the focus of this study. Customer companies in this research have been limited to two business sectors, private companies offering service housing services and companies operating in retail sector. These sectors acquire new business premises regularly and are highly different between each other, providing widespread view for value creation. Office and residential buildings are excluded from the study. User companies' own customers are neither included to the research, however the viewpoint of end-customers is undoubtedly influencing to the opinions of customer companies. Because the research aims to study customer value creation in business relationship between developer and user, situations where building is developed speculatively, i.e. without user involvement in the process, are also left out from the research.

1.6 Structure of the report

The present study consists of eight chapters. Research is steered by the stages and steps of constructive research approach and every chapter in the research is rooted to the construct formation. Constructive research has typically three key stages: preparatory phase, fieldwork phase and theorizing phase, entailing in total seven steps:

1. Identifying a practically relevant problem that also has research potential
2. Ensuring long-term research commitment with stakeholders
3. Obtaining general and comprehensive understanding of the topic
4. Innovating and creating a solution idea for the research problem; e.g. a construct
5. Implementing the construct and investigating if it works in the practice
6. Examining the scope of the construct's applicability
7. Showing theoretical connections and evaluating contributions of the developed construct (Kasanen, Lukka & Siitonen. 1993; Labro & Tuomela 2003).

The structure and main content of the chapters of this report are presented in Table 1 as an input-output chart. Primary phases and steps of constructive research approach have been added in the connection of every chapter, describing the link between the report and constructive research. Research approach is presented in more detail in Section 2.2.

Table 1. Structure and process of the research

Input	Chapter	Output	Phase of the constructive research
Background Motives and purpose for the research	**Chapter 1** **Introduction**	Research gap Research questions and objectives Scope and context of the research Structure of the research	**Preparatory phase** 1. Identifying a practically relevant problem that also has research potential 2. Ensuring the long-term commitment with stakeholders
Methodological choices of the research Overall description of the research process and objectives	**Chapter 2** **Methodology**	Presentation and justification of methodological choices, data generation and analysis methods	**Preparatory phase; Fieldwork phase** 3. Obtaining comprehensive understanding of the topic
Existing literature about real estate business and property development	**Chapter 3** **Property development business in Finland**	Theoretical background Features of real estate business and property development Knowledge creation for empirical research	**Preparatory phase** 3. Obtaining comprehensive understanding of the topic
Existing literature of customer value Prior conceptual and empirical research on customer perceived value in B2B context	**Chapter 4** **Customer perceived value in B2B markets**	Theoretical background Overview of the current understanding of customer perceived value in business markets	**Preparatory phase** 3. Obtaining comprehensive understanding of the topic
Methodology literature Existing literature of property development and customer perceived value in B2B context Data from the first part of the empirical research (interviews) Data from the first part of the empirical research (survey) Analyzed empirical data	**Chapter 5** **Empirical study**	Description and reasoning of interview data generation and analysis Findings from the interviews Creation of the comprehensive framework of customer value in property development Description and reasoning of survey development and data analysis Findings of the survey Defining the most important elements of customer value in property development Testing and validating the framework	**Fieldwork phase** 3. Obtaining comprehensive understanding of the topic 4. Innovate and create a solution idea for the research problem; a construct 5. Implementing the construct and investigate if it works in the practice 6. Examining the scope of the construct's applicability 7.Showing theoretical connections and evaluate contributions of the developed construct
Findings of the interviews Findings of the survey Existing theoretical knowledge	**Chapter 6** **Refined framework for customer perceived value enhancement in property development**	Presenting the refined framework of most important customer value enhancement elements in property development Presenting practical examples for customer value enhancement in property development process	**Fieldwork phase; Theorizing phase** 4. Innovate and create a solution idea for the research problem; a construct 6. Examining the scope of the construct's applicability
Existing literature Research findings	**Chapter 7** **Discussion**	Answers to the research questions	**Theorizing phase**

		Theoretical and managerial implications of the study Evaluation of trustworthiness of the research Limitations and recommendations for further research	6. Examining the scope of the construct's applicability 7. Showing the theoretical connections and the research contribution of the developed concept
Research results and findings	**Chapter 8** **Conclusions**	Summary of the study and research results	**Theorizing phase** All the steps 1-7

Chapter 1 introduces the subject of the study and presents the research gap, research questions and scope, context and structure of the research. *Chapter 2* discusses of methodological choices of the research and introduces the selected customer segments. *Chapters 3 and 4* examine the current literature of real estate business, property development and customer value in B2B context, focusing especially to property development in Finland. Literature review is descriptive and concept analytical, aiming to create an overall picture of the topic and widen researcher's understanding of the subject. *Chapter 5* presents the development and implementation of two phases of empirical study and the findings of them. First phase of empirical study is qualitative, involving thematic interviews with 7 developer representatives and 18 with customer companies. Second, complementary phase employs quantitative survey and refines and validates the findings of the first phase, defining most important value creation elements in property development. *Chapter 6* presents the final, refined framework with most important value elements and gives practical examples of customer value enhancement in property development process. *Chapter 7* discusses of the findings, implications, trustworthiness and limitations of the research. *Chapter 8* concludes the study and gives a brief summary of it.

2. METHODOLOGY

Conducting scientific research requires making certain choices about the research topic, data and analysis methods. These choices are forming research strategy for the study and guiding the research process. (Hirsjärvi et al. 2009, p. 123) Research approach used in this thesis is qualitative research, conducted with the guidelines of constructive research. This chapter presents and clarifies the philosophical and methodological choices made for the research as well as research design and methods employed. More detailed description of empirical data collection and analysis is presented in connection with the empirical study in the Chapter 5.

2.1 Characteristics and guidelines of qualitative research

Qualitative research is typically aiming to understand and examine theoretically interesting phenomena thoroughly instead of testing existing theoretical models, typical to quantitative studies (Eskola & Suoranta 2008, p. 14–15). Furthermore, investigation focuses on people beliefs, opinions, viewpoints and understandings. Data collection in qualitative research may be unstructured by nature, but at the same time rich in content and scope. (Fellows & Liu 2008, p. 27) Sample sizes in qualitative research are often small and size of the sample generally does not influence on the research success. Certain level of subjectivity is also characteristic for qualitative study. (Eskola & Suoranta 2008, p. 14-16) External and environmental variables are likely to impact on data and results as well as the researcher, who is seen as an active participant of the research, on the contrary of quantitative studies (Fellows & Liu 2008, p. 27).

According to Creswell (2014, p. 129) qualitative research is specifically suitable method for wide research questions and investigation areas. Gummesson (2005, p. 312) sees qualitative research especially proper for situations where the aim is to understand multifaceted reality, not to explain it with causal relationships of certain factors. As customer perceived value is wide and complex phenomena and not studied much in the field of property development, qualitative study was seen suitable method for gaining holistic understanding of the topic.

Qualitative studies can furthermore be divided into two types, *inductive* and *deductive* studies, depending on the reasoning logic used in the research. Deduction goes from general to specific (theory testing) and induction moves from specific information to broader

generalizations (theory generation) (Saunders, Lewis & Thornhill et al. 2009, p. 61; Tuomi & Sarajärvi 2013 p. 95). Qualitative studies are typically seen to be based on inductive reasoning (Creswell 2014, p. 186), but from the perspective of academic research, creating new knowledge based purely on inductive analysis is questioned and most of the studies are actually *abductive*: they combine features from both, inductive and deductive approaches (Dubois & Gadde 2002, p. 559; Tuomi & Sarajärvi 2013 p. 95). Abduction sees that researcher is never fully objective but observations and data analysis are always guided by researcher's own theoretical presumptions and familiarity of the topic (Dubois & Gadde 2002; Tuomi & Sarajärvi 2013, p. 96–97; 135–136).

This study is adopting the idea abductive reasoning, following the principles of systematic combining of Dubois and Gadde (2002) and the general idea of theory-guiding analysis of Tuomi and Sarajärvi (2013, p. 96–97) in the data analysis phase. In systematic combining empirical data collection and analysis are emerging simultaneously and research theme and framework are constantly reshaped and redirected by going back and forth between empirical and theoretical knowledge (Dubois & Gadde 2002, p. 555). This suits well to the constructive research process employed, where theoretical and empirical knowledge are increased gradually, finally leading to the development of customer value framework.

When the purpose of the study is to conceptualize certain phenomenon, as here customer value creation in property development, conceptualization can be seen to construct either reflectively or formatively. In reflective models, lower level constructs (in this study, value drivers), are seen to be caused by upper level construct (in this study, customer value) and correlate strongly with each other. In formative models the situation the opposite: lower level constructs are causing the upper level construct and not necessary correlate with each other. (Ulaga 2003, p. 691; Baxter 2009, p. 1370) This study understands customer perceived value to construct formatively: built through several value dimensions. This view is consistent with most of the earlier empirical studies identifying customer value dimensions (e.g. Ulaga 2003; 2001; Ulaga & Eggert 2005; 2006b; Barry & Terry 2008; Howden & Pressey 2008).

2.2 Research approach and research design

Creswell (2014, p. 5) presents that *research approach* is involving interaction of three components, *philosophical worldviews*, *research designs* and *research methods*, presented

in Figure 4. Topic selection and placing a research problem can be seen as the fourth component of research approach (Hirsjärvi et al. 2009, p. 124).

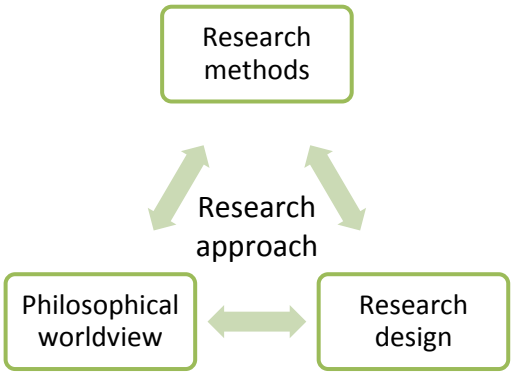

Figure 4. Framework for research approach generation (Creswell 2014, p. 5)

Philosophical worldview is describing the philosophical assumptions and beliefs behind the study, representing the most fundamental choices of the research strategy (Saunders et al. 2009, p. 107–108). Creswell (2014, p. 6) is highlighting four different types of worldviews: postpositivism, constructivism, transformative and pragmatism. This study is employing the constructivist paradigm, according to which reality is constructed socially and world is seen to be formed subjectively by individuals, and therefore the completely objective truth is impossible to obtain (Lauckner, Paterson & Krupa 2012). Constructivist research is typically qualitative and theory generative by nature, rather developing a theory or pattern of meaning throughout the research process than starting the research with the existing theory (Heikkinen 2002, p. 186–187; Creswell 2014, p. 6, 8). This study similarly emphasizes the qualitative nature of knowledge and aims to create a theoretical framework based on the reflections and interpretations of empirical data.

Research design of the study is constructive research approach. Constructive research approach is a problem solving oriented method, aiming to create innovative solutions for practical problems in a form of constructs (Labro & Tuomela 2003; Oyegoke 2011, p. 578). It can also be seen as a case study research leaning on constructivism. Constructive research is developed in the field of accounting, but has been successfully used in other business disciplines too (e.g. Junnila & Ristimäki 2012; Ruokolainen & Aarikka-Stenroos 2015).

A construct is referring to an abstract concept, which could practically be any model, framework, program or product (Kasanen et al. 1993; Lukka 2001). Special feature for constructive research is that it always attempts to demonstrate the usability of the solution,

which is not the presumption of typical decision-oriented research. (Kasanen et al. 1993; Piirainen & Gonzalez 2014). Kasanen et al. (1993) distinguish 4 main features of constructive approach: a problem should have both practical and theoretical significance and created solution should have theoretical contributions and practical functionality (Figure 5).

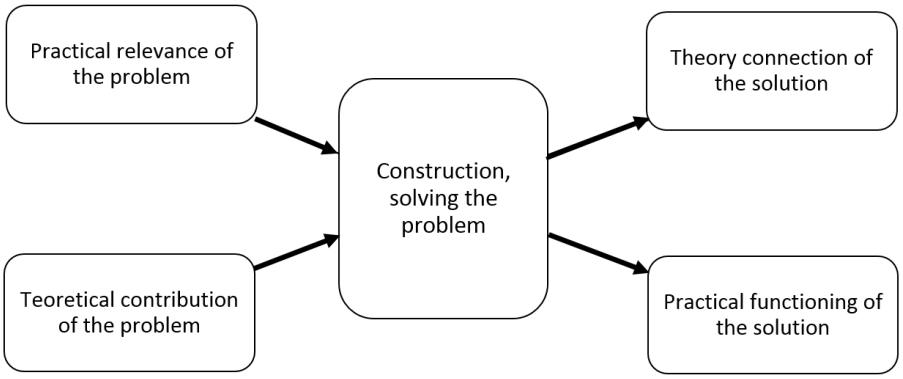

Figure 5. Elements of constructive research (Kasanen et al. 1993)

Constructive research approach has typically seven main steps (Kasanen et al. 1993; Labro & Tuomela 2003; Lindholm 2008; Piirainen & Gonzalez 2014). These seven steps can be organized based on three aggregate phases of the research, preparatory phase, fieldwork phase and theorizing phase, as Figure 6 presents (Labro & Tuomela 2003). Steps are presented in numerical order and to start from certain phases of the research, but in reality the they may overlap and their arrangement and emphasis may change depending on the study and research design.

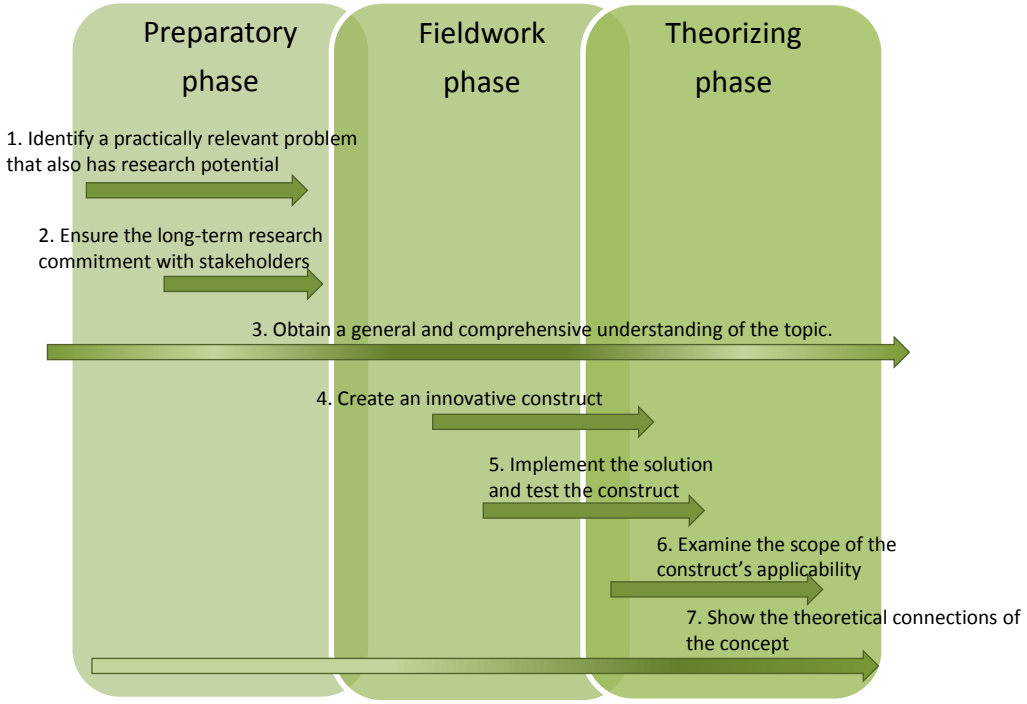

Figure 6. Phases and steps of constructive research (Labro & Tuomela 2003)

Constructive research starts from finding a practical problem (Piirainen & Gonzalez 2014). Ideal research problem has relevance for business world and is paradoxal or underanalyzed in the literature (Lukka 2001). In second step the researcher organizes a research project around the problem and ensures that stakeholders for research (e.g. case company, research subscriber or informants) are committed to the research project (Piirainen & Gonzalez 2014).

Third step, "obtaining general and holistic understanding of the topic", refers to thorough analysis of the problem and its surroundings, for instance reviewing academic literature of the phenomenon and collecting and analyzing empirical data. Consistent with the abductive reasoning, obtaining comprehensive understanding of the topic starts before the research process and lasts throughout the research and further. (Piirainen & Gonzalez 2014; Lukka 2000) However, the fieldwork phase with empirical data collection is typically the key phase in generation of understanding.

During the fourth step the researcher develops a novel solution for the problem based on pre-understanding built in the previous phases of the process (Piirainen & Gonzalez 2014; Lukka 2000; Kasanen et al. 1993). Kasanen et al (1993) highlight that a construct should be innovative, not something directly copied and transferred from the earlier studies to the research context. Implementation and testing the created construct is the fifth step, also

called as "market test". A successful implementation suggests that created construct is technically feasible and the research process has been successful. However, even if the market test is not passed, the research itself still may have theoretical value. (Lukka 2001) Kasanen et al. (1993) suggests that weak market test is passed, if mangers of the target organization are willing to implement the construct to their real decision-making operations. In this research testing differs from this idea and is done for primary framework with a survey ensuring that the contents of the construct are perceived feasible by customers. This approach was selected because the created framework for customer perceived value is identifying value drivers creating value *for customers*, and therefore customers should be the ones evaluating if the developed framework manages to capture dimensions creating value for them. In addition to market based validation, survey is also used as a tool to refine and develop construct further for more practical purposes.

Sixth step considers generalization of the created construct. If the solution has been created and/or worked in certain circumstances (e.g. passed the market test), researcher should evaluate if it can be generalized to the other situations as well. Seventh step of the process is discussing and describing theoretical connections and contributions of the study. Researcher should however do this evaluation throughout the whole research process. (Labro & Tuomela 2003; Piirainen & Gonzalez 2014)

2.3 Research methods

Following the principles of constructive research approach, information collection of the thesis is aiming to obtain comprehensive understanding of the research topic and contains two parts: literature review and empirical data collection. Extensive literature review is focusing on characteristics of property development and customer value creation in B2B relationships and conducted at the preparatory phase of the constructive research. Literature review will be the starting point for the empirical study. In addition, case company's internal documents and users' company information are used as secondary data sources. The main purpose of the literature review is to get overall picture of the research context, provide information for preparing the interview guideline as well as to create necessary pre-understanding for elaborating and analyzing empirical data of the research.

Selected research methods for empirical data collection are semi-structured thematic interviews followed by quantitative survey. Implementing both qualitative and quantitative

data collection, research can be seen to be conducted with mixed methods approach (Saunders et al. 2009). Data source combination improves validity of the data through triangulation (Hirsjärvi et al. 2009, p. 233), could eliminate or reduce the disadvantages of each individual approaches and helps researcher to gain a multi-dimensional and more holistic view of the subject (Fellows & Liu 2008, p. 28). Mixed methods can be further divided into the three primary models, convergent parallel mixed methods, explanatory sequential mixed methods and exploratory sequential mixed methods (Creswell 2014, p. 15–16). Model used in this research is exploratory sequential mixed methods, where qualitative data is first collected and analyzed and this information is used as a research instrument into second, quantitative phase of data collection (Saunders et al. 2009, p. 152–153; Creswell 2014, p. 16). Related, two-stage data collection has been used for example by Ulaga and Eggert (2006b) in their study of relationship value.

Thematic interview, or "focused interview" is a semi-structured type of interview, located between structured and unstructured interviews (Hirsjärvi & Hurme 2011, p. 47–48; Tuomi & Sarajärvi 2013, p. 75). Thematic interviews with open-ended questions were selected for empirical data collection for various reasons. At first, as a method, Hirsjärvi et al. (2009, p. 205–206) describe interviews suitable for situations, where research area is unknown and multifaceted, the aim of the study is to catch respondent's subjective perceptions and the information collected is wanted to extend and explain. Second, constructivism is emphasizing the understanding of the real world and guides researcher rather to look complexity than narrow the perspective into a predetermined few categories or ideas (Lukka 2001; Creswell 2014, p. 8). Nature of empirical data collection in constructivism is typically broad and general with open ended questions, researcher gives room for discussion and interaction with the respondent and recognizes that their own backgrounds shaping their interpretations (Creswell 2014, p. 8). Thematic interviews allow this by following the pre-determined themes, but not previously structured questions or order of questions (Hirsjärvi & Hurme 2011, p. 47–48). In this study the main advantage of thematic interview is that they allow a different depth, width and approach for certain themes, depending on respondent's experience and interests (Hirsjärvi & Hurme 2011, p. 34–35).

Thematic interviews will be conducted with 7 case company representatives (internal interviews) and 18 customer company representatives (external interviews). External interviews are the main source of information and the aim of internal interviews is above all

to have more understanding about property development process. Internal interviews also assist the further development of the interview guideline for external interviews by complementing theoretical knowledge about property development and knowledge of selected customer segments. In addition, internal interviews give profound understanding of possible customer value creation elements and give preliminary perspective for developer's understanding of customer value understanding of developers.

Qualitative survey is directed to 64 customers and 7 case company representatives. The main purpose of survey is three-folded: test and validate the contents of created framework, have additional information for further development of the framework and to find out if the framework is possible to generalize outside the research sample. Supplementary function of the survey is to investigate possible differences between the opinions of value creating elements between customers and developers. Thematic interviews are however the main source of empirical data in framework development and survey is acting only as a validation tool and source of supplementary information for refined, focused version of the construct. Detailed description of interview data collection and analysis process as well as development and implementation of survey instrument are represented in Chapter 5.1.

2.4 Selected customer segments

Interviewed customers are companies operating as users (tenants or owners) in business premises. Users selected to interview are from two business fields, *retail and service housing (care service) sectors*. These sectors were selected for the research for four main reasons:

First, both retail and service housing sectors are very active business segments in property development. In order to achieve rich information for the study, it was essential to interview companies acquiring new business premises often enough and have constant business relationship with developers. Retail sector is one of the most significant business sector in Finland, growing steadily for years and is expanding and relocating business spaces regularly (Kaupan vuosi 2015). Similarly, need for service housing is increasing fast and care service companies are acquiring new units frequently (Sosiaalialan Työnantajat Ry 2014, p. 34).

Second, at the moment both of the selected sectors are evolving. Retail sector is in transformation, because of changing behavior and preferences of consumers and due to demography changes (Rakli.fi 2016b). Service housing sector in turn is growing fast and

demands of end-users are growing constantly (Sosiaalialan Työnantajat Ry 2014, p. 10–12). Changing environment of users' businesses may effect on their requirements in property development process, and up-to-date information of value creation in these sectors is needed.

Third reason for selection of these segments is that at the moment companies in retail and service housing business form a major part of users involved on the commercial projects developed in case company's project development unit. Since case company represents a typical, big construction company in Finland, this is expected to be the situation in other construction companies too. Moreover, since real estate markets in Finland are small, all the developers and user customers in Finland are conducting business with each other. Therefore customer pool of the case company can be assumed to represent quite well the customer pool of these sectors in the markets. Furthermore, since the practical aim of the study is to develop useful framework for developers to enhance customer value in property development process, it is natural to focus on customer segments most significant for the company operating in property development business.

Fourth, retail and service housing companies have very dissimilar business logics and operation environments, even though both sectors are providing services for consumers. This is an opportunity to provide interesting insights on if the valuable elements in property development process are common for the both type of users. With two very different sectors it is also possible to evaluate if it is possible to develop a general customer value framework for enhancing customer perceived value in all property development business relationships between users and developers.

2.5 Characteristics of customer segments

This part introduces briefly the characteristics and important terms of Finnish retail and service housing businesses. Some special features of the sectors effecting on their property development process and property requirements are also presented.

Service housing

Population in Finland is aging fast and according to forecasts, amount of people over 65 years is going to achieve almost 1.5 million people by 2030, which means strong rise in demand of housing services for elderly (Palveluasumisen opas 2015, p. 4). Traditional institutional care (health centers, residential homes) for elderly and disabled is

simultaneously decreasing (Väyrynen & Kuronen 2015, p. 1, 7) and as a result the number of customers in service housing units with 24-hour assistance is increasing (Figure 7). (Louekoski 2015, p. 52; Väyrynen & Kuronen 2015, p. 1). Demand for ordinary service housing for special need groups, as memory ill and people with physical or mental limitations is also growing (Jylhä & Junnila 2012, p. 14; Palveluasumisen opas 2015, p. 4).

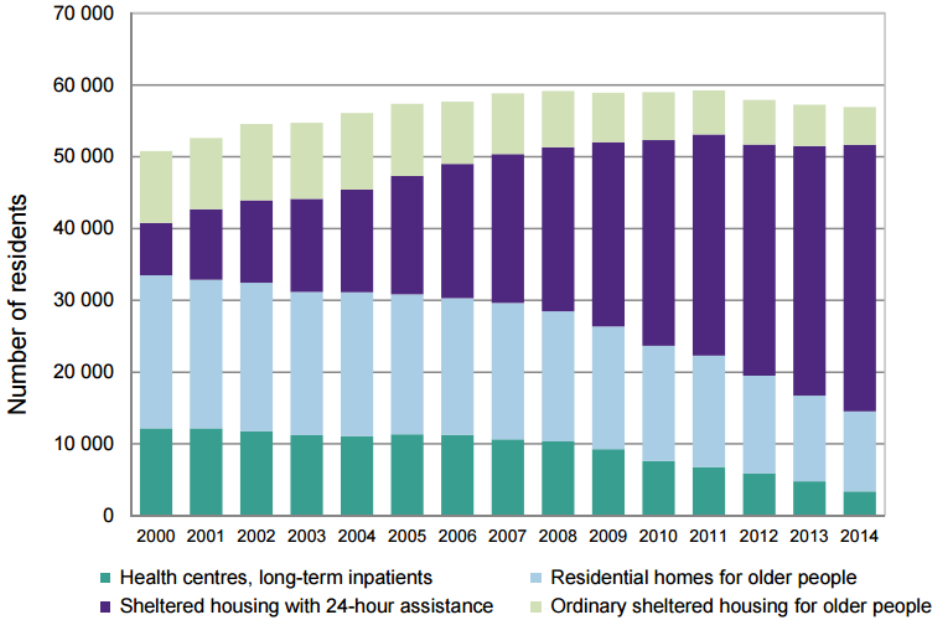

Figure 7. Number of residents in institutional and non-institutional care from 2000 to 2014 (Väyrynen & Kuronen 2015, p. 1)

Service housing stands for housing services and other services arranged in supported housing unit. Service housing is arranged for people who need care and/or customized apartment, but are capable to live independently. *24-hour service housing* is service housing with personnel present around the clock. 24-hour service housing is for persons not capable of living without constant care and treatment. Service housing customers (i.e. consumers) are paying rent for their apartment and used services for the service operator company. (L 1301/2014 § 21)

Municipalities are legally responsible for providing services for the elderly and are therefore principal organizers of service housing (L 980/2012), but today services are often outsourced by municipalities and provided by private sector companies or various foundations and associations operating in health care business. (Palveluasumisen opas 2015 p. 4; Ympäristö.fi 2016) Private sector is producing major part of service housing and 24-hour

service housing in Finland: in 2014, 47 % of elderlies lived in residential units of private or third sector service providers (Väyrynen & Kuronen 2015, p. 1).

Service housing companies are most often operating as a tenant in their business premises owned by municipality or professional investors. Leasing agreements are typically long, 10-15 years and service operators are often also responsible for property maintenance. (Louekoski 2015, p. 51, 53) The process of business property development in care services has typically been user-driven and development and construction contracting is frequently done by operator (Louekoski 2015, p. 53). The alternative way is the development process is investor or developer-driven, what is the focus of this study.

As a healthcare and social welfare connected industry, there are multiple authorities, regulations and law settings affecting on the property development process of private care service companies, making the business premise development disjointed, bureaucratic and sometimes long (Jylhä & Junnila 2012, p. 14; Sosiaalialan Työnantajat Ry 2014, p. 23–24). Consequently, service operators are usually influencing strongly on development to ensure fulfillment of operational and regulatory requests of the property (Louekoski 2015, p. 53).

Most significant external stakeholders affecting in business premise development in service housing industry are Valvira (National Supervisory Authority for Welfare and Health) and ARA (Housing Finance and Development Centre of Finland). Regional state administrative agencies are also supervising private care service production and premises. (L 1301/2014; Louekoski 2015 p. 53; Infopankki.fi 2016).

Valvira is supervising social and health care sectors and providing licenses for social welfare and health care companies. Valvira is also providing guides, regulations and principles for healthcare and social welfare, for example concerning building of service housing properties. (Valvira.fi 2016). ARA supports the improvement of the housing conditions of people with low or average level of incomes or special-needs, and grants subsidies, grants and guarantees for this type of construction projects (Ara.fi 2016). Especially for 24-hour service housing, elderly homes and assisted housing for special-needs groups ARA subsidies are often the critical factor defining if the project can be realized. ARA controls and supervises the use of housing developed with these state subsidies and therefore regulations, rules and design guidelines of ARA are effecting highly on the development of new business premises in

service housing sector. ARA also requires use of bidding in construction partner selection. (Ara.fi 2016; ARAn rakennuttamis- ja suunnitteluopas 2016, p. 18–19)

Stabile but low income level of service housing customers and ARA regulations are making service housing industry highly price sensitive. This is evident especially in cases of subsidized 24-hour service housing, arranged often through municipal service purchasing agreement (municipal is purchasing service for certain amount of customers) or more common framework agreement (municipal is conducting competitive bidding and selecting the service operator with lowest price) with the municipality. (Louekoski 2015, p. 53)

Retail

Retail sector is one of the most significant business sectors in Finland (Santasalo & Koskela 2015, p. 10, 15). At the year 2014 12.2 % of enterprises in Finland operate at retail or wholesale trade industry, from which approximately 46 % operate in retail trade. Turnover of sales sector is 30.3 % of the total turnover of all industries, making it the second largest industry in Finland, after manufacturing (33.8 %). (Finland in Figures 2016, p. 12; 45) Retail sector can be divided into three groups: (1) Non-specialized grocery stores and department stores (2) Specialized trade stores and (3) Motor vehicle retail (Santasalo & Koskela 2015, p. 10). The study is focusing on groups 1 and 2, excluding the motor vehicle retail.

Retail sector is an important player in real estate business. Retail and service properties construct approximately 30 per cent of commercial business premises (Rakli.fi 2016a) and amount of retail sector business premises has increased steadily, and within the past 10 years, retail property stock in the Helsinki Metropolitan area has increased more than 20 % even though retail sales have been performed not so well during past years (Santasalo & Koskela 2015, p. 24; The Finnish Property market 2016, p. 45). However, today companies in retail sector are considering extension decision more carefully and requirements for business premises are increasing (Kaleva & Kuusankoski 2016, p. 54).

Consumers are communicating with retail companies through their stores, which makes business premises imperative strategical resources for retail companies (Ahonen, Karttunen & Vuorio 2013, p. 5). Because of the strategic importance of business locations, at least most important market places are wanted to keep in own possession by retail companies: Where service sector customers are usually operating as tenants in the premises, in Finnish retail

sector in over 50 % of cases companies are acting as a user-owner of the facility. Especially large retail trade companies are often owners of their premises and professional property developers by themselves, having strong bargaining power with local authorities through increased employment and tax revenues (The Finnish Property Market 2016, p. 40). However, during last years, retail has gained interest among professional investors and some of the big traders have started to sold their properties to investors and operate as tenants, releasing capital to the core business purposes (Rakli ry 2014, p. 27).

Leasing agreements in retail sector vary a lot, but they are typically long with fixed terms. In shopping centers so called anchor tenants typically have lease agreements of 5 to 10, even 15 years. (The Finnish Property market 2016, p. 48) Today's rapidly changing business environment in on the other hand requires balancing between good market locations and flexibility, which is effecting on length and conditions of leasing agreements and ownerships of premises (Kaleva & Kuusankoski 2016, p. 54). Retail is vastly localized business and rent levels in retail sector are altering heavily depending on the location: The rent a retail company is ready to pay for is directly correlating on the selling volumes (Santasalo & Koskela 2015, p. 17) and therefore there are no universal guidelines for the price of the premise for the retail companies as housing service sector has.

Property development of retail sector is heavily regulated in Finland and it is the only business sector with specific location regulations in law (L 132/1999; Ahonen et al. 2013, p. 9). Retail business premise locations and sizes are controlled with zoning legislation, competition legislation and environmental regulations (L 319/2011, 9a; Ahonen et al. 2013, p. 9; Vähittäiskaupan suuryksiköiden kaavoitus. 2013). For example, possibilities to locate big retail units outside city centers are strictly regulated, decreasing the amount of suitable sites and rising costs through expensive sites in central areas, which can slow the property development process or block it entirely (Ahonen et al. 2013, p. 12). Retail sector is also influenced by multiple external factors reflecting to the property development, such as sociological, population and consumption related issues, consumer subjects, legislation, city planning, purchasing, supply and technology issues, as well as competition and cost factors (Tammilehto & Kiiras 2014, p. 126).

3. PROPERTY DEVELOPMENT BUSINESS IN FINLAND

This chapter targets to create understanding of property development. Chapter introduces briefly real estate business as an operating environment, presents key concepts and actors as well as main principles and process of property development. Interest is on commercial property development and business premises in accordance with the focus of this study.

Since real estate business is highly localized and way of operations, legislation and roles of actors may vary significantly from country to country, the applied literature is concentrated on Finnish literature sources. However, there are not much general literature of property development in Finland (Kiiras & Tammilehto 2014), and for that reason Finnish literature is complemented with the relevant foreign works.

3.1 Real estate business and markets as an operating environment

Real estate business, or (real) property business refers to operations related to the ownership and utilization of real properties or production of properties or real estate services with profitmaking purposes. In addition to property development, real estate industry includes many other types of businesses, operations and tasks, such as construction contracting, real estate investments, property transactions, leasing, real estate administration and facility maintenance. (Real estate business vocabulary 2012, p. 11)

Since the business is containing multiple areas of operations linked closely together and offered often by multidisciplinary companies, it is not easy to make clear division between industries linked to the property business and it has been said that it is maybe the most fragmented and networked industry in Finland (Ahonen, Pöyry, Pääkkönen & Ryhänen 2008, p. 193). This is particularly the case in construction and real estate clusters, where services are parallel and overlapping. Traditionally construction is focusing on the production of physical products and real estate business to the production of other property related services, but during the time this dichotomy has lost its significance and industries have increasingly merged and construction is seen as a part of the service network of real estate business (Riihimäki & Siekkinen 2002, p. 14). However, since focus of this research is on pre-construction phase of property development, property development is here observed principally from real estate business viewpoint.

Economic significance of real estate cluster is enormous. Real estate business is one of the biggest industries in Finland and worldwide, it is a provider of spaces and maintenance for the national economy (Kaleva, Niemi, Lahtinen, Kumpula & Lohilahti 2013 p. 9). Real estate sector (with construction) covers 70 % of Finnish national wealth and a quarter of the gross domestic product, employs 300 000 people in Finland and the value of Finnish real estate is approximately 480 billion euros (Kaleva et al. 2013 p. 9; Rakli ry 2014 p. 2; Oksanen & Paajanen 2015 p. 11). Size of Finnish building stock at the end of 2015 was 1.5 million buildings, over 467 square meters. 15 % per cent of total buildings were non-residential. (Stat.fi 2016) Share of business premises is 34 million square meters (Rakli ry 2014, p. 11).

Business premise markets and the whole construction business are formed from the cyclic and changing interaction between supply and demand based on economic fluctuations (Olkkonen et al. 1997, p. 26; 42). Timing is therefore critical: Property development projects last long and economic situations may change during the process, effecting on demand and prices of premises. Forecasting cycles is difficult, but preparation for changes, careful planning and risk management are highly valuable for both supplier companies providing business premises as well as companies with real estate needs (Olkkonen et al. 1997, p. 46; Kiiras & Tammilehto 2014, p. 43-45). Property markets have also multiple other characters shaping the industry and differentiating it from other markets. Most of them are related to the fact that real properties are always connected to the land. These features of property markets are also related to the property development can be divided to the physical and economical attributes presented in next chapters. (Olkkonen et al. 1997, p. 25-38)

Physical characteristics of property markets and property development are immobility, heterogeneity and indestructibility. Immobility results from site specificity and locality of real estate markets and real estate business: a real property is always tied to a certain place and not possible to transfer somewhere. For the reason of location uniqueness, no property is exactly alike, which makes real estate markets highly heterogeneous. Basically it is impossible to find two buildings fully comparable and particular location can be occupied only by one party. (Olkkonen et al. 1997, p. 26) Nonhomogeneity is one of the most significant difference between real estate markets and conventional commodity markets and it is one of the main reasons for purchasers to use great amount of time to select, purchase or rent properties (Cortesi 2004, p. 9). Third character, indestructibility, is referring to the

durability of value in properties. Because land is always connected to the premise, real estate usually has remarkable value, even if unoccupied (Olkkonen et al. 1997, p. 27).

Economical characters effecting on property markets and property development are scarcity of goods, durability of investment and modification and location connected value (Cortesi 2004, p. 9). Scarcity of good locations leads to the limited and inelastic supply of properties. For instance, city centers have very limited number of business premises and demand exceeds the supply, which increases land and property prices in centers. (Olkkonen et al. 1997, p. 27; Cortesi 2004, p. 10) As a result, land resources are main competitive factor for property developers as well as capital balance and market knowledge (Wei, Wenxiu & Wujun 2007, p. 119–120). Longevity of investment is especially evident for premise owners and users: as a production factor and investment target, a property is exceptionally long–lasting, and ties up capital far into the future. Moreover, buildings are one of the most expensive and least tradeable products and practically unmovable (Hastjarjo, Yahiya, Sucherly & Rufaidah. 2015, p. 6243–6244). Leasing agreements are also typically long. That increases customer perceived risks connected to purchasing or leasing business premises.

Finally, value creation in real estate business is highly connected to the monetary value and especially on location. Surroundings are an important factor defining economic and functional value of the premise and therefore externalities, for example environment, area image and infrastructure are influencing strongly to the value of a real estate and defining what users or investors are willing to pay for it (Olkkonen et al. 1997, p. 26–27; Cortesi 2004, p. 10) However, unlike many other industries, land as a critical input defining the value of an offering in real estate business is easily regulated in the market by governments and authorities through taxation and zoning policies. (Olkkonen et al. 1997, p. 26-27; Cortesi 2004, p. 9). It is however important to realize that actors in real estate business can effect on the value of business premises or location through modifications. Modifications can be conducted for example with area planning, new construction, supplement construction or through renovations or changes in the use of building or land (Olkkonen et al. 1997, p. 27).

3.2 Definition of property development

Real property or real estate is defined as "a unit of ownership for a land or water area, including buildings, benefits and easements, registered in the land register" (Real estate business vocabulary 2012, p. 10). The word real estate is frequently used to refer to buildings

alone, and this common use of the word property or real estate is applied in this study as well. Life cycle of a property starts from land acquisition and construction and ends to the termination of the building. (KTI 2001, p. 7; Real estate business vocabulary 2012, p. 11). Commercial properties, object of this study, include business premises and operational spaces e.g. shops, offices, production buildings and service and storage buildings used as a production factor for the production of material or immaterial or commodities by companies or individuals (KTI 2001, p. 9; Real estate business vocabulary 2012, p. 13).

Property Development (PD) or Real Estate Development (RED) is a process with the aim to increase value of a real estate, land or certain area with properties (KTI 2001, p. 16; Real estate business vocabulary 2012, p. 12). Property development is highly demand-driven (Riihimäki & Siekkinen 2002, p. 15) and leads to continual reconfiguration and modification of built environment to fulfill the needs of society (Miles et al. 2000, p. 3; KTI 2001; Kiiras & Tammilehto 2014 p. 15). Property development refers to the group of activities, where developer creates physical spaces for tenants or owner-occupants to work and conduct their business, through idea development, marketing, planning, construction contracting and construction (Miles et al. 2000 p. 5–6; Kiiras & Tammilehto 2014, p. 15). During the process the property is conceptualized, designed, constructed and occupied (Bulloch & Sullivan 2010, p. 78). Usually process covers idea generation, planning, marketing, sales and leasing.

As a business, property development is highly interdisciplinary, combining technical and economical perspectives such as management, production, engineering, economics, marketing, leasing and management (KTI 2001, p. 4–5; Kiiras & Tammilehto 2014). Property development entails long-term commitments, since process is long and buildings last for decades. Conversely it is highly dynamic, creative, intuitive, and complex process, which makes it hard to control. Consequently risk management and coordinated efforts of many professionals are crucial part in development projects. (Miles et al. 2000, p. 3, 8)

Property development is typically defined as project business (Miles et al. 2000 p. vii; Kiiras & Tammilehto 2014, p. 15). Cova, Ghauri and Salle (2002, p. 3) define projects as "complex transaction covering a package of products, services and work, specifically designed to create capital assets that produce benefits for a buyer over an extended period of time". As a project based industry, property development has multiple project specific characters effecting on the business, as uniqueness, uncertainty, particular time frame and long duration

of process. Projects also have certain objectives, budget and time schedule, and they are often described complex, discontinuing and having multiple interrelated activities. (Cova & Salle 2005, p. 354). Uniqueness in property development projects results mainly from requirements of customers, which requires intensive interaction between individuals in the project, but at the same time discontinuity of projects causes lack of bonding and mutual orientation in the relationship (Skaates, Tikkanen & Lindblom 2002, p. 391).

In addition to project business, commercial property development has also characters from solution business and professional services. Solution suppliers provide a combination of goods and services which are both needed to solve the problem of a buyer firm (Prior 2013). According to the definition of complex industrial solutions, they involve the delivery of service and product elements, rather than one of these completely. A solution also involves customization to address a specific need a customer faces and requires therefore an understanding of customer requirements. (Tuli et al. 2007; Pekkarinen, Ojanen & Keränen 2011). These features of solution business exists also in property development and from customer's point of view property developers provide space solutions for them.

When considering property development as a service process (e.g. Riihimäki & Siekkinen 2002, p. 14), property development includes also professional services. Professional services as planning, engineering, marketing and consulting are located especially in pre-construction property development phase (Lapierre et al. 1999; Barry & Terry 2008). These services contain all the elements of professional services: they are customized, contain often high risks, value creation requires intensive interaction between developer and customers, process involves customer assessment of value in their context, there are usually need for specialized knowledge and there is considerable information asymmetry between developer and users (Olkkonen et al. 1997, p. 21; Howden & Pressey 2008). Reflecting to these definitions, this study sees property development as a project natured service business, where delivered project is combining different types of professional services, construction services and physical elements into a complex offering, a tailored solution for a customer.

3.3 Main actors in commercial property development

As long, open and multidisciplinary process, numerous actors are participating and influencing in property development (Olkkonen et al. 1997, p. 30). Key actors in PD are traditionally divided into three parties interacting during the process: users, investors and

developers (Figure 8) (Kiiras & Tammilehto 2014, p. 24). In reality, roles are often mixed and not easy to define. For instance, users and investors can be developers and vice versa (Olkkonen et al. 1997, p. 31–32).

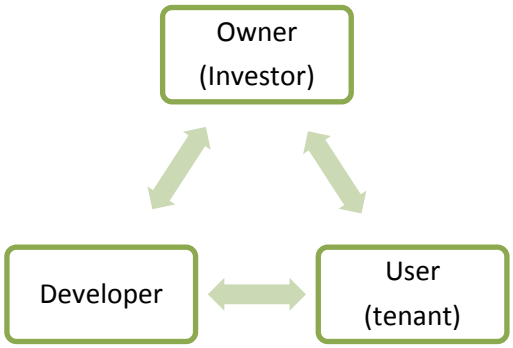

Figure 8. Tripartite of property development (Kiiras & Tammilehto 2014, p. 24)

Property developer is the most central actor in property development process. Developer's role is to coordinate the development process and confirm project completion, as well as collect information and manage the process and its actors (Wilkinson & Reed 2008 p. 12; Costello & Preller 2010). From user and investor companies' point of view, property developer is supplier who provides development services and creates and delivers the space solution for their needs. Developer's own purpose in the development is to make financial profit from the process of development, as well as any other industrial company with their products and services (Wilkinson & Reed 2008 p. 12). Property developer is usually investing own capital to the development project with yield expectations, but development can also be done with external investor, which is the typical case in case organization as well (KTI 2001, p. 16; Real estate business vocabulary 2012, p. 12).

Responsibilities of the developer differ from project to project: sometimes developer develops the project alone, sometimes in cooperation with users, investors or other developers. Property developer needs market and marketing knowledge, understanding of contracts, construction contracting and finance knowledge. Property development is usually done in teams and common commitment, interaction skills, technical capabilities and project management skills are necessary for developers. (Kiiras & Tammilehto 2014, p 27; 69; 104) The amount of professional property developers in Finland is small and there are hardly any companies specialized only in commercial property development. Construction companies' project development units are one of the most significant property developers in Finland and Finnish property development markets are dominated by big construction companies,

including Hartela, Lemminkäinen, NCC, Peab, Skanska, SRV and YIT (Olkkonen et al. 1997, p. 31–32; Rakli ry 2014, p. 3; The Finnish Property Market 2016, p. 40)

Investor or owner of the business property is the party who invests money to the premise and owns it. Investor may be a real estate company, limited company, private person, state, municipality, user or the developer of the premise. (Kankainen & Junnonen 2001) *User-owners* of business premises are users, who own the property completely or partly and use it by themselves (Real estate business vocabulary 2012, p. 13). Companies are however increasingly wanting to operate as a tenant in their business premises and during 2000's many Finnish firms have sold their premises to the professional real estate investors and targeted the released capital to their own core business (Riihimäki & Siekkinen 2002, p. 22–23; Rakli ry 2014, p. 25). These *investor-owners* are typically purchasing completed or fully led premises, but they can also take part to the development process. *Financial institutions as investors* can also be part of the project and provide finance and funding to cover the construction or development process costs. (Wilkinson & Reed 2008 p. 16)

*Users, tenants or operator*s are referring to the companies using premises or spaces and own or pay rent for them. In the context of business premises, users can be divided into two types: companies as tenants of the premises and customers and service suppliers of these companies. (Olkkonen et al. 1997, p. 73; Kiiras & Tammilehto 2014, s. 26) This study focuses only on user companies, not on their own customers. Users' needs and requirements are the fundamental starting point and guiding factor in property development and users are the group, to whom the premise is essentially developed. Therefore user of the space can be thought as the main customer in the development project. (Pekkanen 2005, p. 29) Users are engaged to the premises financially for many years and purchasing or renting a premise is therefore always a huge strategic decision for user companies and they want to consider these decisions carefully (Olkkonen et al. 1997, p. 11).

In addition to these three main parties in property development, there are also several other public and private sector actors participating into the process, like governments, land owners, city planners, building contractors, consultants, real estate agents, objectors and citizens (Wilkinson & Reed 2008 p. 11–27; Kiiras & Tammilehto 2014 p. 24–33). Since value network in real estate business is wide, actors often have differentiating and even controversial strategies, goals and backgrounds which a developer need to take into

consideration (Wilkinson & Reed 2008 p. 10–11; Kaleva et al. 2013, p. 9). Large amount of participants makes good communication vital for the process (Bulloch & Sullivan 2010).

Public sector and government have particularly significant influence in construction and real estate sector in Finland. Development activities and land use are controlled by public sector through laws, regulations and recommendations, from which the most evident are zoning, building regulations and building permits. Public sector can be both, a catalyst or inhibitor for the project. Construction and real estate companies operating in B-to-B sector are also facing premise regulations of user companies. (Wilkinson & Reed 2008 p. 13)

City planning also has a remarkable role in development, since they are responsible for zoning and determining whether the development proposals should be approved or refused. City planning is responsible for steering and supervising of planning in their own areas and with their own strategies municipalities create a frame for development possibilities. (L 132/1999) Land-use regulations and zoning determine the development possibilities in the certain location and exemptions are hard to get and take long time (Rakli ry 2014, p. 45). Bureaucracy, rigidity and slowness of city planning are sometimes also preventing economically and practically relevant changes of use in the buildings (Rakli ry 2014, p. 44). Developers thus need to understand requirements of authorities and arrange prior negotiations and planning agreements, i.e. provide infrastructure or community facilities in the area are needed (Wilkinson & Reed 2008 p. 15).

3.4 Process of property development

Kiiras and Tammilehto (2014, p. 69) distinguish three types of starting positions for property development: land development, building development or project development (Figure 9). All the types of development can also be connected parallel or sequential in the process (Kiiras & Tammilehto 2014, p. 69).

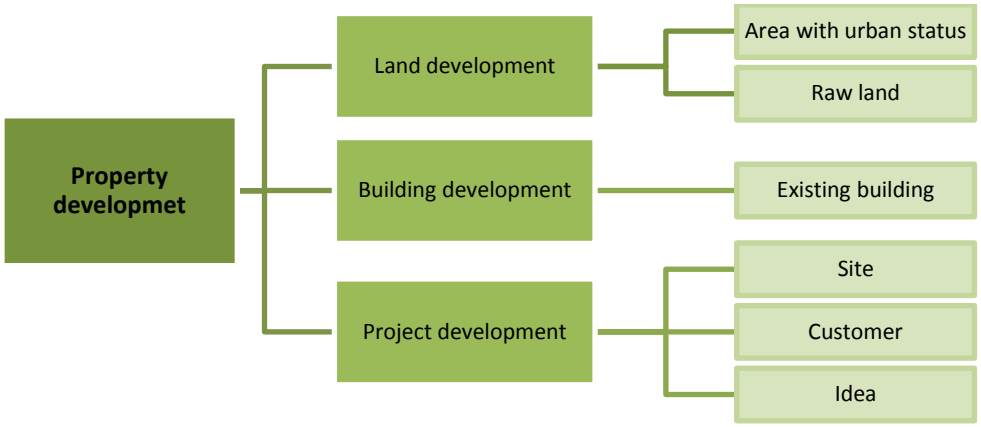

Figure 9. Forms of property development (Kiiras & Tammilehto 2014, p. 70)

Object of *land development* can be development of raw land area or changing the plans of zoned area. Land development can be independent process or nested within a larger development plan, as area development. In *building development* value creation is pursued for increasing value of existing building, for example by changing the using purpose of it. In *project development* developer could have a plot or own idea for the development project. There can also be investor, user or other customer with space need or location and developer aims to find a proper location for customer's operations and/or develop a plan for the design and implementation of the project. (Kiiras & Tammilehto 2014, p. 69) Project development is the most common way of property development in construction companies, where the company is developing projects in various ways for own construction unit to implement.

Every property development project is unique, but there can be found several general models describing the steps of property development process in the literature. Main steps of process models are mainly the same, as can be seen from Figure 10, presenting three different models of Miles et al (2000), Wilkinson and Reed (2008) and Kykyri and Kiiras (2005) in Kiiras & Tammilehto (2014, p. 68). Since the focus of this study is pre-construction property development, steps after the pre-construction development stage have been separated with shadowing in the models.

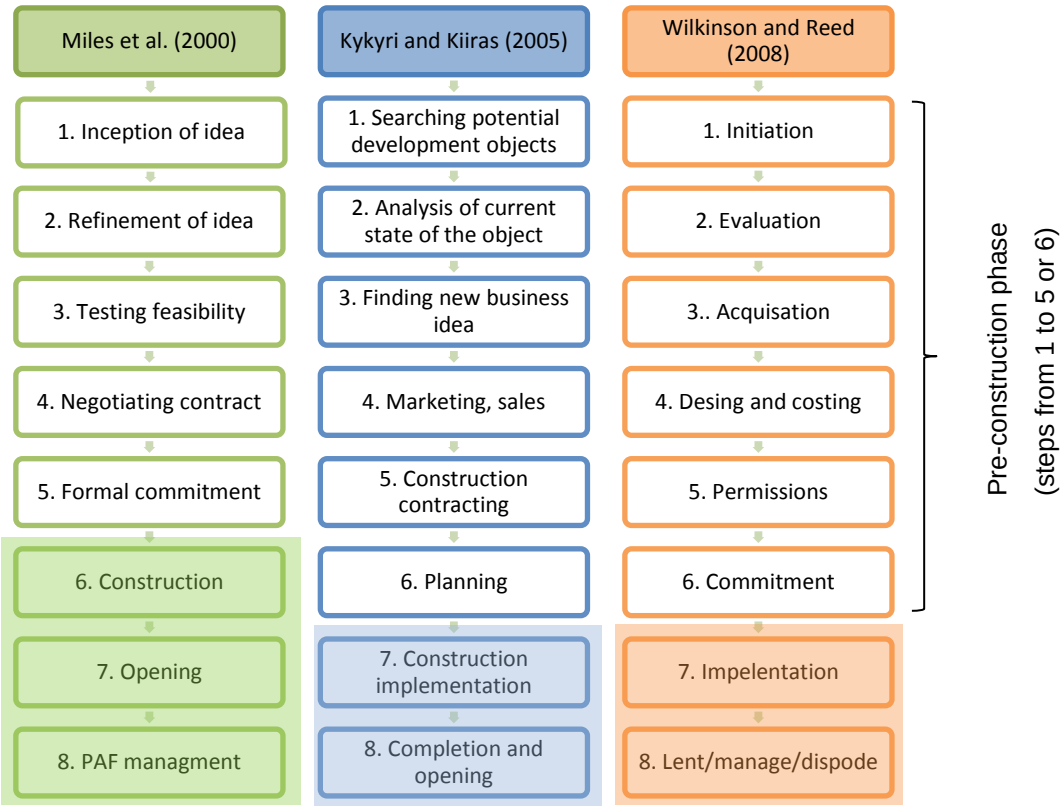

Figure 10. Process models of property development (Miles et al. 2000, p. 7; Kiiras & Tammilehto 2014, p. 68; Wilkinson & Reed 2008, p. 3)

Pre-construction phase include steps liked to idea generation, negotiating, marketing and sales, contracting, financial securement, approval process, planning and design as well as starting the construction phase. After pre-construction, next steps of development process are actual construction and opening, management or sale of the completed project. (Costello & Preller 2010; Kiiras & Tammilehto 2014) Although models of property development are based on real life, they are ideal and in realism the process is not as linear or straightforward and stages in the process often overlap, are repeated and sequences can change places (Miles et al. 2000, p. 6). Overview of the steps of property development is based on Kykyri and Kiiras (2005) and divided into *idea searching and idea development* (steps 1, 2 and 3), *marketing and sales* (step 4) and p*lanning and construction contracting* (steps 5 and 6).

3.4.1 Idea searching and idea development

Starting point of property development is a fruitful idea which is realized, when tenants or owner-occupants occupy the space created by the development team. Property developers are constantly developing and testing feasibility of their own ideas and seeking possibilities

for development and idea generation is the fuzziest stage of development. (Miles et al. 2000, p. 5–7) Concept planning, market research, analysis and strategic planning are utilized in idea searching but general background information, market experience and innovativeness are also needed in idea development. Idea is refined as long, as it is in a form of a feasible project possible to plan and implement. (Miles et al. 2000, p. 235–236, 240; Kiiras & Tammilehto 2014, p. 69–70) If the starting point of the development process is existing customer, customer needs and operations are defining the starting point for idea development and searching for locations. Even if the customer is not known in this phase, talking with prospective tenants, owners and partners is important in ideation. (Miles et al. 2000, p. 286)

Potential project costs, risks, markets, rent levels, modification costs and yield expectations are also started to evaluate during idea development. However, even if the calculations looks promising, project can still be rejected when the planning goes further. (Miles et al. 2000, p. 7, 253–267; Kiiras & Tammilehto 2014, p. 69–72) When the best possible product or use for the site has been determined, ideation stage will come to an end (Bulloch & Sullivan 2010).

3.4.2 Marketing and sales operations

Renting or selling a space at the estimated or higher price is the ultimate goal of the developer. If the development process starts without user of the building, development process is containing marketing and sales activities, which are the main link between user and developer. If the development project is developed to the certain customer, marketing activities consider only investors. (Kiiras & Tammilehto 2014, p. 85–87) Project can also be sold to the investors after finished (Miles et al. 2000, p. 5).

Marketing and sales activities include market and marketing research(s), helping developer to identify what is the demand, price level and wanted features of the building at the certain area. Negotiating with potential users and investors are also activities of this phase. Marketing and sales often last throughout the project, until the premise is entirely rented or sold. (Kiiras & Tammilehto 2014, p. 85–87)

3.4.3 Planning and construction contracting

When the idea is developed and refined, costs and risks of the project are confirmed, (potential) investor(s) and user(s) are defined and the project is still feasible, project is moving to the more detailed planning and construction contracting. Designer selections and

preliminary planning usually start earlier in the process, but at this stage the level of plans is getting more detailed and matching to the predetermined costs. Contracting phase consists formal negotiations with all the participants. Negotiations may be long and hard, since contracts are a way to control the risks of the development project. (Miles et al. 2000, p. 447)

Central tasks for a developer in this stage are determination of customers' objectives as well as defining goals, budget and schedule for the project. Project management, layout planning, supervising and instructing in construction implementation are also tasks of the developer at this phase. (Miles et al. 2000, p. 449; 465; Kiiras & Tammilehto 2014 p. 100–102)

3.5 Customer orientation and value creation in property development

Purpose of the property development is to create solutions specifically addressed on problems customer companies face (Prior 2013). Value creation in project and solution related businesses should always be understood from customer point of view (Davies 2004; Brady, Davies & Gann 2005; Storbacka 2011; Kiiras & Tammilehto 2014). In addition, since technical competence and end-product quality are nearly identical between developers, customer service is more and more central factor for competitiveness in construction and real estate sector (Pekkanen 2005, p. 2). As a result, customer orientation is continuously in a bigger role in real estate business and industry is changing from product business to the customer oriented service business (Rasila & Nenonen 2007, p. 79). Still, customer relationships in construction are diverse, complex and multidimensional with several layers of clients with their own viewpoints (Pekkanen 2005, p. 18). In B2B property development, at least property investors and users can be seen as developer's customers.

From the real estate investor's perspective, value creation in property development is focusing on risk minimization and the yield maximization of the premise. (Wilkinson & Reed 2008, p. 16). Cash flow is generated from space rents subtracted with costs of the premise and increase of capital during the investment period (Olkkonen et al. 1997, p. 13–14). Similarly, according to Kiiras and Tammilehto (2014, p. 50) main decision criteria for real estate investor are the rent paying ability of the property and return requirement defined by investor. Since investors are often not participating to the development process actively and they are focusing on monetary value of the premises, literature is stressing the tangible elements of business premises increasing the monetary value of them (e.g. Olkkonen et al.

1997; Miles et al. 2000; Kiiras & Tammilehto 2014). For an investor, customer orientated developer is focusing on ways to maximize the sustainable monetary value of the premise.

The most important revenue factor of business premises is good location, defined for instance through accessibility, logistics, traffic flow and parking (Kiiras & Tammilehto 2014, p. 123). Other important features effecting on business premise yield expectations are image of the area and building, floor, space size and visibility, micro location, main use of the building, tenant mix, customer base, public transportation and distance from city and area centers. In commercial centers also service level, layout, brand and tenants and their interaction and synergies are important. (Olkkonen et al. 1997, p. 78–80: Kiiras and Tammilehto 2014, p. 126–127) Other valuable features of commercial buildings are modifiability and functionality of spaces, space efficiency, cost-effectiveness, age and technical quality of spaces (Olkkonen et al. 1997, p. 78–80). Kiiras and Tammilehto (2014, p. 125) also point out that environmental issues and green values have been gained importance in business premise valuation. High level of tailoring in business premises is not preferred by investor: if the tenant changes, it is unlikely that space is suitable for new user without modifications (Kiiras & Tammilehto 2014, p. 50).

Where investors see building as an investment and seek the best possible yield, for users the most important issue in property development is to have a space supporting the productivity of their business activities (Pekkanen 2005, p. 5–6). Factors effecting on yield expectations are more or less consistent with the factors valued by users: investor is getting the best possible yield from the premise if users are ready to pay maximum rent for it. Valuable features are context specific and unlike investors, users want tailored spaces. (Olkkonen et al. 1997, p. 78–80) From user's perspective, customer oriented developer understands users' needs related to their business premises (Miles et al. 2000, p. 5; Luoma et al. 2010).

Features valuated by users and investors suggest, that the quality of business premise alone is formed from multiple attributes. However, it is important to notice that even though real estate literature is highlighting tangible elements in customer value creation, in property development projects customer is not purchasing only the product but the entire service process (Ventovuori, Kankainen & Pekkanen 2002, p. 35; Kärnä et al. 2007). Moreover, user's dissatisfaction is usually not related to the core product itself, but to the whole service process and so development process itself is vital for value creation (Pekkanen 2005, p. 47).

According to Riihimäki and Siekkinen (2002), customers are perceiving quality from wider perspective, seeing also the emotional and functional factors in the offering where construction industry has traditionally focused on technical quality of the building. This leads to the situation, where construction companies and users are approaching the quality and value from entirely different perspectives as Figure 11 illustrates.

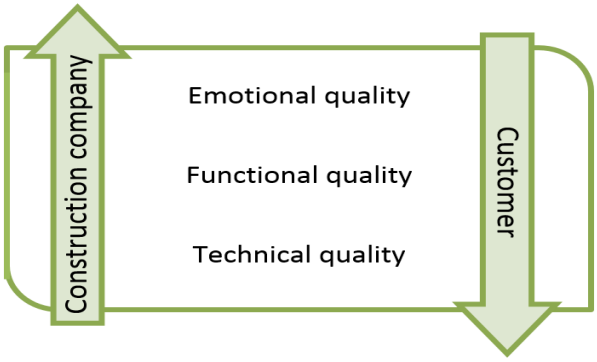

Figure 11. Differing perspectives of construction companies and users on business premise quality (Riihimäki & Siekkinen 2002, p. 36)

This suggests that in order to ensure value creation for users, a developer should focus on all the aspects in whole service process from customer point of view. Customer orientation and customer value creation in total service process sees value perceived by a customers from wider perspective than focusing only on tangible product (Pekkanen 2005, p. 2). Pekkanen (2005) has employed the customer relationship view in building projects and identifies that most important success factors in customer orientation and customer relationships are open and close communication, reliable and systematic information exchange and collaboration between project participants. Good management of design and construction supports users' needs and clear and comprehensive contracts are also important features in business relationships (Pekkanen 2005, p. 63). Because of the size and long-lasting nature of development projects, creating and maintaining trust is also an essential part of the relationship between property developer and customers (Pekkanen 2005, p. 63; Kiiras & Tammilehto 2014, p. 80).

4. CUSTOMER PERCEIVED VALUE IN B2B MARKETS

Customer value has been described one of the key elements in B2B business and a cornerstone of industrial marketing (Anderson & Narus 1998; Menon, Homburg & Beutin 2005; Lindgreen et al. 2012). Creating customer value is an antecedent for customer satisfaction, loyalty, organization performance along with achieving and maintaining firm's competitive advantage (Woodruff 1997; Lapierre 2000: Woodall 2003). Superior value of an offering is vital for long-term business relationship creation and maintenance (Eggert, Ulaga & Schultz 2006). Accordingly, value is enormously central concept in B2B markets and it is imperative for a supplier to be able to understand, create and assess customer perceived value in B2B relationships (Eggert et al. 2006; Keränen & Jalkala 2014).

Despite the acceptance of customer value as a foundation of business interactions, it is still difficult concept to understand, define and measure, and there is no universal acceptance of its definition (Miles 1989; Ulaga & Chacour 2001; Ulaga & Eggert 2006a; Howden & Pressey 2008; Grönroos 2008; Anderson, Narus & Narayandas 2009). Value is described as multisided, unclear, dynamic, subjective, heterogeneous and intangible by nature and as a result, value is defined in numerous ways and has diverse meanings depending on context and purposes. (Ulaga & Chacour 2001; Vargo, Maglio & Akaka 2008; Salvatierra-Garrido, Pasquire & Thorpe 2009). For example, extensive literature review of Woodall (2003) identified 18 dissimilar terms for value perceived when buying and using products. Ambiguity and number of definitions has been led to multiple perspectives and streams in value literature and conceptualizing of value in academic literature is fragmented (Ravald & Grönroos 1996; Ulaga & Chacour 2001; Ulaga & Eggert 2006b; Anderson et al. 2009).

4.1 Definition for customer perceived value

One of the first and best known explanations of customer value is from consumer markets by Zeithaml (1988), who sees value to be understood in four ways:

- Low price (emphasis on monetary price)
- Whatever customer wants from the product (emphasis on product related benefits and attributes)
- Quality possible to get for the price paid (emphasis on cost-quality ratio)

- What you get for what you give (widest perspective, emphasis on ratio of all benefits and sacrifices) (Zeithaml 1988, p. 13).

Zeithaml (1988, p. 14) adopts the last mentioned view and defines value as the overall assessment of the utility of a product based on a perception of what is received and what is given for the product. Monroe (1990) correspondingly explains customer-perceived value as the ratio between perceived benefits and perceived sacrifices: Customer perceived value = Perceived benefits/Perceived sacrifice. Both definitions notify the subjective nature of value, but Monroe (1990) emphasizes the role of price as perceived sacrifice where Zeithaml (1988) recognizes also non-monetary sacrifices. Narrower definitions of value is represented for instance by Miles (1989), who connects value strongly to the performance and costs. Some definitions for customer value in the literature are collected to the Table 2.

Table 2. Definitions of customer value in the literature

Definitions for customer perceived value	Author(s)	Context
"Perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given"	Zeithaml (1988) p.14	Consumer literature, conceptual
"Buyers perceptions of value represent a tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price"	Monroe (1990), p. 46	-
"Perceived worth in monetary units of the set of economic, technical, service, and social benefits received by a customer firm in exchange for the price paid for a product offering, taking into consideration the available alternative suppliers' offerings and prices."	Anderson, Jain & Chintagunta (1993) p. 5	Customer value in business-to-business markets
"Customer value is the customers' perception of what they want to have happen (i.e., the consequences) in a specific kind of use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal."	Flint, Woodruff & Gardial (1997), p. 170	Customer value in business-to-business marketing relationships
"Customer value is a customer perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goal and purposes in use situations"	Woodruff (1997) p. 142	Overall definition, operational capabilities of organization wanting to improve value delivery
"Perceived value is a combination of what customers get in terms of benefits such as quality and what they give away in terms of money, time, and effort."	Lapierre, Filiatrault and Chebat (1999) p. 237	Customer-perceived value in business-to-business markets, professional services
"Customer-perceived value can, therefore, be defined as the difference between the benefits and the sacrifices (e.g. the total costs, both monetary and non-monetary) perceived by customers in terms of their expectations, i.e. needs and wants."	Lapierre (2000), p. 123	Customer perceived value in industrial contexts
"Customer perceived value in industrial markets as the trade-off between the multiple benefits and	Ulaga & Chacour (2001) p. 530	Customer perceived value in business-to-business markets

sacrifices of a supplier's offering, as perceived by key decision makers in the customer's organization, and taking into consideration the available alternative suppliers' offerings in a specific-use situation."		
"We understand value as the perceived trade-off between multiple benefits and sacrifices gained through a customer relationship by key decision makers in the supplier's organization"	Walter, Ritter & Gemünden (2001)	Value in business-to-business markets, supplier perspective
"Customer-perceived value in business markets as the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by the decision-makers in the customer's organization, and taking into consideration the available alternative suppliers' offerings in a specific use situation."	Eggert & Ulaga (2002) p. 110	Customer-perceived value in business-to-business markets
"Value for customer (VC) is any demand-side, personal perception of advantage arising out of a customer's association with an organization's offering, and can occur as reduction in sacrifice; presence of benefits (perceived as either attributes or outcomes); the resultant of any weighed combination of sacrifice and benefit (determined and expressed either rationally or intuitively), or an aggregation, over time, of any or all of these."	Woodall (2003) p. 21	Conceptual, literature review of customer value
"Buyer's overall assessment of the worthiness of an offering by the supplier, made at the time of purchase decision- making, based on what is to be received (i.e., perceived benefits) versus what is to be expended (i.e., perceived costs)"	Gao, Sirgy & Bird (2005) p. 24	Organizational purchasing, business-to business marketing, relational perspective of value
"Value for customers means, that after they have been assisted by a self-service process or full-service process they are or feel better off than before."	Grönroos (2008) p. 303	Service dominant logic, theoretical analysis and conceptual development
"This study treats relationship value as a higher-order construct that begins with economic value and proceeds to strategic (goal-oriented) value."	Barry & Terry (2008) p. 229	Relationship value in industrial after-sales services
"Customer value represents the trade-off between benefits and sacrifices that stem from a provider's product and relationship resources which customers believe are facilitating their goals"	Blocker, Flint, Myers & Slater (2011) p. 217	Customer value in global business-to-business markets
"Customer-perceived relationship value is defined as the customer's perception of the trade-off between the benefits and sacrifices of a business relationship with a given supplier"	Ritter & Walter (2012) p. 137	Customer-perceived relationship value in business markets

As Table 2 reveals, some authors are emphasizing tangible aspects of value (e.g. Monroe 1990; Anderson et al. 1993) and some are focusing on more abstract and subjective definitions (e.g. Lapierre 2000; Grönroos 2008; Barry & Terry 2008), which is illustrating the fragmented nature of the topic. However, most of the definitions for customer value involve combination or a trade-off between different types of benefits and sacrifices and consider customer value as subjective, theoretical construct, with multiple elements and always perceived by a receiver (e.g. Zeithaml 1988; Flint et al. 1997; Lapierre 2000; Walter et al. 2001; Ulaga & Eggert 2006a; Gao et al. 2005).

Centric role of the customer's own experience in the value creation process is often emphasized in the literature by using the term customer *perceived* value (e.g. Lapierre 2000; Ulaga & Chacour 2001; Eggert & Ulaga 2002; Prior 2013). Customers are constantly making their own observations and evaluations when conducting their own actions and processes within the interaction activities with service provider or supplier (Woodruff 1997). Even in the context of B2B business, value is in some level always evaluated through personal perceptions by individuals moving between the organizational and individual goals (MacDonald, Wilson, Martinez & Toossi 2011). Customers' value perceptions are constantly changing depending on the current needs of the customer, and supplier's ability to forecast and react to these changes is essential for business relationship (Gassenheimer, Houston & Davis 1998). Competition is also effecting on customer perceived value, since in B2B markets customer is always comparing offering to alternatives and earlier experiences of similar products (Ulaga & Eggert 2006a).

4.2 Value as a difference between benefits and sacrifices

This research agrees with the majority of researchers who see value as a multi-attribute model and sees customer value to form from get and give components of an offering. These factors can be simplified as two higher level dimensions, "benefits" and "sacrifices" (Lapierre et al. 1999; Ulaga & Chacour 2001). Benefits are affecting positively and sacrifices negatively on customer perceived value (Eggert et al. 2006). Benefits and sacrifices are evaluated constantly by clients: if the perceived value shifts to positive direction, customers may perceive their benefits increasing and respectively, if sacrifices grow and/or benefits decrease, perceived customer value decreases (Flint et al. 1997; Biggeman & Buttle 2012).

Benefits in B2B markets are suggested to be formed of all intangible and tangible attributes of a product and/or service offering, technical support and other indicators of perceived quality as well as a combination of economic, technical, service, social, strategic or behavioral benefits (Anderson et al. 1993; Monroe 1990; Lapierre 2000; Ulaga & Eggert 2006a). Benefits can also be gained directly from a business relationship, not related to a certain physical offering (Ritter & Walter 2012).

Customer perceived sacrifices include all the perceived costs a customer faces, for example direct price of the product or service and costs related to acquisition, transportation, installation, order handling, repair and maintenance, as well as risk, failure or poor

performance (Ravald & Grönroos 1996). Sacrifices are sometimes described only with monetary terms (e.g. Monroe 1990; Anderson et al., 1993; Ulaga & Chacour 2001), but most definitions bring up both monetary and non-monetary sacrifices (Ulaga & Eggert 2002; Howden & Pressey 2008) and suggest that sacrifices are a combination of price and relationship related costs (Lapierre 2000). Sacrifices are affecting on value as much as benefits and their difference defines, how much value a customer is perceiving to have. Monroe (1990) even argues that by decreasing sacrifices it is possible to create more value for customers than by increasing benefits. However, Lapierre (2000) and Ulaga and Eggert (2006a) do not support this statement and suggest that sacrifices are not in principal role in customers' value assessments.

This work follows the earlier descriptions of customer value in B2B business and sees benefits as all positive consequences (*what customer gets*) caused by attributes of service, product, relationships or combination of these three, affecting positively on customer perceived value in a business relationship and eventually improved customer satisfaction (Zeithaml 1988; Flint et al. 1997; Ulaga & Eggert 2006a). Benefits can be increased by adding something to the offering that customer perceives important, beneficial and source of unique value (Ravald & Grönroos 1996). Sacrifices are correspondingly seen to include all types of monetary and non-monetary costs (*What customer gives*) that customer needs to invest in order to obtain the product, service or maintain the relationship (Zeithaml 1988; Ulaga & Eggert 2006a). Sacrifices can also be described as negative consequences, caused by attributes related to service, product or relationship that are perceived as a cost needed to give in order to have the benefits. As a conclusion, the overall value perceived by a customer is a combination of all the perceived benefits and sacrifices, and theoretically customers always aim to maximize the benefits and minimize the sacrifices. (Flint et al. 1997)

Descriptions of benefits in B2B literature are emphasizing both, beneficial qualities of an offering and benefits gained from an offering, suggesting that benefits can be separated into antecedents and consequences of customer value. Accordingly, Woodall (2003) analyzed over 90 scientific articles and made a comprehensive list of benefits and sacrifices connected to the value creation of products and services, and divided benefits into two groups, attributes and outcomes. Attributes are features directly related to the service or product, like performance, quality and durability. Outcomes are benefits achieved through the attributes,

by using the product or service. (Woodall 2003) Woodall (2003) also identified multiple monetary and non-monetary sacrifices related to the perceived benefits (Table 3).

Table 3. Benefits and sacrifices related to an offering (Woodall 2003, p. 12)

Benefits		**Sacrifices**
Attributes	Outcomes	
Additional services	Aesthetic function	Acquisition costs
Core solution	Affective arousal	Costs
Customization	Appreciation from users	Costs of repair
Features	Association with social groups	Costs of use
Functional quality	Convenience	Delivery and installation costs
Perceived quality	Economy	Effort
Performance	Enjoyment	Financial
Performance quality	Financial benefits	Human energy
Product attributes	Functional benefits	Market price
Product characteristics	Knowledge, humor	Monetary costs
Product quality	Logistical benefits	Non-financial costs
Quality	Operational benefits	Non-monetary costs
Reliability	Personal benefits	Opportunity costs
Service	Product benefits	Perceived costs
Service Performance	Results for the customer	Price
Service quality	Security	Relationship costs
Service Support	Self-expression	Search costs
Special service aspects	Social benefits	Time
Technical quality	Strategic benefits	Training and maintenance costs
	Use function	
	Utility	

Listing of Woodall (2003) gives a good overall picture of potential benefits and sacrifices related to customer value creation also in property development. However, taking into account the subjective nature of value, this kind of listing can only be indicative by nature and there are likely great differences between industries and customer segments. Woodall (2003) further categorizes attributes as product and service quality, core product and additional services features and customization. Beneficial outcomes he divides into strategical, personal, social, practical and financial type of benefits, containing all types of benefits for customers caused by beneficial attributes of an offering. Sacrifices are divided into monetary and non-monetary type of costs (Figure 12).

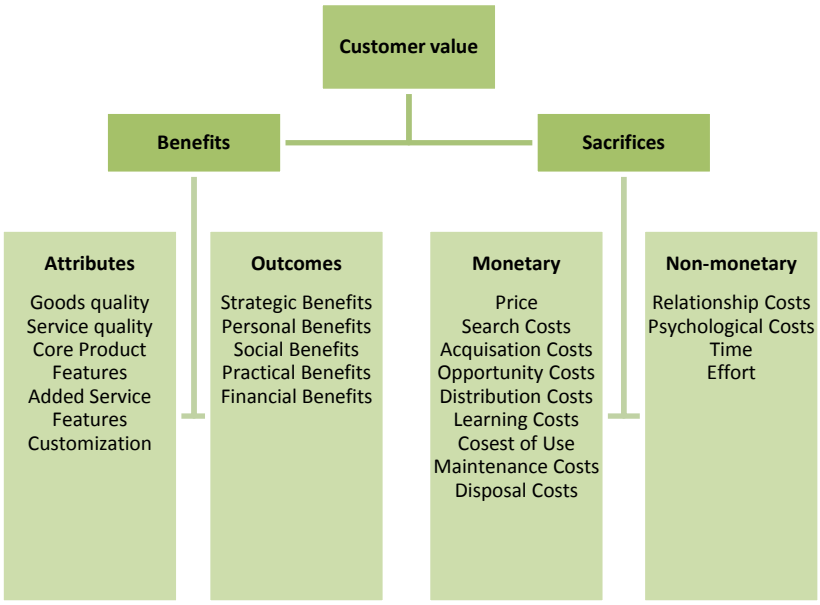

Figure 12. Dimensions of customer perceived benefits and sacrifices (Woodall 2003, p. 13)

Although the model of Woodall (2003) is simplified and not suitable for the purposes of this study as such, the division of benefits for antecedents and outcomes is useful approach for the context of this research as well. Since the study aims to find out how developers can enhance customer perceived value, the focus should be on identifying antecedents of benefits, because only through them it is possible to effect on benefit outcomes perceived by customers. Furthermore, Woodall's (2003) model indicates that sacrifices should be evaluated from both, monetary and non-monetary perspectives.

Nevertheless, although Woodall (2003) recognizes the longitudinal nature of value, model can be criticized by being static and not illustrating dynamicity in value creation. Lapierre (1997) has also divided value criteria for two levels in the context of professional services. Contrary to Woodall (2003), Lapierre (1997) emphasizes changes in value creation in the process: before, during and after the transaction. Antecedents are stressed in exchange phase and outcomes after the use of the service (Lapierre 1997). Another thing that can be considered as a shortcoming in Woodall's model is that it does not notify relationship related aspects in value creation, considered central in B2B context (Lapierre 2000; Woodall 2003).

4.3 Relationship value in B2B markets

At the beginning of the 2000's, researchers started to investigate customer value from relationship and service marketing perspective and adopted more relational approach for

customer value creation, described as *relationship value* (Ravald & Grönroos 1996; Payne & Holt 1999; Eggert et al. 2006; Keränen 2014). Relationship value combines both, value of an offering and value of the relationship interaction and gives more holistic perspective for customer perceived value (see e.g. Lapierre 2000; Ulaga & Eggert 2006b; Barry & Terry 2008; Corsaro & Snehota 2010). Especially in industrial environment, relational aspect is usually included in value creation (e.g. Gassenheimer et al. 1998; Lapierre 2000; Ulaga 2003; Haas, Snehota & Corsaro 2012) and today, value in B2B context is mostly seen to be created through business relationships (e.g. Walter et al. 2001; Ulaga 2003; Barry & Terry 2008; Ritter & Walter 2012;) Reason is that in B2B environment suppliers and customers are typically in a close, long-term relationships and focus on value creation should not be limited only to the offering but to the whole business relationship (Ravald & Grönroos 1996).

Relationship perspective sees value in a business relationship as an overall assessment of customer perceived benefits and perceived sacrifices in a relationship with a supplier, and takes into consideration both tangible and intangible dimensions of value of an offering as well as value created through the business relationship itself (Lindgreen & Wynstra 2005, p. 738; Menon et al. 2005; Howden & Pressey 2008). Relational approach on value creation also takes into account supplier's capabilities, knowledge and reputation in customer value creation (Lindgreen & Wynstra 2005, p. 738). Grönroos (2000, p. 140) combines product and relationship viewpoints of value creation in buyer-supplier relationships and suggests that *"value is perceived by customers in their internal processes and in interactions with suppliers or service providers when consuming or making use of services, goods, information, personal contacts, recovery and other elements of ongoing relationship."* Ravald and Grönroos (1996) similarly argue that business relationship can have a significant impact on total value in B2B markets and suggest that definition of customer-perceived value should include benefits and sacrifices of both, single purchasing episode and supplier-customer relationship. They expand the definition of customer-perceived value to the *total episode value* by adding business relationship as a part of the perceived value of an episode:

$$\text{Total episode value} = \frac{\text{Episode benefits} + \text{relationship benefits}}{\text{Episode sacrifices} + \text{relationship sacrifices}}$$

In accordance with the formula, episode value can be increased or decreased through the perceived value of a relationship with the supplier. (Ravald & Grönroos 1996) Ravald and Grönroos (1996) use the term total episode value to describe the involvement of relationship

element in overall value perception of a client, but the term is interchangeable with the idea of relationship value presented before.

It is reasonable to think that as B2B business, relationship related attributes are meaningful also in property development, where development process is long and consists of multiple episodes conducted with the developer. Customer is perceiving value through long-term collaboration, where development service process and personal interaction play a key role and therefore this study is theoretically based on the relationship value approach. (Menon et al. 2005; Ulaga & Eggert 2006b; Keränen 2014). However, even though the study adopts the holistic perspective of relationship value, in order to underline the focus on value creation for a customer, study follows the example of Lapierre (2000) and the term customer perceived value or customer value is used to describe the value perception with the same holistic meaning as relationship value approach.

4.4 Service-dominant logic and value co-creation

Most recent literature of customer value has been introduced a concept of service-dominant (S-D) logic in value creation (Vargo & Lusch 2004; 2008; Vargo et al. 2008; Grönroos 2008; 2012). Foundations of S-D logic are in relationship marketing, service marketing and B2B business (Grönroos 2000, p. 17–18). Service-dominant logic (Vargo & Lusch 2004; 2008) or service logic (Grönroos 2009 p. 5–7) is offering an alternative perspective on value creation, based on service science and value co-creation in the service systems (e.g. individuals or group of individuals, companies) (Vargo et. al 2008).

Vargo and Lusch (2004; 2006) define a service as an application of competences, like knowledge and skills, by one entity for the advantage of another, where tangible products are only a way to deliver these resources for value creation in customer's own processes. S-D logic sees customer value creation in B2B environment to shift into exchange processes and relationships, doing things for and with customer and creating value through intangible, dynamic aspects, such as skills, knowledge, information, connectivity and interaction (Vargo & Lusch 2004). This brings S-D logic close to relationship value approach which also sees value creation to happen in multiple interactive processes between customers and suppliers.

Service viewpoint changes the producer perspective to the customer perspective (Vargo & Lusch 2004). Customer focus and relationships, integration, customization and co-

production are the keystones of service-centered logic and as a result the process of exchange is at least as important as the item exchanged in customer value creation (Vargo & Lusch 2004; Grönroos 2008; Vargo 2009). According to S-D logic, customers are not passive receivers but always determining the value of the value proposition and taking part in value creation through the process of co-creation: Only when customers make use of the product in their own business with their own capabilities, an offering has its value. In other words, customers and suppliers co-create value by applying their own special knowledge and skills into the offering and use of it. (Grönroos 2008; Vargo et al. 2008) In B2B markets value is in some level always co-created with customers, not delivered through embedded output (Vargo & Lusch 2004; Vargo et. al 2008; Vargo 2009).

Service logic is not reversing the fundamental idea of customer value creation through benefits and sacrifices, but gives a more extensive understanding of value creation elements in business relationships and shifts a producer perspective to the customer perspective (Vargo & Lusch 2004). S-D logic emphasizes the role of supplier's intangible resources and capabilities in customer value creation and highlights customer's role as value co-creator and active participant in the process (Vargo et al. 2008). Value co-creation also understands the importance of whole service process instead of focusing only to the exchanged good or service (Vargo et al. 2008, p. 146). Agreeing with the S-D logic, value in property development can be seen co-created during the whole development process with multiple exchange interactions with customers, rather than only through the completed building. Similarly, combining developer's capabilities and resources with customer's knowledge is critical when aiming to create premises where customers can continue value creation in best possible way in their own business processes.

4.5 Concepts related to customer perceived value

Value is often used in relation with two other concepts: quality and satisfaction (Ulaga & Chacour 2001). Even though customer perceived value, customer perceived quality and customer perceived satisfaction are closely linked and have several overlapping dimensions, they are still three separate concepts which should not be confused with each other (Yang & Peterson 2004; Graf & Maas 2008, p. 5).

Customer satisfaction has been widely accepted among researchers, and it has been recognized as a predictor of repurchase intentions, word-of-mouth and customer loyalty and

closely connected to customer value (Ravald & Grönroos 1996; Eggert & Ulaga 1997). Some researchers have even risen a justified question, if measuring customer satisfaction is really different from measuring customer value (e.g. Parasuraman 1997; Eggert & Ulaga 2002). The most significant difference between value and satisfaction is that customer satisfaction is affective by nature caused by customer's feeling about the result. Customers can therefore evaluate satisfaction only after purchased and used the product, where value is possible to assess based on the vision of supplier's offering. Therefore a company focusing on customer satisfaction is only making reactive improvements for existing offering and current customers, where a company focusing on value is noticing also future possibilities, potential customers, competition and perceived costs of an offering. (Woodruff 1997; Eggert & Ulaga 2002) In addition, customer value can be seen as an antecedent of satisfaction (see e.g. Woodruff 1997). Table 4 below compiles differences between customer perceived value and satisfaction and clarifies, why value is more inclusive concept than satisfaction.

Table 4. Comparison of customer value and satisfaction (Eggert & Ulaga 2002, p. 110)

Customer perceived value	**Customer perceived satisfaction**
Rational construct	Emotional construct
Pre-/post-purchase perspective	Post-purchase perspective
Strategic orientation	Tactical orientation
Former, present and potential clients	Present customer base
Integrating information of Suppliers' and competitors' offerings	Supplier's offering

Quality can be defined as the excellence and superiority of the product or service. Similar to value, quality can also be understood as *perceived quality* as a difference between customer's expectations and perceived performance of the product or service (Kuo, Wu & Deng 2009) and it is perceived by customer through multiple attributes: for example, well-known service quality model SERVQUAL identifies 22 attributes of perceived quality, in five different dimensions: physical attributes, trustworthiness, reactiveness, reliability and empathy (Parasuraman, Zeithaml & Berry 1988). Quality is however narrower and more performance oriented concept compared to value and usually defined as one of the antecedents of customer value (e.g. Zeithaml 1988; Lapierre 2000; Graf & Maas 2008, p. 5).

Consequently, customer value can be seen as the widest concept of these three: an antecedent of customer satisfaction and as a result of quality among other attributes. By investigating customer value it is possible to gain the most complete understanding of customer perspective in B2B markets, instead of focusing only on satisfaction or quality.

4.6 Existing models for customer value creation in B2B environment

This chapter presents earlier studies empirically identifying dimensions of customer value in B2B context in the 2000s. Objective of the chapter is to create good overall understanding of existing models and elements of customer value creation in B2B business. Chapter introduces most relevant studies of professional services, manufacturing and project business and as a result covers all the business sides of property development.

There are not much empirical research about customer perceived value in B2B context and according to Ulaga (2003), empirical research on value creation in business relationships from customer perspective is limited to few studies. After 2003 it has been carried out a small number of studies more, mainly focusing on business relationships in manufacturing industry (e.g. Ulaga & Chacour 2001; Ulaga 2003; Ulaga & Eggert 2005; Menon et al. 2005; Ulaga & Eggert 2006b). Most recent studies have concentrated more the importance of supplier features and capabilities in value creation (e.g. Möller & Törrönen 2003; Powell & Swart 2010; Parry, Rowley, Jones & Kupiec-Teahan 2012; Prior 2013) and interfirm relationships (e.g. Palmatier 2008). Service related value research in B2B business is rarer, but there are some substantial studies of customer value creation in professional services, for example by Lapierre (2000), Barry and Terry (2008) and Howden and Pressey (2008).

One of the most well-known studies identifying customer value creation elements in B2B environment is made by Lapierre (2000), in the context of professional services. Through the interview data and extensive literature review Lapierre (2000) identified 13 value-based drives creating value for business customers of IT services and divided them into benefits and sacrifices grouped as three types: product, service and relationship related value drivers (Lapierre 2000). All 13 dimensions are presented in Table 5 as a total value proposition.

Table 5. Customer value drivers in professional services (Lapierre 2000, p. 125)

	Benefits	**Sacrifices**
Product related value drives	• Alternative solutions • Product quality • Product customization	Price
Service related value drivers	• Responsiveness • Flexibility • Reliability • Technical competence	
Relationship related value drivers	• Image • Trust • Solidarity	Time, Effort, Energy and Conflict

As Woodall (2003), Lapierre (2000) sees value drivers as value antecedents, i.e. sub-elements enhancing perceived benefits and sacrifices in a business relationship. Model was later tested and found out that supplier's responsiveness and flexibility are key elements in customer value creation in professional services. It was also discovered that product quality has the smallest effect on value and even though price was considered essential, it was not the major value driver. (Lapierre 2000)

Lapierre's (2000) study offers a good overview of value formation in B2B services. Study notifies and shows the importance of intangible sacrifices of an offering, time, effort, energy and conflict, which is not made in all empirical studies. However, Ulaga (2003, p. 678) argues that Lapierre is combining several variables from the field of marketing, as solidarity and trust, which are usually considered separate concepts and could cause problems for model's discriminant validity. Ulaga and Eggert (2006b) also criticize Lapierre for using less common reflective construct for value creation, without justifying the approach.

Another customer value model for professional services is made by Howden and Pressey in the year 2008. Through 18 in-depth interviews with customers and service providers, they identify six dimensions of customer perceived value in the context of commercial insurances. Identified value drivers are agent's know-how, service fulfilment, trust, location, personal interaction and direct and indirect costs (Table 6). Howden and Pressey (2008) do not divide value dimensions to benefits and sacrifices, but this division is added to the table.

Table 6. Relationship value drivers in professional services (Adapted from Howden & Pressey 2008, p. 797)

Benefits	Sacrifices
Agents know-how • Knowledge of customer's business and industry sector • Applied knowledge	Direct/indirect costs • Premium paid • Unpaid Claims • Time sacrifice of a client
Trust • Goodwill • Honesty • Competence	
Personal interaction • Staff continuity • Personal service • Expedient processing	
Service fulfilment • Settlement on claims • Support	
Location • Network function facilitation • Quick remedies facilitation • Being part of the network	

Table 6 shows that every value driver in the model encloses several sub-dimensions. Agent's know-how includes understanding of customer's business and business sector as well as applied knowledge on customer's activities. Likewise to the study of Lapierre (2000), trust was regarded as essential value driver, including honesty, competence and goodwill. Value driver of personal interaction, contains staff continuity, personal service and appropriate processing. Service fulfillment consists handling of claims and support provided by a service deliverer. Location represents the possibility to have face-to-face meetings, quick corrections for problem situations and network benefits. Direct costs is based on the price paid, 'value for money' thinking and consists also non-monetary sacrifices, like unpaid claims and the client's time spent in completing forms. (Howden & Pressey 2008) Howden's and Pressey's (2008) model has similarities with Lapierre's (2000) model, but there are also big differences, even though the context is same in both models. For example, Howden and Pressey (2008) are focusing more on supplier's behavior and capabilities and not recognizing product related features as a value drivers like Lapierre (2000) does.

Ulaga and Chacour (2001) developed model for measuring customer value by exploring customer value in B2B food ingredient manufacturing sector in Germany. Characteristics of this industry are by some means similar with property development: customers and suppliers are typically developing long-lasting relationships with small amount of actors, and products

are complex, tailor-made combinations of ingredients (Ulaga & Chacour 2001, p. 533). Through theoretical and empirical data, Ulaga & Chacour (2001) recognized 20 theory or empirical based beneficial attributes and grouped them as product-related, service-related and promotion-related components (Table 7). Likewise the framework of Lapierre (2000), model of is based on trade-off between quality-related benefits and price-related sacrifices.

Table 7. Customer value attributes in B2B markets (Ulaga & Chacour 2001, p. 535)

Category	Benefits (Quality related attributes)	Sacrifices
Product-related attributes	**Theory based attributes** • Consistency of product • Product characteristics • Natural product character • Easiness of use • Range of products **Empirical based attributes** • Nondusting	Price
Service related attributes	**Theory based attributes** • Reliability and speed of supply • Technical support/application • Quick service response • Product innovation **Empirical based attributes** • Technical information • Training • Global source of supply	
Promotion related attributes	**Theory based attributes** • Image and corporate identity • Personal relations • Reliability of company **Empirical based attributes** • Public relations • Upstream integration • ISO 9001 certification	

Even though the model of Ulaga and Chacour (2001) is extensive, it can however be criticized as neglecting other types of sacrifices except price. In addition to the created framework, Ulaga and Chacour (2001) offer an interesting implication by comparing supplier's and customer's evaluations of importance of identified value attributes. Study revealed that customers considered quality more vital for value creation than price, where suppliers evaluated price and quality equally important. Moreover, product consistency was perceived as a key attribute for customers, but not recognized as important by suppliers. (Ulaga & Chacour 2001) However, Ulaga and Chacour (2001) emphasize that the framework and survey results are not possible to transfer into other B2B industries, since different types of products suggest different price-quality relationships and attributes.

Another significant empirical study of customer perceived value in B2B context is Ulaga's (2003) research concentrating on value creation and measurement in collaborative buyer-seller relationships in manufacturing. Employing in-depth interviews with purchasing managers from nine manufacturing companies, he identified eight value drivers in business relationships, presented in Table 8.

Table 8. Relationship value drivers in industrial buyer-seller relationships (Adapted from Ulaga 2003, p. 682)

Benefit related value drives		**Sacrifice related value drivers**
Product Quality • Product performance • Product reliability • Product consistency	**Service Support** • Product-related services • Customer information • Outsourcing of activities	**Process Costs** • Inventory management • Order-handling • Incoming Inspections • Manufacturing
Delivery • On-time delivery • Delivery flexibility • Accuracy of delivery	**Supplier Know-How** • Knowledge of supply-market • Improvement of existing products • Development of new products	**Product Costs (Price)** • Price above, below, at competition • Annual Price decreases • Cost reduction programs
Time-to-Market • Design tasks • Prototype development • Product testing and validation	**Personal Interaction** • Communication • Problem solving • Mutual goals	

Aspects of product quality, service and delivery were recognized as most important value drivers in the study (Ulaga 2003, p. 684). Like Howden and Pressey (2008), Ulaga (2003) does not separate value dimensions to benefits and sacrifices, but describes value creation formatively through value enhancing drivers. Still, two of the value drivers, product and process costs are clearly linked to the sacrifices and placed to the sacrifice group in the table.

Ulaga's model (2003) was tested and refined by Eggert et al. (2006), who exclude two sacrifice related value drivers and present the remaining six benefits in the three categories: core offering, sourcing process and customer operations (Figure 13). They also emphasize the dynamicity of value by adding relationship life-cycle to the model. Categorization is quite similar with Lapierre's (2000) division of sources of value to the product (core

offering), service (sourcing process) and relationship (customer operations and relationship life cycle), although value dimensions of the models differ. (Eggert et al. 2006)

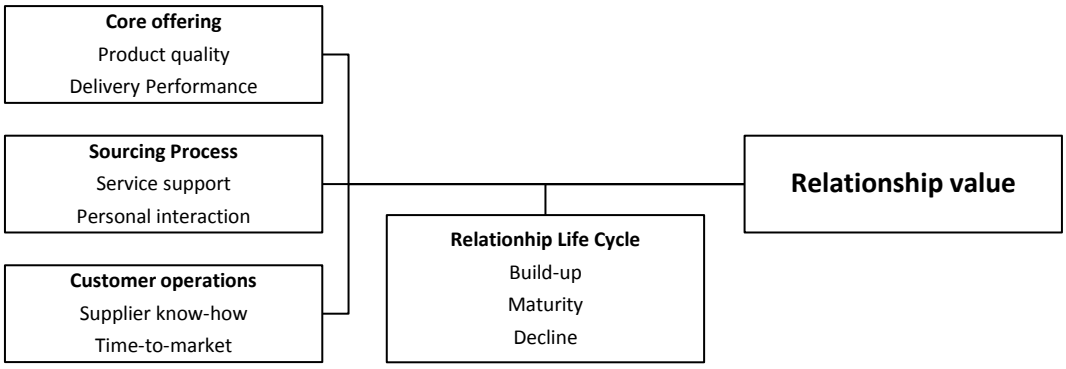

Figure 13. Conceptual model for relationship value (Eggert et al. 2006, p. 22)

Eggert et al (2006) employ the model for quantitative study among manufacturers from chemical, mechanical, and electrical industries. Results suggest that service support and personal interaction as key value drivers and that product quality and delivery performance represent the lowest level of value creation potential in business relationships (Eggert et al. 2006, p. 24). Interestingly, latest finding directly contradicts with the research of Ulaga and Chacour (2001), even though the research contexts are quite comparable, emphasizing the issue of non-comparability of empirical models of value creation (Ulaga 2003).

Respectively to the models of Ulaga (2003) and Eggert et al. (2006), Ulaga and Eggert (2006b) gather data from in-depth interviews with 10 purchasing managers of manufacturing companies and identify nine value drivers, directly related to the findings of Ulaga (2003) and divided accordingly to Eggert et al. (2006) to core offering, sourcing process and customer operations. Value drivers consist multiple attributes describing supplier's ways to create value for customers through the value drivers, as presented in Table 9.

Table 9. Customer perceived benefits and costs in business relationship (Ulaga & Eggert 2006b, p. 122)

	Customer perceived value	
	Benefits	**Sacrifices**
Core offering	**<u>Product quality</u>** • Product performance • Product reliability • Quality consistency over time	**Direct costs** • Market price

	Delivery performance • On-time delivery • Flexibility • Accuracy	• Commitment to reduce prices continuously
Sourcing Process	**Service support** • Responsiveness • Information management • Outsourcing activities	**Acquisition costs** • Inventory costs • Order-handling costs • Incoming-product inspection costs
	Personal interaction • Knowing supplier's key contact personnel • Getting alone well • Involving top management to personal interaction	
Customer operations	**Supplier know-how** • Knowledge of the supply market • Prior experience with customer operations and products • Early involvement in new product development	**Operation costs** • Product costs • Manufacturing process costs • Tooling and warranty costs
	Time to market • Accelerating design work • Fast prototype development • Fast testing and validation process of products	

Model is one of the broadest customer value models in B2B context and since the model is describing the ways supplier can enhance customer value, it is very close to the objectives of this research too. Ulaga and Eggert (2006b) suggest that key aspects of supplier's ability to create value through product quality are performance, reliability and consistency over time. Another core offering benefit is delivery performance with three value-creating aspects: meeting delivery schedules, flexibility and accuracy of delivery. Product quality was recognized as the key differentiator in buyer-seller relationships, similar to Ulaga and Chacour (2001) (Ulaga & Eggert 2006b). Direct product costs were identified as core offering related sacrifice. Fair market price and commitment to reduce prices were creating more value for customers than lowest price in the market (Ulaga & Eggert 2006b). Similar notion was made by Lapierre (2000) whose study demonstrates that low price is not the most important aspect in business-to-business relationships.

Value drivers related to the sourcing process are supplier's service support and personal interaction. Similar to the study of Howden and Pressey (2008), personal interaction and development of individual relationships were evaluated very important in the study, as most central differentiators in buyer-supplier relationships. Knowing supplier's key personnel,

getting along with the supplier and involving supplier's top management, all contribute high levels of personal interaction and boost relationship development. (Ulaga & Eggert 2006b)

According to Ulaga and Eggert (2006b), supplier can create value for customers and increase their trust also by being willing to reduce costs of the procurement process, for example by reducing inventory, inspection and order handling costs. Supplier's know-how, capacity to improve time to market and seducing operation costs are ways to increase customer value through customer operations as well as cost reduction in customers operations through product, manufacturing process and tooling and warranty costs. (Ulaga & Eggert 2006b)

Grounded on earlier models of Ulaga (2003) and Ulaga and Chacour (2001), Ulaga and Eggert (2005) made an alternative, more detailed conceptualization of relationship value in B2B markets. They collected data from manufacturing firms and recognized seven core categories forming relationship value: product, service, know-how, time-to-market and social benefits and price and process costs. In all, groups consist 17 relationship value items. (Ulaga & Eggert 2005) Like Lapierre et al. (1999) and Woodall (2003), Ulaga and Eggert (2005) divide the model to first-order and second-order dimensions, shown in Figure 14.

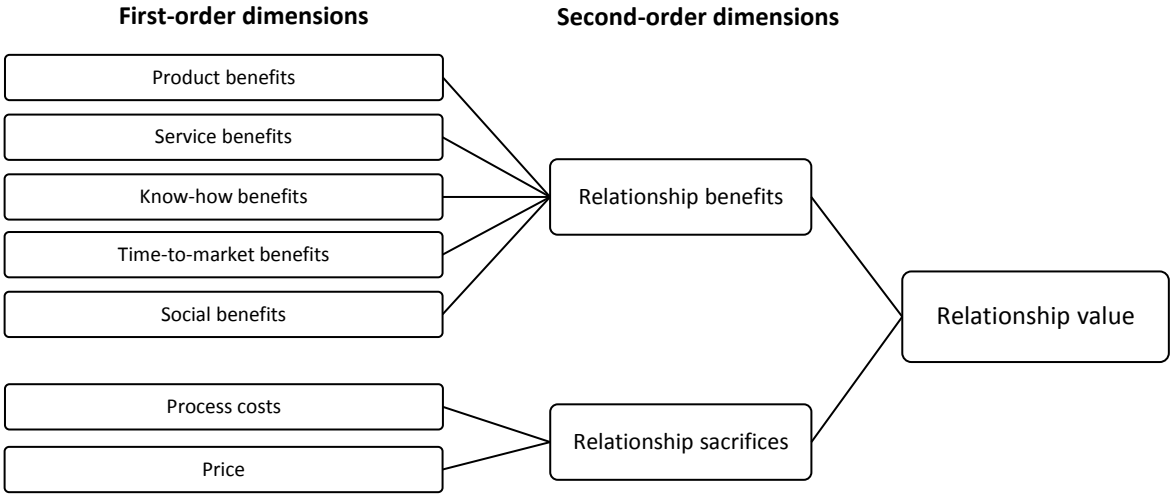

Figure 14. Two-level model of relationship value creation (Ulaga & Eggert 2005, p. 87)

Identified benefits and sacrifices are in line with the other studies conducted by Ulaga and Eggert (Ulaga & Chacour 2001; Ulaga 2003; Ulaga & Eggert 2006b). Product benefits consist product performance and reliability; service benefits are referring on industrial services related to the product, as maintenance and installation; know-how benefits comprise supplier's resources, skills and competence: time-to-market benefits are referring on

supplier's ability to shorten time from order to delivery and social benefits are relationship related benefits for customers. Cost dimensions, process costs and price refer to the logistic costs of the delivery and costs of the product and the relationship. (Ulaga & Eggert 2005)

Studies identifying customer value dimensions from project and solution business are scarce, but one is made by Prior (2013) in the context of complex industrial solutions. Study differs from other studies by focusing on intangible elements of customer value and investigates the link between supplier representatives' activities and customer perceived value creation in a process of interactions between key buyers and supplier representatives (Prior 2013). Study recognizes four categories of supplier representative activities as major source of customer-perceived value: communication, planning, risk management and coordination. Activity categories are further divided into 10 sub-activities in accordance with the Table 10. (Prior 2013, p. 1199) Prior (2013) does not identify any sacrifices in his model.

Table 10. Supplier representative activities and customer perceived value in the context of complex industrial solutions (Prior 2013, p. 1199)

Activity category (benefits)	Sub-activity	Primary forms of customer perceived value achieved through activities
Communications	Information management	Efficient time usage (functional); trust in ability (social/emotional)
	Expectations management	Reduced customer anxiety (emotional)
Planning	Solution specific	Delivery efficiency (functional); Professional execution (social/emotional)
	General	Delivery efficiency (functional); trust in ability (social/emotional)
Risk management	Risk anticipation	Reduced customer anxiety (emotional); Preventing implementation problems (functional)
	Problem solving	Reduced customer anxiety (emotional); Getting the project back on track (functional)
	Flexibility	Allowing changes to project scope (functional); Relief of not having to start from the scratch (emotional)
Coordination	Human resource allocation; budget allocation; other resource allocation	Task execution (functional)

Furthermore, study results indicated that performing the task in time, appropriately and with effort to add value were preferred supplier attributes (Prior 2013). Unlike other models, model of Prior (2013) also evaluates the form of the value created and divides it to functional, social and emotional types of value.

4.7 Earlier studies of customer value creation in property development

Studies concentrating explicitly on finding elements of customer value creation in property development process were not found to support this study. All in all, there are not much customer value studies in construction and real estate sector. Jensen et al. (2010) also identify lack of customer value research in real estate business.

Few studies related to the customer value creation in the context of real estate business were found , mainly concentrating on valuable property features in office and business premises (e.g. Dent & White 1998; Heikkilä, Kaleva & Olkkonen 2000; Riihimäki & Siekkinen 2002; Leishman, Dunse, Warren & Watkins 2003; Ho, Newell & Walker 2005; Appel-Meulenbroek 2008; Luoma et al. 2010; Thyssen et al. 2010) built environment (e.g. Siponen, Malvalehto & Herrala 2010) and facility management and facility services (Riihimäki & Siekkinen 2002; Ho et al 2005; Jensen 2010; Jensen et al. 2010; Jensen et al. 2012; Jylhä & Junnila 2013; Sanderson 2015; Cui & Coenen 2016) or building design (Thyssen et al. 2010). Many of the studies use the perspective of lean thinking (e.g. Thyssen et al. 2010; Siponen et al. 2010; Luoma, Junnila & Forsman 2011; Jylhä & Junnila 2011, 2013).

In construction industry, value research is focused on construction implementation and lean construction (e.g. Bertelsen & Koskela 2002; Koskela 2004; Salvatierra-Garrido et. al 2009; Erikshammar, Björnfot & Gardelli 2010; Salvatierra-Garrido & Pasquire 2011). Because of stereotypically adversarial nature of construction sector, partnering research has also been popular in the field of construction (e.g. Chan et al. 2004; Eriksson, Atkin & Nilsson 2009; Davis & Love 2011) Partnering research and success factors of construction projects are maybe the closest to the identification of customer value dimensions. For example, Black, Akintoye and Fitzgerald (2000) examine success factors and benefits of partnering in construction through extensive literature review and identify 19 partnering success factors from which most important were mutual trust, effective communication, senior management commitment, clear understanding of roles and consistency, actions consistent with stated objectives, team dedication and continuous improvement and flexible attitude for changes and commitment to quality. Beach, Webster and Campbell (2005) summarize the elements of successful partnering from eight studies and found out that management commitment, equity, mutual vision, goals and objectives, trust and continuous improvement of performance are the most frequently mentioned ones in the literature.

Some of the success factors are similar to value drivers identified in customer value studies in B2B markets, like trust, flexibility, continuous improvement and communication. However, the focus of partnering studies is usually on the relationship between main contractor and client, not on the business relationship with developer and user. In addition, success factors are related to the success of the project, and they are not identical to benefits and sacrifices of customer perceived value. Koskela (2004) also states that studies in construction focus mainly on the product delivery and construction stages of the project.

In conclusion, existing research related to value creation in the field of real estate and construction is not concentrating on the same context of customer value with this study, and therefore the models from other B2B industries are considered more consistent with the aim and focus of this research. Still, since partnering and performance related success factors are closely linked to the business relationships and customer's perceptions of project's success, some of the features may be comparable with value dimensions identified in this study.

4.8 Conclusions of the literature review of customer value

Literature review of customer perceived value in B2B markets is supporting the fact that customer value is a multifaceted and highly context related construct, and perceptions of customer value creation in B2B markets are differing widely among researchers. Empirical customer value models similarly demonstrate that customer value elements in industrial markets are varying greatly depending on business sector. Literature also proposes that customer's business sector is influencing on value dimensions perceived most important (e.g. Lapierre 2000). This suggests that existing models of customer value cannot be transferred from an industry to another, at least not without modifications. This difficultness in generalization of value models might be one reason for the small amount of empirical studies of customer value in B2B business, not correlating with the significance of the topic.

There are however several features of customer perceived value and empirical models that can be connected to the value creation in commercial property development and project business, and utilized when developing a framework for customer value creation in property development process. At first, existing models suggest that customer value can be presented in a form of value drivers or value dimensions and value is created as a trade-off between customer's perceived benefits and sacrifices. In addition, customer value in B2B relationships consists at least from product, service and relationship related attributes.

Second, many empirical models, as well as the research of Woodall (2003) suggest that when defining ways to enhance customer perceive value, focus should be on antecedents of benefits and sacrifices, since through them it is possible to effect on the higher level outcome benefits, generated through customers' fundamental goals and objectives.

Third, literature suggests that customer value in B2B context should be defined through relationship value, notifying both tangible and intangible elements of the offering and business relationship between buyer and seller. In project business the relationship related elements are even more important to take into consideration, since relationships are long-lasting, unstable and unique. Furthermore, intangible elements related to business relationships, like trust, interaction, honesty and image are highlighted especially in the contexts of professional services (Lapierre 2000; Howden & Pressey 2008) and with complex products (e.g. Ulaga & Eggert 2006b). Respectively, Prior (2013) suggests that intangible elements and interaction with supplier's staff should be taken into consideration when defining customer value dimensions in project and solution business context. It can hence be assumed that these elements are somehow related also to the property development.

Fourth, B2B industry and project and solution business have been shifted from goods centered to the service centered business (e.g. Rasila & Nenonen 2007, p. 79; Tuli et al. 2007), which makes the idea of service-dominant logic and value co-creation appropriate for this type of industries, containing high levels of collaboration and need for combining capabilities, resources and assets of both, customers and suppliers. Service-dominant logic supports the idea of relationship value and suggests that supplier's capabilities, tangible and intangible resources and processes have significant role in B2B business relationships. S-D logic also understands value creation to occur throughout the whole delivery process, and in customer interactions, not only through the final outcome. This supports the idea of identifying value creation elements in pre-construction property development process too, instead of focusing only in end-product as many earlier studies in construction industry do.

Fifth, literature review also revealed that identification of benefits is more common than identification of sacrifices For example, Ulaga and Chacour (2001) identify price as only sacrifice and Prior (2013) does not consider sacrifices at all. Lapierre (2000) and Howden and Pressey (2008) are the only researchers stressing the role of intangible sacrifices. Therefore this study is not focusing only on the perceived benefits, but also aims to find out

what types of sacrifices can be connected to the customer value creation in property development.

Finally, as stated before, interdisciplinary nature of property development as well as subjectivity of the value suggests creation of new model instead of employing existing frameworks to the property development context. Especially pre-construction property development phase is containing elements from project and solution business as well as professional services, creating a unique business environment, not studied empirically before. For that reason it can be assumed that any existing model is not fully compatible to the setting of this study. However, even though this research is developing a new, innovative customer value creation framework, existing models provide support in value dimension recognition and categorization. For instance, model of Ulaga and Eggert (2005) or Lapierre (2000) could provide hints for grouping value drivers of property development process.

5. EMPIRICAL STUDY

In order provide answers for the research questions presented in Chapter 1.3 and to create a construct for customer value creation in property development, empirical research was conducted. Empirical data for this study was generated through two-part process, internal and external thematic interviews followed by survey. Gummesson (2005) prefers the term 'data generation' in qualitative studies instead of 'data collection', since researcher is not collecting ready objects from the field, but gradually generating data through active communicating and making interpretations of reality during the research. This chapter presents the steps of empirical data generation and analysis, as well as the findings of the interviews and survey results. Progression of empirical research is presented in Figure 15.

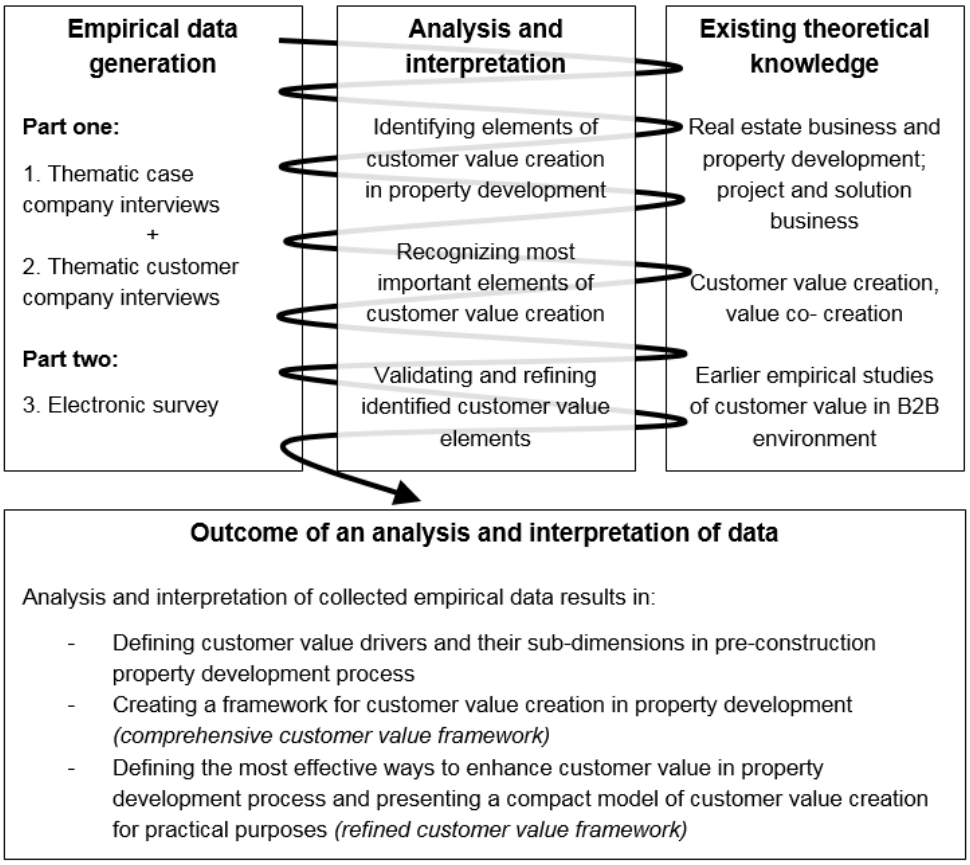

Figure 15. The empirical data generation, interpretation and analysis process

Figure 15 summarizes the elements of empirical study and illustrates the abductive nature of the research, moving back and forth between empirical data and existing theoretical

knowledge. As a result, frameworks for customer value creation are developed step by step through knowledge construction during the research process.

Data generation and analysis processes are presented in more detailed in next chapters. Arrangement of the chapters is following the principal execution order of the research process: data generation, analysis and findings of part one of the empirical research are presented chapters 5.1 and 5.2., then chapters 5.3 and 5.4 are accordingly presenting data collection, analysis and results of the second part of the empirical research.

5.1 First part of the empirical study: Thematic interviews

First part of the empirical study was consisted of thematic interviews. In total, 25 people were interviewed between October 2015 and March 2016. 7 of the interviews were internal with case company's project development unit representatives, and 18 interviews were external, with customer company representatives. Two pilot interviews were made before the actual interviews, one internally and one externally. Focus of the interviews were on the pre-construction property development process.

Interviews lasted between 40 and 102 minutes and were conducted face-to-face. Digital audio recordings with the permission of the respondents were made and each interview was transcribed verbatim (with the exception of utterances, breaks and unrelated comments and discussions) by the researcher as soon as possible after the interviews. Notes of initial thoughts during the interviews were also made. Total amount of recordings was 1676 minutes (internal 512 min, external 1164 min) and in a text format 364 pages (internal 111 pages, external 253 pages). Although this report is written in English, all the interviews were conducted in Finnish, which is the native tongue of all interviewees as well as the researcher.

Internal interviews

Seven internal interviews consist the main customer-facing staff of case company's project development unit. Interviews took place at case company's premises over a 3-week period in October and November 2015. Anonymous list of interviewed development professionals and their profiles can be found in Appendix 3.

Main purpose of internal interviews was to gain more understanding about the property development process and how it is conducted in practice. Gained information assisted the

further development of the interview process for customer interviews by complementing theoretical knowledge of property development and selected customer segments. This was highly beneficial for the research, since the observations revealed that the process of property development described in the literature differs from real practices. In addition, internal interviews provided profound understanding of value creation elements possible to find from customer interviews and gave an initial view for customer understanding of the developers.

External interviews

The second group of interviews were external with 18 user customer representatives, representing the main source of information in framework creation. When developing a sample for external interviews, it was planned to be something from 15 to 20 participants, following the guidelines of Creswell (2014, p. 189), and considering the available resources. During the data generation process the criteria of saturation was also exploited and saturation point was reached with this sample, indicated by information redundancy (Creswell 2014, p. 189). Customers were invited to participate to the study by e-mail. In order to ensure the natural and relaxed environment, participants got to choose the location for the interview and most of them were conducted at the interviewee's premises between November 2015 and March 2016. Same thematic interview frame was used with all the interviews.

As introduced in Chapter 2, customers were selected from two business sectors: service housing (health care) and retail. Interviewed retail sector companies represent companies covering approximately 95.0 % of the Finnish grocery trade and represent 43.9 % of segments in specialty goods trade (pty.fi 2016; Stat.fi 2016). From the interviewed service housing companies, all except one are among 20 biggest private companies operating in Finland in social facility services, care service or health care service sectors (Largestcompanies.fi 2016). Interviews relied on key informants and it was critical to interview persons who are involved in decision making, responsible for acquiring new business premises and operating with developers during and between development projects. Detailed list of external interviewees can be found in the Appendix 4.

Interview frame was built on the aim to have as much information about value creation factors as possible. Themes for interviews were selected based on the research objectives, understanding of property development and customer value gained from the literature, as well as internal interviews and researcher's preliminary knowledge and observations.

Themes and questions were guiding the interviews but conversation was aimed to keep as open and flexible as possible and encourage interviewees to talk from their own perspective, without suggestive comments by interviewer. Arrangement and use of themes and questions were changed during the interviews depending on conversation and strictly phrased questions were not used. Interview guideline is introduced in the following paragraphs from external interview perspective, but dialogues with developer representatives followed the same guidelines. Frames for interviews can be found in Appendices 1 and 2.

Often it is recommended to start with general questions and move to more detailed questions, so the respondent understands the topic and the conversation is open (Hirsjärvi & Hurme 2011). This technique was also used in this study and at the beginning of interviews, a short background information of the study was given and interviewees were asked to tell about their company, understanding of property development and to give a summary of property development process. Background questions were also ensuring the similar understanding of the context, since property development is not a straightforward process and could mean different things to different people. Interviewees were also tuned to think about customer value and led to the more specific questions. In addition, in order to keep conversation honest and open, at the beginning of the interviews it was emphasized that although the case company is the ordered of the study, viewpoint in the interviews is property development and developers generally, and when answering the questions, they should not consider only the experiences and relationship with the case company, but all the developers they work or have worked with. With this type of open conversation it was possible to collect rich data and identify issues that really are significant to the customers.

First theme after background questions was considering value creation in property development. Based on the earlier knowledge and internal interviews, it was assumed, that asking only how value is created in property development, respondents would focus mainly on monetary value. Therefore the approach was selected to be more tangible and respondents were asked to describe real events and experiences, as well as their needs and thoughts about the development process and relationship with the developer. Respondents were first asked to tell about their assessment criteria when acquiring new premises, as well as what they are expecting in the property development process. Conversation was helped by discussing separately of all the main steps of pre-construction property development, in order to cover

the whole process. Since property development has multiple steps and could last for years, this helped respondents to consider the whole process and pinpoint vital issues for them.

After discussing about overall value creation, conversation was guided to concrete examples of value forming benefits and sacrifices customers have been faced in development projects. Interviewed were asked to anonymously describe differences among developers, evaluate their experiences of property development and give examples of processes that went good and situations where everything did not went how expected. Respondents were also asked to evaluate reasons for good or bad things. Concrete examples were considered effective way to identify value elements instead of only talking about the subject in abstract level.

According to the perspective of S-D logic and relationship value in B2B environment, it was also wanted to discuss about relationship related and intangible elements in property development. Hence, respondents were asked more specific about developer's preferred capabilities and features as well as relationship with developers. At the end of the interview it was also asked if customers had any suggestions for developers to increase perceived value in property development and if there is something they want to say but not discussed before.

Following the example of Howden and Pressey (2008), interviews employed a variant of means-end laddering technique (Woodruff 1997): always when a value creation attribute (what creates value for them) was mentioned, refining questions were asked to find out why this element is important (what are the expected benefits and consequences) and how it could be implemented to the development process, if possible (what are the good practices). By doing this it was possible to generate more profound data for understanding and categorizing the identified value dimensions and to find practical tools for property development process.

Interviews conducted with the customers revealed constantly decreasing amount of new information in final stages of interview schedule and final interviews were not generating any new data. This can be considered as a sign of data saturation which enabled to dig deeper into the themes emerged multiple times in the earlier interviews. Moreover, since saturation point was reached, 18 participants can be regarded adequate sample size for the research.

5.1.1 Interview data analysis process

The intent of qualitative data analysis is to get the understanding about data by organizing it in a form enabling to make interpretations and to build meanings of it (Eskola & Suoranta

2008, p. 225; Creswell 2014, p. 195). Analyzing interview data was started hand-in-hand with data collection process by writing down thoughts and notes arising when transcribing the interviews, as suggested in qualitative research (Gummesson 2005, p. 312; Hirsjärvi et al. 2009, p. 223; Creswell 2014, p. 195) Central issue in abductive analysis of qualitative data is continuous dialogue and comparison of data to the existing theories, previous studies and knowledge of the topic (Gummesson 2005 p. 311-312), also done in this research. Thematic analysis was selected as a general analysis method for the qualitative data. Selection was made by reading literature about analysis methods and exploring earlier studies using related method successfully (see e.g. Howden & Pressey 2008).

Analysis process was conducted according the guidelines presented by Creswell (2014, p. 197). Thematic analysis is a process of coding, where data is compressed, organized and categorized in order to find patterns and make interpretations (Saunders et al. 2009, p. 490–497; Creswell 2014, p. 194–200). In order to ensure systematic approach for the analysis, steps of data-driven content analysis method presented by Tuomi and Sarajärvi (2013, p. 108–113) were utilized as a tool in coding and thematising phase of data (Figure 16). By adopting process conventional way for data analysis, big amount of data was easier to handle and reliability of the analysis was improved. Interpretation was started parallel with analysis and notes and self-memos were made during the analysis (Saunders et al. 2009, p. 498–499).

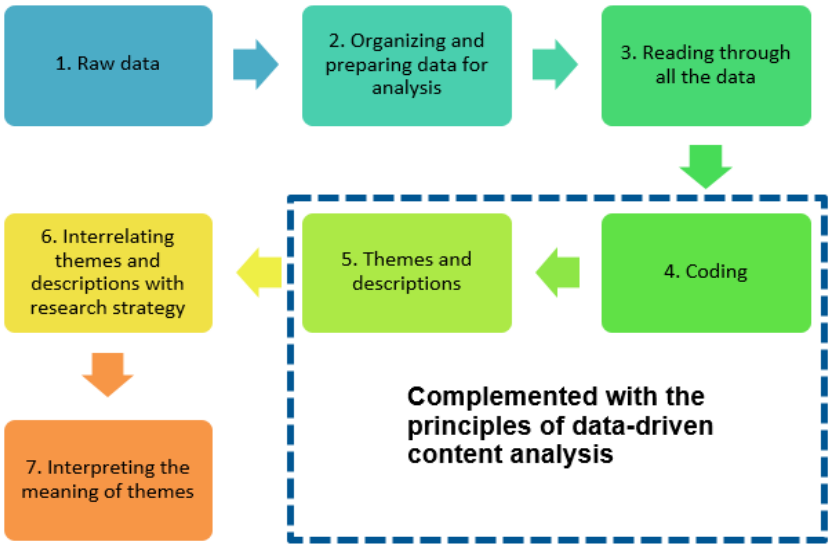

Figure 16. Empirical data analysis and interpretation process (Creswell 2014, p. 197)

After transcribing and organizing the raw data, analysis was started by listening all the recordings, reading through written transcriptions, making notes in page margins and writing

down ideas (Creswell 2014, p. 197). The first phase of analyzing was not very systematic, but more getting the overall understanding about the data pool. Soon after the preliminary evaluation of data, coding was started. Coding was done manually, with no use of specialist software, by organizing and labeling all the relevant data to groups (Creswell 2014, p. 198).

Process of coding was assisted with content analysis. Original expressions were first reduced to simplified expressions and then categorized into the subcategories [or clusters (Tuomi & Sarajärvi 2013)] of similar expressions (codes). Practice is relatively the same that Creswell (2014, p. 198) suggests for coding. Coding was then continued by combining sub-categories to parent categories. In content analysis process described by Tuomi and Sarajärvi (2009), parent categories are pooled to one unifying category, describing all categories created. In this study, after parent categories was added one extra level, "main categories", relatively equivalent to themes presented by Creswell (2014, p. 199) (Tuomi & Sarajärvi 2013). Finally, themes were organized to five unifying categories instead of one. This was realized to be more suitable technique for the idea of creating a framework of customer value drivers (main categories) with sub-dimensions (parent categories) and dividing them to the different groups of value drivers (unifying categories). However, if wanted to describe all the groups with one category, it could be *"Dimensions of customer value in pre-construction property development process".* Example of the analysis process can be found in the Appendix 5.

5.1.2 Development of customer value framework

After the analysis process, findings were presented in a form of customer value framework. Development of comprehensive framework for customer value in property development was relied on three criteria, consistent with Keränen and Jalkala (2013) and Tuli et al. (2007), when deciding whether or not to include an identified element to the concluding framework.

First, the level of detail when selecting value drivers and sub-dimensions was aimed to keep at the level the dimensions are applicable also beyond a very specific context. Dimensions concerning only a certain company, industry or event was not included to the framework. *Second,* dimension should be mentioned by more than one participant, unless not considered exceptionally important but hard to express by customers. Later in the report, when discussing about more practical suggestions for the developers, also individually mentioned, innovative or proven to work activities were taken into account. *Third* criteria for the selection of dimensions was that included value drivers should go beyond the obvious.

During the model construction, identified value drivers and sub-dimensions were discussed with case company's development professionals not participating to the study. Professionals were asked to evaluate possible overlaps between value drivers and their contents as well as to explain how they understand the meaning of every value driver and their sub-dimensions.

When the construct was ready, before moving to the survey phase of the study, framework was pre-tested with three persons, two from the case company and one outside the company, working in real estate business and property development (see e.g. Ulaga & Eggert 2006b). Individuals were asked separately, if the model appeared to be reasonable, easy to understand and if all the sub-dimensions are grouped and named logically under the value drivers. It was also asked if the detailed descriptions of sub-dimensions created for the survey questionnaire were reflecting the meaning of sub-dimensions sufficiently. According the dialogs, the overall form and content of the model was agreed, but some minor specifications and modifications were made based on the comments of the test group.

5.2 Findings of the thematic interviews

Based on the analysis and interpretation of interview data, comprehensive framework for customer value creation in property development process was created. Model consists of 10 value dimensions, called value drivers, and in total 47 sub-dimensions of these 10 drivers. Identified value drivers in pre-construction property development business relationship between user and developer are (in alphabetical order): *(1) Added value creation, (2) Closeness (3) Cost management, (4) Customer knowledge, (5) Customer orientation, (6) End-product quality, (7) Interaction, (8) Proactivity, (9) Project orchestration* and *(10) Trust.*

Every value driver is including several sub-dimensions linked to the value driver category, more specific and descriptive by nature. Identified sub-dimensions of value drivers contain capabilities, practices, resources and features of business relationship, illustrating the contents of value drivers. Sub-dimensions are representing methods and features valued by customers in property development process and more concretely illustrate how property developers can enhance customer perceived value in the context of certain value driver category. Full customer value creation framework with value drivers and their sub-dimensions is presented in Figure 17 and in Appendix 9. It is important to notice that at this point value drivers in the framework are not organized in the order of importance.

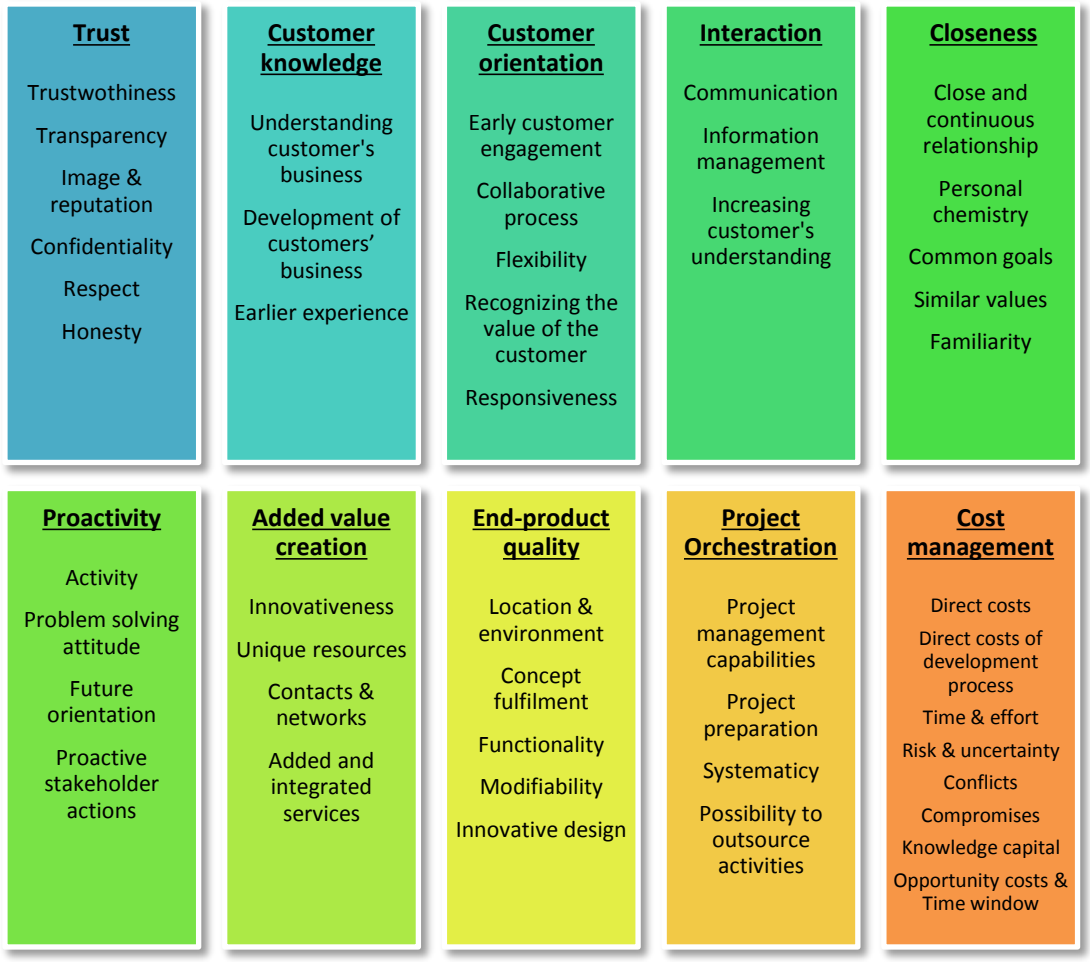

Figure 17. Framework of customer value drivers in property development

Findings also revealed that identified value drivers can be further divided into five separate categories, based on the nature of value drivers. These clusters can also be called as unifying categories, according to the content analysis method (Tuomi & Sarajärvi 2013). It was noticed that if all the value dimensions of property development was wanted to be presented with one higher-level model, it is possible only by compounding frameworks from two separate business contexts: professional services and manufacturing.

Created higher-level model of customer value in property development is combining the model of Lapierre (2000) in the contexts of professional services and the model of Eggert et al. (2006), which is based on the framework created by Ulaga (2003) in the context of manufacturing. In addition, the model of Ulaga and Eggert (2005) was applied by adding the overall cost category to the framework, representing the sacrifice side of value creation. The generated novel model furthermore encloses and illustrates both sides of property development business: tangible products and intangible services. (Figure 18 & Appendix 9)

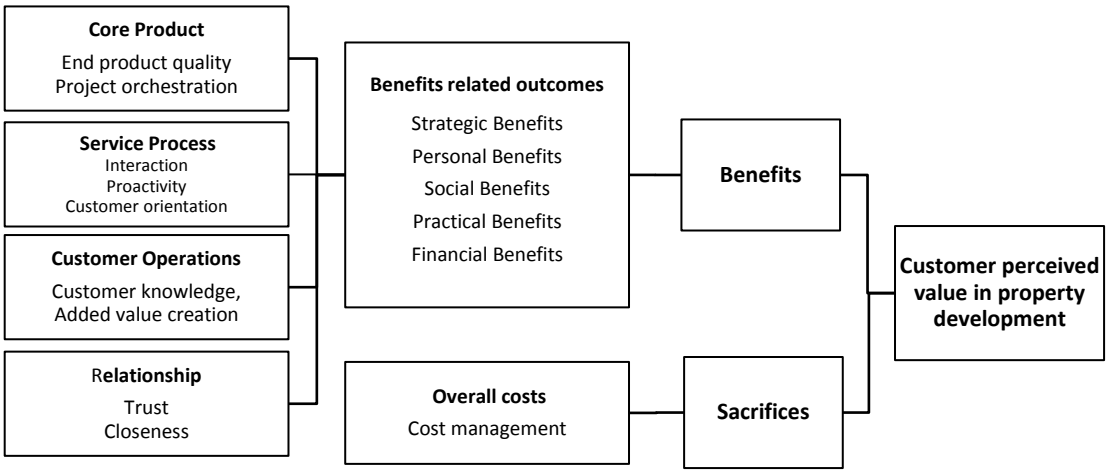

Figure 18. Higher-level model for customer value in property development

First-order value driver categories in the higher-level model are *Core product, Service process, Customer operations* (Eggert et al. 2006) and *Relationship* (Lapierre 2000). Overall costs construct the sacrifice group, with cost related value driver *cost management*, covering all monetary and non-monetary sacrifices identified (Ulaga & Eggert 2005; Lapierre 2000).

Model also illustrates how value drivers are antecedents of benefits through five different types of beneficial outcomes introduced by Woodall (2003). These second-order outcomes are strategic benefits, personal benefits, social benefits, practical benefits and financial benefits. Findings suggest that all the value drivers and their sub-dimensions are triggering every type of beneficial outcomes either directly or indirectly and main type of beneficial outcome is varying depending on the circumstances, viewpoint and context. Therefore the higher-level model demonstrates that all the value driver categories are causing all type of beneficial outcomes. Finally, created overall amount of perceived benefits and perceived sacrifices are creating the overall customer perceived value in property development process.

Even though the identified value dimensions are represented as independent value driver entities, data analysis indicated that several value drivers are overlapping and have both reciprocal and complementary effects. For instance, trust and closeness are value drivers significantly influencing on and influenced by other value drivers and sub-dimensions. In general, it is suggested that elements of the created framework should not think as an separate, exclusive units, but rather intertwined concepts forming multidimensional entity, where all the elements are in interaction, effecting on each other.

In the next section, recognized value drivers and sub-dimensions of the customer value framework are examined in detail, with illustrative quotations from the interviews. Citations have been translated from Finnish to English, paying attention to keeping the essence and meaning the same as in original, Finnish versions. Value drivers or sub-dimensions are not in any order of importance, but presented according the arrangement of value driver categories of the higher-level model (Figure 18) and framework layout (Figure 17).

5.2.1 Core product related value drivers

Core product related value drivers consist value drivers and their sub-dimensions connected to the physical product of the developer's offering, i.e. business premise, as well as core services offered by a developer in property development process. These value drivers are *End-Product Quality* and *Project Orchestration.*

Customer value driver 1: End-Product Quality

Findings indicate that perceived end-product quality is highly important value driver for B2B customers in property development. End-product quality is here referring primarily to the functional quality of the business premise and how well developer meets customer's specifications (Ulaga 2003; Ulaga & Eggert 2006b; Appel-Meulenbroek 2008), not only to the technical quality and flawlessness of the building, typically used in construction industry (Kärnä 2007 p. 554). Perceived end-product quality in property development can be compressed into five sub-dimensions creating value for customers, all connected and derived through property related expectations of users. They are: *(1) Location & environment, (2) Concept fulfilment, (3) Functionality, (4) Modifiability* and *(5) Innovative design.*

Proposing end-product's functional quality as a value dimension for users is reinforcing the results of the earlier studies considering business premise value (e.g. Riihimäki & Siekkinen 2002; Appel-Meulenbroek 2008; Li & Xu 2008). However, product quality is an interesting value dimension based on earlier empirical studies: some researches see it as the most important benefit for customers (e.g. Ulaga & Chacour 2003; Ulaga 2003) and in for some its meaning is perceived relatively low (e.g. Lapierre 2000). Moreover, findings demonstrate quality as a subjective concept: Even with relatively small sample size with 18 customers, dozens of valued features related to the end-product were identified from the interview data.

First sub-dimension of end-product quality, *location & environment*, is the most important dimension defining the monetary value of real estate (e.g. Roulac et al. 2006; Li & Xu 2008: Hastjarjo et al. 2015; Sanderson 2015). Location is accordingly one of the main elements defining how profitable retail and care service customers' business can be. Therefore, it was no surprise that all the informants indicated location as a significant value driver for them in property development. Importance of exactly right macro and micro location was mentioned particularly often by users in retail sector, to whom a good location is first and foremost a strategical benefit (The Finnish Property market 2016, p. 48). Location is important for care service companies too, but they tend to focus more on beneficial macro-location, (i.e. certain municipality with service needs) than to the highly specific micro location.

Interviewees were evaluating value of a location and environment for example through its accessibility, infrastructure, regional development trends and closeness of residential areas and city centers. Similar attributes are found in earlier studies (e.g. Olkkonen et al 1997; Leishman et al. 2003). Besides the factors common for to both customer segments, retail customers emphasized especially the importance of visibility, customer flows, parking and neighbors. Right neighbors were considered as a significant issue for retail business, and good business cluster specifications could be quite exact, as next citation reveals:

> *"Location and the rent level are most important (…) Fourth thing is – these are not in any order – but the fourth thing is, that which other companies there are: it can be connected to the location. For example, for us it is important to be next to some other [business], let's say, best for us are [Store 1] and [Store 2], or any other store with customer flow. (…) But [Store 3] is not a good neighbor for us." R2*

By providing information about neighbors, developer can create value especially for retail customers. Getting this information is however double-edged sword, as one respondent described the ways a developer can promote progress of the project:

> *R6: "Typically there are other companies too. Who they are, what kind of actors they are? We want to be with certain actors and certain we don't. If we can know this well in advantage [that would be good]...*
> *I: Does the developers give that information for you?*
> *R6: Sometimes yes, sometimes no". (…) We are usually the anchor tenant in these places, because we typically attract customers and it's good to operate with us. Therefore developers want to put our names to the project, to pull others, but it is not always desirable from our side, because we don't want to tell to the others where we are going."*

Second sub-dimension of end-product quality is *concept fulfilment*, mentioned by all the customers, referring to the meeting specific space requirements of clients. Retail customers typically indicate their requests through concept manuals and service housing companies require a premise designed according to their concept, customer segments, laws and regulations as well as ARA's and Valvira's guidelines. Concept features important for the customers are related to the layout, space and building size, height and shape, floor, walls, technical necessities, equipment, space optimization, outdoor areas and many other dimensions. Care service companies were focusing on coziness, implementation of technical solutions and regulatory design related features, and retail sector companies on lightning and space shape. Ability to follow the concept was often equated to the quality, success and value of the project, as one respondent described an exceptionally successful development process:

> *"Well, for example [Project], it went well. We recently made preliminary agreement on it. It is a retail park kind of concept, new construction and we got there [early]. We practically get space inside the building with full accordance of our concept store measurements and loading works. That went quite well from my opinion, all the needs were notified." R4*

Value creation through fulfilling customer's concept requirements is directly related to their own business success. When premise is suitable for their business and fulfils all the business related needs of the company, customer has the best possible situation for value creation by combining own activities to the capabilities provided by developer (Vargo & Lusch 2004).

Third identified end-product related attribute creating value for customers is *functionality*. Developer paying attention to functionality in space design may benefit customer through increasing benefits like incomes, employee satisfaction, and practicality or by reducing space and personnel costs. Users are estimating functionality from the perspective of their own end-customers, their personnel and operation and maintenance of the building.

Since retail sector companies typically have well-specified manuals for store features noticing the functionality of their own spaces, their focus on value creation through functionality is often outside the store itself (e.g. on issues not defined in their own concept). For example, retail companies selling products that are big and difficult to transfer, amount and closeness of parking is important (Olkkonen et al. 1997, p. 77). Functionality ttributes like logistic solutions, staff facility spaces and possibility to have one-level business space were most often identified as value adding elements of the building for retail users. Valuating

these features is directly linked to retail business logic and user's own value creation, as the example of good logistics demonstrates:

> *"Human labor is the most expensive article today. And if we think logistically, how deliveries come and how much it requires people and takes time that it is easy to use (…) we still have commercial centers with too small elevators: when the person is taking stuff to the store, he has to visit many times at the storage. If it would be possible to take two pallets at the same time, he would bring them at the same time. (..) if you think that you have one or two persons at the store and another goes to bring something to the customer and is away for 10 minutes, it is a big complaint, and we have to make compromises" R9*

> *"Another thing highlighted is maintenance. How we can get the sales items inside, it is not always [noticed], often it is forgotten (…) often there is a business space but then it is like "where, is it possible to use front door for deliveries?" and then there are time restrictions and everything else". R4*

Service housing companies typically have more varying designs and residential viewpoint for the development and they are paying more attention to the space efficiency, apartments, accessibility of rooms, material maintainability as well as staff ergonomics and comfort. Functionality may then have direct effects on company's costs, as next citation illustrates:

> *"And then there are certain functionalities, from the end-user point of view, for example space efficiency and its effect on amount of needed resources. No matter how good it is architecturally and if there are bay windows, home-like feeling and coziness, but it could be taken from our business, it could cost us two nurses more and be deadly kiss for the project. (..) If the premise is too labyrinth-like, where the physical visibility is weak, it could in our service business mean 30 % of more resources." C7*

Moreover, in housing services, income level is directly related to the area a company can rent out and therefore the size of apartments is one of the most important factors in the layout. With good design and space efficiency developer is creating value for customers directly by rising a customer company's revenue level.

Technical and technological *modifiability* of the premise was considered as a fourth key factor for creating value through the core offering. Modifiability was important for both segments, because business might change during the leasing agreement or even before starting the business, as one service housing respondent explained:

> *"One challenge is that even if a project have been designed for a certain end-user group, then suddenly, when the place is ready, for some strange reason, because of the bureaucracy, completely different people come to live there, not them to whom the premise is originally done! (…) And the municipality panics, now we have this kind of customers, take it or leave it."C7*

Reason for described problem is that main customer of private service housing companies is usually a municipality. Municipalities need to offer required services for citizens and if more acute need for another type of services occurs, they have to change their original plan. In addition, in institutional care services, because of recurrent competitive bidding in every few years, operators and/or clients may change, which increases the need for modifications during the building life-cycle.

Fifth element of end-product quality is *innovative design*. Innovativeness has been identified value dimension also by Ulaga and Chacour (2001), but otherwise innovativeness is not represented in B2B customer value creation models. Customers were signaling they would value new ideas, innovative solutions and personal designs in layout plans. For example, interviewees explained, what they are expecting from property development:

> *"Second thing could be the premise itself, layout of the space. Of course these things can be easily read from our concept, but if there is professionalism on that side [developer's side] and they can propose something new and surprising, it would always be great. There are also developers like that!" C6*

> *"Well, it [business space] pretty much is [conceptualized], but we keep ears open, if there is somebody with good ideas, we'll definitely listen. (...) If there are good thoughts worth to implement, of course we take them into use nationwide (...) C4*

Customer's wish for more innovative solutions is yet somewhat controversial with request to have space concepts as close to their concept as possible. Care service companies were in the majority of wanting innovative space solutions, but both segments were indicating value creation through innovative design. Value creation through innovative design may be a good way to differentiate in the markets, especially since construction industry has been reluctant to adopt innovativeness (Ulaga & Eggert 2006; McCoy, Thabet & Badinelli 2009).

A bit surprisingly, the main concern of construction industry, construction work and technical quality of buildings, was not mentioned by customers very often. (See e.g. Delgado-Hernandez, Bampton & Aspinwall 2007). If asked, technical quality was considered very important, but appreciated level of quality was mainly described as *"There should not be any gaps in technical quality*", *"technical quality should be okay"* and *"quality level should be as promised*". This may signal that functional quality of the premise is more important for commercial customer than technical quality, as also suggested by Zeithaml (1988). However, Forsythe (2008, p. 494) proposes that customers tend to weight

soft and service related issues in pre-construction stage of construction projects and technical quality is more important in latter stages, which could also be a reason for customer's small focus on technical quality. Multiple interviewees also commented that they are participating only to the per-construction phase in development projects and after that person changes, which may effect on absence of technical quality considerations.

Finnish construction regulations are also defining certain level of quality in construction, which seems to be good enough for business customers. Conventional quality was more or less perceived as a default attribute and raising quality level in construction work does not appear to cause hardly any added value for customers, if not effecting directly on reducing their operation costs or increasing their business performance. Even though construction work quality is not the best way to gain competitive advantage, reaching the necessary quality level is critical for the developer and if not accomplished, any other source of value can't replace it. Disappointment on construction quality can also lead to the total rejection of a developer. These findings in in a line with the thinking of core benefits of the product: when existing they do not effect positively or negatively on value but if missing, value is decreasing (Lindgreen & Wynstra 2005, p. 735).

To sum up, value driver of end-product quality with five sub-dimensions was identified as a first value driver in property development process (Figure 19). Quality, however stands rather for functional quality than quality of construction.

Figure 19. Value driver of end-product quality and its five sub-dimensions

Findings suggest that developers can enhance customer perceived value by focusing on systematically finding and acquiring locations that suit for customers' business; aiming to implement customers' concept as full as possible; paying special attention to the functionality of customers' business space and surroundings, maintenance possibilities and

the whole premise and surroundings in cases of commercial centers and business clusters; adding modifiability considerations as a part of layout designs and by suggesting creative and innovative designs for customers' premises.

Customer value driver 2: Project Orchestration

Developer's project orchestration capabilities were identified as second value driver related to the core product of property development. Project orchestration refers to the activities conducted in the project and project team, like launching, planning, executing, controlling, and closing the project and management of a team. Project orchestration is responsible on the project's budget, timetable and resources, as well as communication, quality and risks. Project orchestration is one of the basic competences in project business companies, but still many projects fail or do not accomplish their business results (Oyegoke 2011, p. 573).

Identified value creating capabilities of the developer related to the project orchestration in pre-construction property development are: *(1) Project management capabilities, (2) Preparation of the project, (3) Systematic process progression* and *(4) Possibility to outsource development related activities.* All the sub-dimensions were mentioned multiple times during the interviews by both customer segments. Overall, every project contains multiple parts and risks and it is easy to understand that customers want to rely the developer has necessary capabilities and can lead project to success. Ulaga and Eggert (2006b) as well as Möller and Törrönen (2003) also found out that the value of expertise in a business relationship is remarkable and supplier's knowledge and capabilities could be a big issue protecting them from competition. In property development the advantage is probably not as high, since location is the main priority. However, if customer has a location and employs a developer as a partner, perceived professionalism is a huge competitive advantage.

According to the interviews, developer's strong *project orchestration capabilities* were concerned highly valuable by customers. Good developer is orchestrating the project in a coordinated manner from start to finish, masters cost and schedule planning and is able to tie resources and capabilities to the project adequate and timely. One customer called these actions as "process ownership" and saw that listening as a part of project orchestration skills:

> *"Somebody [developer] should own the process. It should be clear who is responsible and able to take care of the sufficient conversation (..) and of course the longer we get, project management skills became*

more important, timetables, and so on. And it is also central to listen customer's and partners' wishes and be able to calculate what they cost (..) at the end, it [building] have to be cost efficient." C5

Since developed premises are going be places for customers' business activities, budget and schedule management during development and construction phase is a vital part in business premise development. Budgets and schedules are tight and problems in them cause direct costs for customers. Delays in development can wreck the whole project for care services:

"It [timing] is challenging (…) usually there are deadlines, that it [building] should be ready on a certain date, or you pay sanctions or it could be that you can't get the framework agreement. It is of course the worst option that you start to develop a project and it will be delayed couple of months and you are not involved to the framework agreement." C6

Delays in schedules are problematic for retail sector also, but consequences are mainly related to income losses, which were of course concerned problematic, but tolerable, if appreciate compensations were performed. Customers reported that delays in construction are rare and never caused any bigger harm, but pre-construction phase often drags.

Second and third sub-dimensions of project orchestration is *careful preparation* and *systematic process* are closely linked to the developer's project management capabilities. Value creation through *careful preparation* arose from the interviews numerous times and is signaling that customer value can be enhanced if the developer does the 'background job' well and is able to present clear facts of the project's realistic possibilities, frame for timeline and costs, project's boundary conditions and regulatory issues. Several customers were complaining about situations, where a developer had approached them with a promising project and afterwards emerges that the project is not possible to conduct, not suitable for customer or not even realistic. Therefore careful preparation creates value for customers through decreasing customers' risk and uncertainty as well as time and effort losses – gaining as much information and detailed preparation data as possible helps customers to make decisions and weigh their options as well as decreases the possibility of disappointments.

Even though property development is often described as dynamic, non-linear process (Miles et al. 2000; Kiiras & Tammilehto 2014), empirical data proposes that users value clear steps in development progression, a process where roles and responsibilities are clearly defined. Systematic process creates value for customers through risk avoidance, by saving money,

time and effort and through better options to optimize their own business processes. Well prepared process is linked to the professionalism of the developer, as next quotation shows:

> *"In my opinion, developer was professional, knew how to make clear contracting package for us, clear first steps easy to catch (...) it went quickly to the finish." R8s*

Customers also see beneficial, if there is a schedule and clearly defined steps for pre-construction phase also and development *process is systematic*. Several customers were mentioning that they would value a step-by-step process with even sketchy timetable for the pre-construction phase. Systematic progression will also help to create transparency and accelerate the process, as next citation reveals:

> *"R7: It would be good if a property developer has a timeline with him/her.*
> *I: What do you mean by timeline?*
> *R7: Timeline, like if the optimistic opening is on day X, moth Y and year Z, how the path is followed in order to get there. In certain way, as the developer it is just fine to tell to the customer that we are just at the beginning. Like: "next 6 months, nothing is going to happen, but nevertheless, I'll still want to hear your thoughts about it". It is like sense of urgency, is the solution needed right away, or is the agenda to hear what it might be.*
> *I: Do developers present the timeline, at the moment?*
> *R7: No they don't! Suddenly it can be a matter of urgency and they want to speed up the decision-making for some reason."*

Interestingly, where many customers see property development process possible to be quite linear and straightforward, wondering why there are no standard procedures to proceed, interviewed case company representatives signaled that developers see process more or less the opposite and describe property development as dynamic and constantly changing business, basically impossible to carry out with standardized processes. Since process is unpredictable, this might be true for developers, but aiming to more systematic approach may cause practical benefits for customers and developers, facilitate customers' decision making and make the development more effective, once information flows are further coordinated (Bulloch & Sullivan 2010).

Last sub-dimension of project orchestration is value creation through giving customer the *possibility to outsource development process activities* to the developer. By delivering integrated process, a developer reduces customer's need to coordinate progression (Ulaga 2003, p. 683) and decreases customer's uncertainty and time sacrifice. Most of the

interviewees saw themselves as active participants in property development process, keeping up relationships with stakeholders, scanning locations, seeking collaboration partners and coordinating multiple development activities. However, numerous customers were saying that they see valuable if not *needed* to participate on certain steps in development process and they would rather give more responsibilities to the developer. This requires the customer has confidence on developer's capabilities do the job right, as next comment reveals:

> *"It would be the smoothest, if we should not have to do it [project management], but we happen to have an organization with full construction contracting capabilities (...) we have the know-how and project management capabilities here. Quite quickly we see and take over the job [if needed]. For example in [Project 1], we had to take the job over, we had to have more efficient solution (...) you were able to see it with your ear! We did it and then it became good." C7*

Quotation shows that customers are willing to outsource also activities capable to handle by themselves, but not being their principal business. Outsourcing creates value for customers through liberating customer's time for their own core business. Findings are supported by empirical studies of Ulaga and Eggert (2006b) and Ulaga (2003), who also suggested that suppliers can add customer value and improve competitiveness by taking responsibility for particular customer activities.

Summarized, second customer value driver identified in property development process is project orchestration, with four sub-dimensions presented in Figure 20. All dimensions are related to the developer's skills and capabilities.

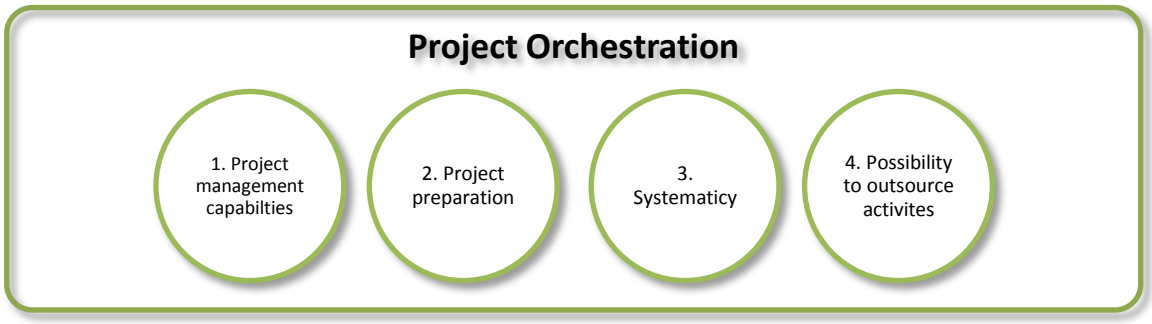

Figure 20. Value driver of project orchestration and its four sub-dimensions

Findings reveal that developers can enhance customer perceived value by having competent project leaders in order to provide professional project management, and by using enough resources for planning and keeping the budget and timetable in the development process. Customer value also increases, if developer prepares the development process carefully and

acquires good background knowledge of the idea before involving customer to it. Developers should also consider the possibility to present a systematic process and timeline for pre-construction property development phase. Finally, providing customer a possibility and confidence to outsource some or all development activities to developer is likewise offering a possibility to enhance customer perceived value in property development process.

5.2.2 Service process related value drivers

Value drivers of service process are linked to the service activities of property developer in development process, and to the value creation through interaction activities and collaboration in a business relationship. Identified value drivers categorized to this group are *Customer orientation, Interaction* and *Proactivity*.

Customer value driver 3: Customer Orientation

Third identified value driver of property development process was customer orientation. Elements related to developer's customer orientation were constantly mentioned during the interviews and five central dimensions of customer orientation were formed of the data: *(1) Early customer engagement (2) Collaborative process (3) Flexibility (4) Recognizing the value of the customer* and *(5) Responsiveness.* Customer orientation as a value driver is not mentioned in earlier B2B value models, but most of them are still noticing similar sub-dimensions as here (e.g. Lapierre 2000; Ulaga & Eggert 2006b; Howden & Pressey 2008).

Customer focus is a foundations of service-dominant logic (Vargo & Lusch 2004; Vargo 2009) and customer orientation can be regarded as the organization culture focusing on customer value creation and fulfilling the customer needs and expectations as good as possible (Dulaimi 2005). Kumar and Grisaffe (2004) point out that in service industry, where customization and customers are an integral part of production, customer focus has great influence on value. First and foremost, customer orientation is active listening and understanding of customers (Dulaimi 2005; Tuli et al 2007; Blocker et al. 2011). Need for listening was apparent among all customers from both sectors, as next examples illustrate:

> *"First and foremost it is listening. (…) customers and partners." C5; "Because it really involves that we are heard" R8; "I'm surprised how few big actors have active, smart listening of customers" C8; The most important role [of developer] is to listen the customer, listening the customer that really, what customer wants and what are its needs" R1; It [good developer] listens, it wants to have good end result." R3; listening skills. R4.*

Developer's customer orientation could be an effective way not only create value for customers but also differentiate from competitors. Customer orientation also increases trust between customer and developer (Prior 2013). Customers' opinions about the current state of developers' customer orientation varied a lot. Some saw that developers are notifying them quite well and are ready to make effort to fulfill their needs and expectations. Some said that developers are interested on their needs "at least in appearance" and a small group felt that developers are not thinking customers at all:

> *"Especially construction companies [as developers] often say, that they bring the efficient space utilization. I understand, it is important for us too, but in some projects the customer is forgotten. It goes out with the out with the bathwater when the project is developers. It goes how it often goes, usually euros are the defining thing there." R8*

First sub-dimension of customer orientation, *early customer engagement* to the development process was emphasized by all users. Surprisingly, even though the property development is seen as an industry based on customer needs (Pekkanen 2005), almost all the customers had experienced that they were not engaged to the development process early enough. Customers' motive behind the need for early engagement is the option to effect on the process and ensure success on their desired consequences and goals (Woodruff 1997). Early participation also helps customers to improve the functionality of premises and influence on the size and layout of the developed premise, as the next quotation demonstrates:

> *"Often these projects come to us too like "Hey, here is a ready plan, hey, would you like to put a store here? And it is like "well, this is otherwise a good location, but we can't operate in this space! (...) We prefer to see plans at early stage. What I also would say is that they should come to show the plans to us before they are locked. It could be that the plans have been refined for two years and not until then they [developers] come to show the plans to us and we have to say that no, this is not working, sorry." R5*

Interviews revealed that for retail sector customers, main motive for early participation is to be in the optimal situation where company's store concept is possible to implement to the premise without any alterations. Service housing companies want to ensure that the premise is profitable and suitable for care service business. Customers tend also to think that that without their early engagement developer does not have the needed knowledge of the necessities and they are critical link in the development process:

> *"Many developers tend to be too clever, they go to develop to the municipality by themselves, without having any operator or partner with them, they are more or less, well I don't say doomed but somewhat*

difficult. Social and health care sector has to be with the developer and municipality have to be in, it is the first thing" C8

Another motivation for early customer engagement lies in the characteristics of real estate business, scarcity of resources (Graaskamp 1981). Since every property location is unique, competition of the best locations is hard. For retail sector the competition is more on micro locations (certain space or area in the city) and for service housing companies, macro locations (certain town or municipality). If customer is a part of the development process at the beginning, the possibility to get information and attachment of the locations is considerably better than if becoming involved in the project during the development process.

However, the understanding of what is early enough was varying between customers. Some customer want to hear about the project in idea generation phases *"They can just call that this idea came to mind" R4*, before land acquisition *"as early as possible, starting from searching the site" C8*, some before conceptual planning *"Before there is a single line drawn on the paper" R8* and some just before marketing and sales *"If it [plan] is good enough and the place and layout works, you easily are in second place, if not being early on the project. But it is easier for us, the more ready it is." C6*. The reason for differences may lie in the customers' concepts, some need to modify space more than others. Another reason are the resources of the companies. Especially customers with flat organizations and organizations not acquiring new premises often, persons responsible for new real estates have also other responsibilities and do not have lot of competence or time to use to the development process.

Available resources are also effecting on the desired level of the second sub-dimension of customer orientation, *collaborative development.* Customer orientation and S-D logic underline that customers should not think only as a target of actions but as an active collaborative partner and co-creator of value in the process (Vargo & Lusch 2004; 2008; Grönroos & Voima 2011). Collaborative development refers to the property development process conducted in close cooperation with customer(s), involving companies work together with the goal of creating value more successful than acting alone (Verdecho, Alfaro-Sainz & Rodrigues-Rodrigues 2011). Collaborative development is closely connected to the early involvement of a customer, but is referring to the way of operation, where customer is not acting only as a commentator, but as an active participant during the whole development process (Grönroos 2008).

Most of the interviewed were signaling gaining value of being an active member in the development process. When talking about their positive experiences, customers described developer as a partner and used the words like 'together', 'we', 'in collaboration from the beginning' and 'pulling together'. They also described multiple benefits caused by close cooperation with the developer during the development process. According to interviews, collaborative development is creating value in many ways, for example enhancing product quality, causing time and cost savings in the process and end product, creating innovations, learning, developing trust and communication as well as creating business opportunities.

Third recognized sub-dimension of customer orientation is developer's *flexibility*. Flexibility refers to the developer's ability to respond customer requests, handle change, adjust products and services and react on unexpected situations (Lapierre 2000, p. 137). A number of authors have identified flexibility as a significant aspect that creating value for customers (e.g. Lapierre 2000; Cannon & Homburg 2001; Möller & Törrönen 2003; Ulaga 2003; Ulaga & Eggert 2006b; Eriksson & Pesämaa 2012; Prior 2013; Liu Fellows & Chan 2014) and flexibility of a supplier was identified as the most important value driver for customers in professional services by Lapierre (2000). Interviewees referred multiple times to the situations, where developer has created value for them by being flexible with plans, timetables and process practices and was able to adapt in changes and notifying customer's individual needs. Flexibility is a good competitive advantage, as it is sometimes hard to specify and so not easy to imitate by competitors, as next citation shows:

> *R3: "They [Developer 1] always somehow squeeze it [project] to happen…*
> *I: Ok, what do you mean by that?*
> *R3: There is always that last thing… *long pause**
> *I: Is it related to the price or design or..?*
> *R3: No, it is the fluency! Fluency, it is interesting. (…) It have to be the culture of the company. It have to be somewhere in the culture. (…) somehow they make it happen (…) it goes fluently, I mean there is flexibility in the situations, like "let's do this and that". It feels that there is not as much bureaucracy! (…) I is hard to say, I have good experiences with [Developer 2] also, but for some reason they are not as flexible. (..) People are the same, but the process does not go forward as the same. I don't know, I don't know their internal processes"*

According to the interviews, developer can create value for customers also by notifying them as a valuable assets for the project, which leads to the fourth sub-dimension: *Recognizing the value of the customer*. Customers see that they have special knowledge and networks

from their own business field, which positively effects on the value of the entire project. Multiple customers, especially from retail sector, had the opinion that by utilizing their competence, all the stakeholders of the development project are gaining benefits. As one of the customers explained, when speaking about their significance for the commercial center:

> *"It begins from the win-win situation. We can cut a piece for one or two from our front to smaller operators, which increases the return on capital for the real estate owner. Our customer flow feeds these two or three neighbors too. We win, through that our rent is reasonable, developer wins by increased total rent and smaller operators win, because we work hard on our brand and invite customers to visit every week." R7*

Customers also tend to see themselves as valuable asset and partner for the developer, bringing benefits through innovative ideas, good practices and important market knowledge and feel that it should be noted and preferably compensated by the developer. Gained benefits were described mainly by financial manner, mostly because it is the only way to show the value they created and have returns from it.

Responsiveness of the developer is the last sub-dimension of customer orientation. Respondents highly valued developer's responsiveness, and developers can create value especially by being interested and willing to address customers' concerns in ongoing relationships (Ulaga & Eggert 2006b), trying to understand and help customers with their problems, provide fast responses for contact requests, and reacting for their needs and expectations (Lapierre 2000). Responsiveness of the developer is creating value by lowering concerns and doubts and decreasing the use of time and effort in challenging situations.

In summary, value creation through customer orientation is closely connected to customer service and has therefore huge value creation potential in property development. Five main value dimensions connected to the customer orientation are collected to the Figure 21 below.

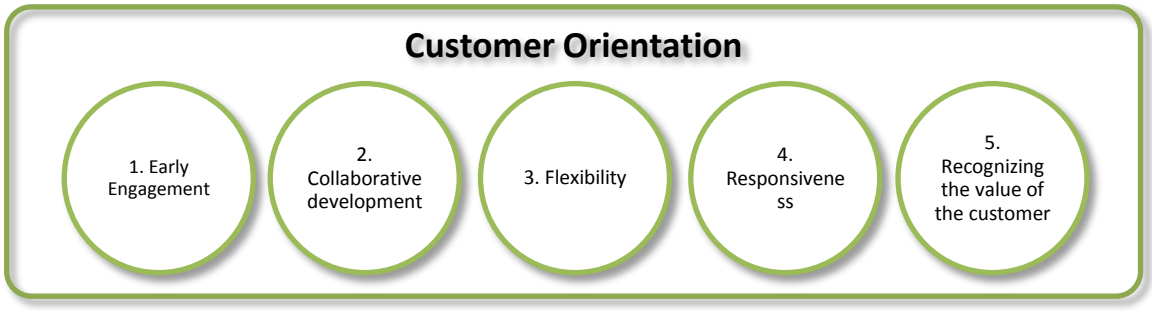

Figure 21. Value driver of customer orientation and its five sub-dimensions

According to the findings, customer oriented developer can enhance customer value by participating customers to the development process from the beginning and making it possible to conduct development process in collaborative, partnering-type manner. Developer should be flexible towards customers and make sure customers have a response to their contacts and concerns quickly. Practices that reward additional value created by customer are also a potential way to enhance customer value in the development process.

Customer value driver 4: Interaction

Interaction was identified as a fourth customer value driver in pre-construction property development. Personal interaction is related to the contact and communication between customer and developer during and between the development projects and it includes three sub-dimensions: *(1) Communication, (2) Information management* and *(3) Increasing customer's understanding.*

Personal interaction is important value driver in B2B relationships, especially in offerings containing complex products. As Howden and Pressey (2008) stated, even though the business relationships exist between companies, individuals are them who represent and make judgements in firms. Correspondingly, S-D logic and value co-creation see that value is created over time through multiple interactions between participants (Vargo & Lusch 2004). The importance of personal interaction and decision making of individuals has similarly recognized in existing literature (e.g. Ulaga 2003; Ulaga & Eggert 2006b; Howden & Pressey 2008). Personal interaction and service support was identified as one of the most significant differentiators in buyer-supplier relationships by Ulaga and Eggert (2006b), who also suggest that value creation through "soft" value drivers, like personal interaction, know-how and service have become central in gaining and maintaining a key supplier position. Prior (2013) equally highlights the importance of interaction between buyer and supplier in project and solutions business.

Value creation through first sub-dimensions of interaction, *communication,* came forward multiple times during the interviews with both sectors, retail and service housing. Service housing sector emphasized the meaning of good communication in value creation slightly more than customers in retail sector, though. Good communication decreases risk and uncertainty and may prevent bigger problems, like financial losses. Constant, open dialogue between customer and supplier is likewise seen as a central element in co-creating value with

the customer (Grönroos 2004; Lusch, Vargo & O'Brien 2007). Interviews illustrated that developers' current communication skills were not seen to be at sufficient level and it was stressed that developer should always ensure that all members are updated. Good communication covers also the ability to talk about difficult issues and it creates value by saving time and effort of participants, as one interviewee capsulized:

> *"Well, I like to say quite directly what I like and what I don't. Too expensive, too this and that. There is no point to waste time, if our criteria is not accomplished. Developer can then think, if he is able to deliver that. It should be possibility to speak directly" R6*

Communication was also seen as key element for innovation and trust creation for many customers. It therefore was considered extremely important that developer has allocated enough time for communication and was active in maintaining effective dialogue with all parties, a communication facilitator, as one respondent described:

> *"I think there is no such a thing as too much information in property development. I always ask, how good was the project communicated? How well the participants know what is the project about. (...) If the project is communicated well, it goes [forward]" C1*

Second sub-dimension of interaction is *information management* in the business relationship. The significance of information flow between companies was not a surprise, since knowledge is the key element of competitiveness and decision making (Vargo & Lusch 2004) and information generation and sharing are essential for highly interactive property development process (Bulloch & Sullivan 2010). Continuous flow of information is especially vital in processes containing multiple sub-processes, such as property development (Bulloch & Sullivan 2010, p. 83). Accordingly, customers saw developer's adequate, unbroken, fast and frequent information flow as crucial value dimension.

Information is generated collaboratively in the process, but interviewees saw that developer is the main responsible of managing and sharing this data during and between the development projects, as proposed in the literature too (Bulloch & Sullivan 2010, p. 78-79). As one respondent described:

> *"Developer should be the one taking care of everybody's interests in the process also in that sense that information flows between the parties and if necessary, bring the participants together, that not just all are planning in their own quarters." C5*

It was also commonly mentioned that customers should be kept up to date in both ongoing and future development projects. However, interviews showed that creating value for customers with right level of information may not be easy for the developer: For some users the speed and appropriateness of information was the most essential thing and they didn't want to have no more info than needed in their own decision making. On the other hand, some wanted to have all the data available. Compare these three statements with each other:

> *"In the communication and generally, bring the information as much as possible! Because then it is, too much information is not bad, today it can be avoided. Rather to keep up-to-date and tell how the situation is developing and what is done than be in front of the facts like 'we have thought this to be like that, this is what we agreed'"R9*

> *"Information flow, well information flow now is just fine. A little too much sometimes"C3*

> *"It is not necessary to get it [information] from all, but in the other hand, email is easy, it does not disturb. Of course practical [information], timetables are substantial and of course something that tenant need to notify (...) Too much information is not beneficial." R2*

In real estate business value creation is usually divided to sub-processes, where person in charge is changing after his/her task is done (Jylhä & Junnila 2012, p. 23). Problem of sub-processes is that the contact person is changing all the time and no one is responsible of the whole project and created knowledge. Informants explained that they sometimes have to engage with multiple developer representatives to obtain the needed data. Moreover, it was wished that developer ensures that the information reaches the participants. One contact person in the process improves information management, as one respondent described:

> *"There should be people who are really on top of the project, knows the project issues. That collaboration partners who are on the other side are not changing all the time and also that this person is the leader of the project and knows the project issues, then it is easy to go through things, the person is not changing all the time. (...) often the stumbling block in property development is that often there is a person who takes care of the issues until the contract has been made. Then the person changes and it sounds good, because this person, who develops, can go to find new customers. But the point is, that how we transfer all the knowledge created with the developer so far? I wish, it could be smart to have the same person who continues until the project is handled over, or even further. (..) When person changes the unwritten information disappears"C4*

Staff continuity is good way to save customers' time and ensure information flow, effective communication and relationship development. Also in the case company, the contact person is usually changing when the pre-construction development process is over and the project

is transferred to the construction unit of the company. Continuity of developer company's personnel also eases the transactions and enhances the knowledge of customer's business (Ulaga & Eggert 2006b; Howden & Pressey 2008). Jylhä and Junnila (2012) p. 23 also found out that value creation decreases if the contact person is unavailable or customer does not know who to contact to. For companies operating nationwide, changing people in the developer's area units could be frustrating, as one respondent from the retail sector explained when asked if there are some additional ways to increase their perceived value:

> *"Actually, it would be, that if there is some kind of centralized, I don't know, a key account manager or a person. Because now every time when I call, it goes to the different person. It would be good if there is always the same person, it would enhance collaboration and relationship creation and it would be easier to call (…) sometimes has happened that when you call to someone, it is like "well, actually this belongs to the Rane from another unit, call him. And I'm like ok, clear, bye. (…) sometimes it will be just passing the ball from another to another.(…) we have to introduce it [the planned development project] all over again every time, if one group learns to know what we want and need, it saves everyone's time." R*

Due situational and temporal information asymmetries, typical for professional services, there is usually a gap in customer's understanding about what are the technical or financial restrictions of property development projects (Howden & Pressey 2008). User's project is often a small part of a bigger plan, as development area or a commercial center, sometimes not visible for a customer. Customers do not necessary know why some development projects are delaying or why some solutions are made in the projects. This kind of uncertainty may cause mistrust or increase perceived risk of a customer, decreasing customer perceived value. Developer can reduces these problems with third value creative sub-dimension of interaction, by *increasing customer's understanding* of the development process.

Need for increased understanding of the development process was identified from several comments. By increasing customer's understanding, developer can increase customer perceived value by decreasing doubts, suspicions and false assumptions related to the development process, recognized for example from next comments:

> *"I don't know how - for example with the competitors - I don't know, I think there is a bidding procedure or something, but rarely they [projects] come to us to say that also competitors are interested on this project, offered to us. And in turn, sometimes we notice that some developer, with whom we are regularly connected and cooperated is developing a project, where are all of our competitors, but not us. It's kind of exciting, how they share them [projects]." R4*

"Our development projects are so small for big construction companies that they are buried easily under the bigger projects on the table of the developer and soon we'll notice that so called bench-warmers are conducting our project" C8

C: "We and [Developer] were progressing well with one good project, but we missed it, the developer decided to go with different solution"
I: Why was that?
C: Well, I guess it went for the better candidates, so to speak (...) and that area is challenging for us, because you can't get site there, no matter how much you are whining. Weird thing."

The last quotation was actually considering of a project developed with the case company, and through familiarization with the project, it was found out that the reason for failure was purely circumstantial, not related to the other customer candidates. Also, reasons for strict land policy of the city were not familiar for the customer, effecting to the overall attitude towards the city. By increasing customer's knowledge of the project and its background this misunderstanding effecting negatively to the customer value may have been avoided.

Increasing customer understanding through effective interaction can furthermore effect positively on customer value through directly decreasing negative perceptions. Quality is not determined only through realistic, functional measures, but also through the difference between experiences and expectations of a customer (Woodall 2003). Sometimes customers might have false perceptions about property development, like that modifications in the development phase has no effect on overall costs, which is not the case. This might lead to the unrealistic expectations and effect on value perceptions negatively. In addition, development experts themselves are often complaining about users' unprofessionalism, not knowing what they want and not understanding the process (Wilkinson & Reed 2008 p. 26).

In summary, fourth customer value driver in property development is interaction, with three sub-dimensions presented in Figure 22. All sub-dimensions are linked on solving or preventing communication and information sharing related problems, characteristic for property development business (Jylhä & Junnila 2012, p. 23; 25).

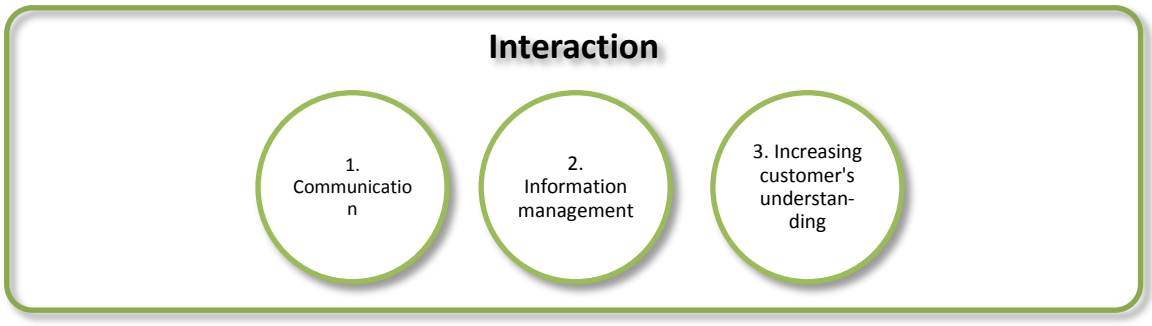

Figure 22. Value driver of interaction and its three sub-dimension

Developers can enhance customer perceived value in customer interaction through accurate, unbroken and customer-modified communication and information management as well as by explaining and opening the processes of property development for customers and so increase their understanding of the process.

Customer value driver 5: Proactivity

Third value driver of service process category is *Proactivity*. Today's customers are expecting sellers not only to respond to their needs, but proactively aim to identify and fulfil their latent and future requirements (Blocker et al. 2011). Proactivity is referring to this predictive way to act with customers throughout the development process, not passively waiting for the contact, but seeking energetically options for cooperation. According to the interviews, a developer can create value through four dimensions of proactivity: *(1) Activity, (2) Problem solving attitude, (3) Future orientation* and *(4) Proactive stakeholder actions.*

One of the most often mentioned character of good property developer was *activity*: the developer is active towards customers, contacting customer constantly with potential development projects, suggesting new ideas, looking for development possibilities with customers and seeking suitable locations for customers. According to the definition of property development (e.g. Miles et. al 2000), this kind of operations should be the default activities for the developer, but still multiple customers were expecting more activity from the developer's side: more locations, ideas and contacts. Overall activity of the developer is therefore an important value dimension for customers in property development process.

Second sub-dimension, *problem solving attitude* is referring to the conversations with customers, where they described how solution oriented developer is creating value for them in the property development process. Customers are expecting a developer actively find a

solution for problems coming along and solution orientation is perceived as a huge source of value in property development relationship (Blocker et al. 2011). Developer is expected rather to be a solution provider than a project seller, as can be interpreted from this citation:

> *"I am a little bit – not saying disappointed, but there are only few construction companies who actively does it [seeks solutions]. They more or less throw it like "Here it is, can you do anything here?" If you are not active by yourself, the project will be buried. (…) After the beginning enthusiasm generally nothing, if it goes even little difficult and if it looks that they have to do more. This kind of activity!" C8*

Customers explained that there are great differences between developers, when facing challenges: Some of them accept the situation and leave the project there, but some developers are proactive and solution oriented: they seek and develop solution possibilities for the problems, create functional entities, suggest financial models and do anything to make the project happen. By being active, positive and solution oriented, developer can generate value for customers by creating business opportunities, saving customers' time and effort, lowering the risk and increasing trust as well as signaling commitment to the customer's project. Interviews also revealed that need for taking projects up to the end was also a consideration of developers and several case company representatives felt that projects are relinquished too easily and there is not enough effort to make things happen.

Additionally, interviews also shown that being *future orientated* is an attribute of a developer that seems to create value for customers. Future orientation means that developer is actively recognizing future trends and develops his own product continuously to respond to the future needs (Blocker et al 2011). Future orientation creates value for customers for example through benefits like product development, new collaboration possibilities and increased quality. Future orientation of a developer was regarded valuable especially among customers who wanted to be leaders in their own business. Several customers were talking that future oriented developer could create extra value in the future, as next quotes illustrate:

> *"I have pointed out, we have to think what housing services are in the future? What they require from the premise? For example what are the IOT solution requirements [for the premise] (…) you have to have all the things and cables there, walls should be full of cables."C7*

> *"We are following carefully the latest trends of housing services and try to do everything with up-front manner, and by doing that, spaces last time better. (..) And developer has kind of a big role there, to be with the thought that the attitude is not to build just the basic bulk, but something else." C2*

"From now on, there will be e-commerce solutions, take away stations and everything (…) if this kind on solutions become more common, it adds totally new things for the planning too... (…) This [property development] is going to be more complex in the future." R5

Last sub-dimension of proactivity is *Proactive stakeholder actions*, which is connected to the value creation through actions supporting development and preventing conflicts and bottlenecks during the development project caused by stakeholders like authorities, consultants and collaborative organizations outside the user-developer dyad. Proactive stakeholder actions was determined as a sub-dimension of its own, because the significance of stakeholders role in property development (e.g. Miles et al. 2000; Kiiras & Tammilehto 2014). Developer's proactive stakeholder activities were identified from the conversations considering problems customers have faced during the development processes. Most of the difficult situations and disappointments in development process were not caused not by the developer, but by external members. This finding is reasonable since there are multiple laws, authorities and regulations concerning property development (Kiiras & Tammilehto 2014). Biggest problems were typically in situations, where project is not implemented or is delayed significantly because of zoning restrictions or civil complaints.

Specific land use issue considering retail sector is the regional control and coordination over the plans and building permits for large retail units: for instance, large retail units can be developed only to the locations with good public traffic connections (Vähittäiskaupan suuryksiköiden kaavoitus 2013 p. 13; 26). This lengthens the development process and limits location options for retail sector:

"We are regulated a lot. Retail units can't be located to every places, authorities have something to say for that, where retail can operate, where we can be. Hopefully we are getting rid of that kind of regulations someday. (…) However, unnatural limitations are done, not coming from the retail needs. (…) We know the populations structures, we know the municipality, and we know the behavior. But it is not enough for the authorities, and then there are laws and regulations. And it cannot be influenced by a developer either" R8

As the customer notified, this kind of problems are not possible to solve entirely by developers. However, proactively maintaining good connections and participating on area planning activities, some problems are possible to reduce by developers.

All the interviewed from service housing sector also mentioned that regulations and participation of public authorities are making things more complicated and restrict

innovativeness. Particularly framework agreements were seen problematic, because of the tight schedule and bidding procedures. Supervising authorities, obligatory bidding process and strict design rules were also seen as a mandatory part of the operating environment of care services and operators want that developers understand these restrictions of care business. Conversations with users revealed that developer can however effect on this by engaging authorities to the projects, finding new roles for them and use them as consults, which leads to the development of the project appropriate for all stakeholders.

In summary, proactivity is the fifth identified customer value driver in property development process. Proactivity contains four sub-dimensions, through which the developer can create value for customers, presented in Figure 23.

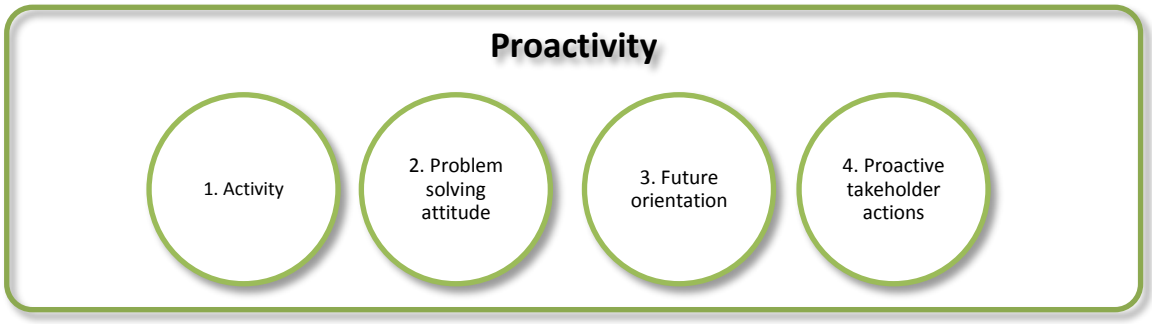

Figure 23. Value driver of proactivity and its four sub-dimensions

Customer value can be enhanced by actively and regularly contacting customers and having persistent, problem solving attitude with patience to find a solution for customer's need. Being future oriented and engaging important stakeholders to the project from the beginning are also proactive related features through which it is possible to increase customer perceived value in the development process.

5.2.3 Customer operations related value drivers

Value drivers in the category of customer operations are linked to the value creation activities in property development related to the customer's own business. Value drivers located in this group are *Customer knowledge* and *Added value creation.*

Customer value driver 6: Customer knowledge

Findings suggest that *specific knowledge of customer's business and business processes* is in key role in customer value creation in property development. Customer specific

knowledge has three identified sub-dimensions: *(1) Understanding customer's business (2) Development of customer's business* and *(3) Earlier experience.* Identifying customer specific knowledge as a value driver is consistent with the conclusions of Howden and Pressey (2008) from the field of professional services: nature of a relationship is asymmetric and developer is expected to be an expert of the whole project, requiring knowledge also from users' business. Ulaga and Eggert (2006b) refer to Nordewier et al. (1990) and suggest that items purchased repetitively involve lots of handling and inventory management costs, but when considering items like capital goods (or business premises), more understanding is required of customer's operations and how costs can be reduced throughout the product's life cycle. Purchase intervals are longer and decisions difficult, and a supplier who understands customer's business, is highly beneficial for them (Ulaga & Eggert 2006b).

Almost all customers considered that their business is challenging, differing from other businesses and hard to understand by outsiders. Respondents demonstrated that one of the elements creating value for them is developer's *understanding of their business*: knowledge of their industry, company specific preferences and customer's objectives. Understanding the financial restrictions of customers' business was also considered imperative, especially in service housing sector, where the income level of residents is limiting the rent level a company can afford, as one respondent explained when describing good developers:

> *"If they [developers] have not done their homework, what care service business is [is not good]. They know how much an apartment can cost. How much it costs in Tampere, Helsinki, Kouvola... It is 100.000, 200.000. But they have no clue, how much a service housing apartment can cost! (…) Good is if it [developer] knows all the boundary conditions and everything" C8*

At the moment customers especially in service housing can't rely on that developers understand their perspective good enough to manage the whole development process by themselves and therefore they see necessary to be active participant in development process. Supplier's understanding on customer's business would reduce the customer's own time needed to the process, lowers non-monetary sacrifices as perceived risk and need for control (e.g. Lapierre 2000; Woodall 2003) and could also have direct effects on operation costs of the customer's business. Without understanding of customer's value creation logic, a developer may not understand the importance of certain features and a positive ideas might turn out to be negative. One operator told an example of cheaper floor materials:

"They [developers, contractors] see the project from different point of view. They look how much something is costing per square meter, how much this is costing per cubic meter, then when they get few thousands off the price it feels so good for them, but it's away from us. And there might be better place where to save [than floor material] (...) they don't understand that it [developed premise] is the end customers, grandma's and grandpa's, own home. That is their dining room and living room. What do we want there, what should it visually look like? It is thought that they are" just nursing homes."" C4

In retail sector the understanding of their business is similarly important for the customers, but reasons are connected more on the locational and technical features of the premise, especially on understanding of logistic issues. In larger projects, developer's ability to create business environments with well-designed combination of actors is also linked to the value creation through customer knowledge. Customers indicated that developers can increase value very much by constructing elaborate consortia creating synergies for all participants, which is not possible without understanding of businesses of the companies in it.

When asked about possibilities to enhance developer's understanding of customer's business, the general belief was that a detailed understanding could only be built over years and through close relationship. Majority of the respondents think that especially construction companies as developers don't know enough about their business and improvements are needed. Increased customer understanding is beneficial also for the developer: Customers are not always able to specify full extent of their needs and by understanding customer's processes supplier can detect hidden needs, predict future expectations and thus create value-added offerings (Keränen & Jalkala 2014).

Second identified sub-dimension related to the customer specific knowledge is developer's ability to *develop customer's business*. Property developer is seen as a construction professional and therefore customers are expecting developer to use this knowledge and for example develop customer's building concept or suggest ideas for cost savings in customer's business premises. Respondents described situations where developer has added value by finding improvements for their space layout or concept. Customers want developer to actively seek possibilities for cost savings, space improvements and concept development, not just to implement ready plans from customers. As one respondent described:

"We are constantly developing our concept by ourselves. (...) [Project] is a good example of making stores to high spaces, suddenly there became a suggestion - not from us, fortunately not always from us! - From property developer, a suggestion that "Hey, you may wish to put your storage room higher". Let's

make the space usage more efficient for you. (..) And now, when it is learned from one project, we know to ask it in others!" R7

Last sub-dimension of value driver of customer specific knowledge is *developer's earlier experience* on projects related to customer's industry. Most of the respondents emphasized the importance of developer's earlier experience of their industry. Some respondents stated that they do not want to operate with a developer without earlier projects from their business field. Experience does not necessary has to be with them – good reference projects are equally valid to demonstrate that developer understands the ground rules of their industry. Previous deliveries and references are strong indicators of performance potential, and developers can communicate the value delivered to reference customers through various channels, including sales, excursions, bidding material or directly speaking with customers (Möller & Törrönen 2003; Salminen & Möller 2006; Jalkala & Salminen 2010).

In summary, customer specific knowledge was identified as very important value driver in property development business which is based on creation of tailored customer solutions. Customer specific knowledge has three sub-dimensions, presented in Figure 24.

Figure 24. Value driver of customer specific knowledge and its three sub-dimensions

Findings suggest that by using time to gain sufficient understanding on customers' business field and aiming systematically to find improvements to their business premise concepts, developer can enhance customer perceived value in property development process. Investing in good references is similarly a profitable asset. Even if the development process is conducted in close collaboration with users, customer knowledge is creating value through improved layout plans, time savings, and by creating project leads, increasing trust in a business relationship, enhancing innovation and deepening the relationship. Customer knowledge is also an efficient competitive advantage, since customers prefer to work with developers with earlier experience from their industry.

Customer value driver 7: Added value creation

Interviews revealed developer's effort and ability to create added value for customers compared to the basic delivery as a key element in property development and therefore the 7th value driver is *Added value creation*. Identified four sub-dimensions connected to the developer's ability to create added value are *(1) Innovativeness, (2) Unique resources, (3) Contacts and networks* and *(4) Integrated services*, becoming apparent mainly in dialogues where users compared developers or framed what they would value, but not offered currently. Dimensions are compatible with the findings of Möller and Törrönen (2003), who suggest supplier's networking and innovation capability, resources and ability to propose new business concepts as indicators of seller's ability to produce value for customers.

Developer's *innovativeness*, e.g. creative attitude and capacity to provide innovative ideas, was a common theme raising from the interviews. Having only technical competence is not enough for an excellent property developer, as one customer stated:

> *"There should always be a basic competence, developer must be able to make it cost efficiently, traditional engineering skills are important, but when we think about development, there you must be creative. (...) At least the attitude." C5*

It was clearly noticed that customers were talking of two different things when discussing about innovativeness: developer's innovativeness and innovativeness of the design. Innovativeness of the developer is here referring on the overall approach and behavior of the developer, like proposing and willing to try new kind of cooperative methods, concept ideas and operation practices as well as innovating solutions for challenging situations. One respondent described the difference between creative not-creative developers with an operation concept for the development process as follows:

> *"You know, I have met multiple property developers and with some I have noticed in 15 minutes that they have a ready concept. In my opinion, I'll divide developers to two groups, developers with the concept which they are presenting and look that ok, these have their own concept too, is it possible to put it into ours and that's it. (...) And then there are developers, who start with listening, what is the need and what could be created from this situation, hey, what if we try something new? (...) this [ready concept] works in 80 % of cases, but if wanted to achieve added value, it does not work." C5*

Many respondents highlighted the value of *unique resources* of the developer in the development process. Various customers mentioned that it is extremely valuable for them,

if a developer can offer resources, not possible to access without them. Barney (1991, p. 106) summarizes that in order to be a competitive advantage, firm's resources should be rare in the certain market, hard to imitate, valuable and without strategically equivalent substitutes. For example, developer's special technical knowledge, international know-how, green competence, special market knowledge or unique concepts were mentioned during the interviews. Implementing resources of the developer to the customer's own value creation processes, benefits are gained for instance through added social and financial benefits, and decreased monetary and non-monetary sacrifices (Woodall 2003; Vargo et al. 2008).

Third sub-dimension identified from the interviews was developer's capacity to provide value-added networks, business clusters and business connections for the customers, e.g. *contacts and networks* of the developer. Also Walter et al. (2001) and Howden and Pressey (2008) identified supplier's market functions valuable for clients. One customer described, how multi-professional cooperation created added value in one exceptionally good project:

> *"A lot of time was used to it [good project], but my opinion is that [Developer] achieved to bring different kind of actors around the same table, which resulted to fruitful dialogue (…) it created an interesting consortia, to which was also involved one large retail company, which would hardly have come to the project by our invitation" C5*

The last sub-dimension linked to the enhancing value through added value creation is providing *additional or integrated services* for the customers. Customers constantly seek for possibilities to centralize their purchases and reduce money and time spent to the development. Additional services and integrated solutions were especially often mentioned by care service companies, e.g. possibilities to have turnkey projects, modular solutions, building component catalogues and concepts. Also more practical reforms were suggested:

> *"Functionality of the models could be tested with 3D models, make a model from a room. Nothing too fancy, but in addition to the designs done with papers, also information modelling, which will enable to test color schemes and dimensions, it might be quite good (…) right from the beginning." C9*

Creating different types of hybrid solutions were also mentioned by both, retail and care service customers. Ready concepts were highlighted in situations, where it would have been beneficial to have fast way to get to the new market area, as illustrated in next conversation:

> *C7:"Concept that you can buy ready. If there is a company, who says that "I'll offer you turnkey project like this" (…) it would be quite delicious. It of course means that we don't need as much designing and*

consulting services, it would be inside their total price of the service. –I: When you talk about concept, what do you mean, how specific?

C7:"It could be operation process, if I say that after a year I'll need these spaces from some town for this customer group and this many places, the best option would be that they have the solution. That the premise is ready then and it will cost you this much money for a month."

Citation is signaling unblemished possibility to create value through offering integrated solutions and additional services as well as the customer's aim to save own resources and gain risky-free project. Still, it is important to remember that turnkey projects are suitable only for certain situations, and customers still want to be able to affect to the layout etc. Instead, development process concepts seems to create value in for most of the customers.

Importance of assessing and demonstrating created value in B2B markets has been a topic that has aroused interest in recent times (e.g. Keränen & Jalkala 2013). Developers should not focus only on obtaining contacts and networks, additional services, innovativeness and unique resources but also find ways to demonstrate the added value created, preferably in tangible terms, as next quotation demonstrates:

"I see that big developers in Finland seek long-lasting, responsible solutions. And in certain way the fact that commercial center operations, it has been started to emerge common measurable quantities and certificates. It is very good thing for the end-user. Often responsibility, environmental awareness and cost efficiency go hand in hand. So of course they are important." R7

Quotation also demonstrates that users are increasingly valuing sustainability and responsibility in their business premises (Kaleva et al. 2013, p. 16). Certificates as LEED are a good examples of tangible indication of added value of the building. In summary, seventh customer value driver in property development is added value creation with four sub-dimensions, collected to the Figure 25.

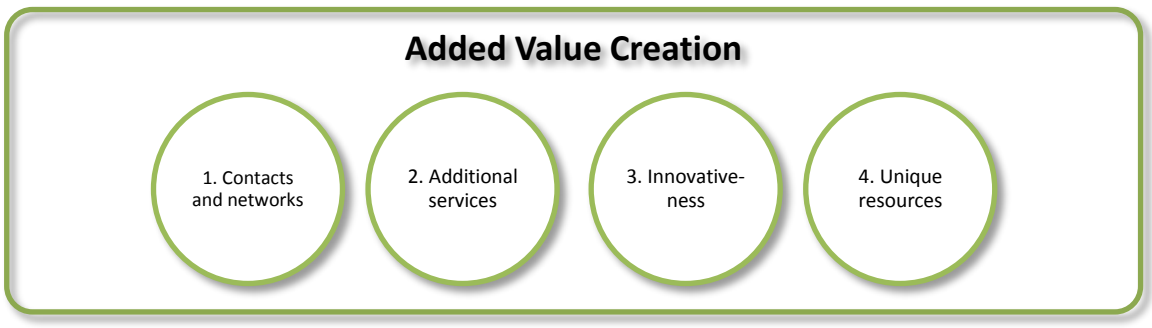

Figure 25. Value driver of added value creation and its four sub-dimensions

Developers can create value for customers by being innovative, utilizing their unique resources, having valuable contacts and networks and by offering additional and integrated services for customers. Value driver of added value creation emphasizes that property development is an industry where capabilities and resources are in significant role for the customers, because they are providing possibilities to develop customer's own business for example through strategic benefits and time and cost savings created (Woodall 2003).

5.2.4 Relationship related value drivers

Relationship related value drivers are connected to the benefits created for customer through elements related to business relationship with the property developer. Value drivers effecting on relationship related benefits in property development are *Trust* and *Closeness.*

Customer value driver 8: Trust

Trust emerged to be an extremely important value driver in property development. Trust is sometimes viewed as a characteristic of a relationship rather than as a source of value (e.g. Doney & Cannon 1997; Ritter & Walter 2012), but the interviews indicate that it is a remarkable value drives as well, comparable to the conclusions of Lapierre (2000), Howden and Pressey (2008), Gustafson, Smyth, Ganskau & Arhippainen (2010). Trust as a value driver is referring to the relational trust and identified six sub-dimensions related to value creation through trust are *(1) Trustworthiness, (2) Transparency, (3) Image and reputation, (4) Confidentiality, (5) Respect* and *(6) Honesty.*

Trust as a value driver differs from the other value drivers identified by being both, a value driver category containing multiple sub-dimension creating value for customers as well as an independent, value creation element itself. In addition to value creation, trust also has a positive influence on customer loyalty, commitment and relationship (Doney, Barry & Abratt 2007) and almost all the other value drivers identified in the study. All of the interviewed considered trust as one of the key components in developer-user relationship, but very few were able to explain what trust practically means and what are the components of trust development in a business relationship. Reason is probably the abstract nature of trust: As Porter, Lyman, Lawler and Hackman (1975, p. 497) summarize, *"it [trust] is widely talked about, and it is widely assumed to be good for organizations. When it comes to specifying just what it means in an organizational context, however, vagueness creeps in".*

Rational reasons for trust to someone are based on evaluations of someone's *trustworthiness*, the first identified sub-dimension of trust. If the partner is perceived not trustworthy, it increases perception of risk, need for control and decreases the level of trust in the relationship. Sources of trustworthiness are competence, dedication to the relationship and benevolence (Laan, Noorderhaven, Voordijk & Dewulf 2011). All respondents were emphasizing the importance of trustworthiness of the developer: Customers want to be sure that they don't have to worry if the responsibilities are done or not. They want to be sure that developer is doing things as agreed, respects contracts and does not cause disappointments by promising too much. Customers highlight that even small promises are important to keep for increasing trustworthiness, as these two quotations demonstrate:

> *"For example, if we have agreed that we are the first, we are the first who it [project] is offered, it [developer] really does that and offers it us first. We are the first to call, even if there is next on the line after five minutes. We have this kind of good [systems] with some, they have offered us and we have month or two to develop and think about it. This really increases trust." C8*

> *"Both participants should have the same mindset and schedule should be known right from the beginning and schedules and deadlines should be kept, in every phases of the process. And in phases where cooperation is agreed, it really is concentrically realized. (...) And this kind of trust, you don't have to breathe down their neck all the time and do the collaboration, kind of, in anxiety" C9*

Participants also provided multiple examples of requirement for *transparency* in developer's processes and actions. This is related to the need for information management and communication, both maintaining transparency and enhancing trust (Chan et al. 2004). Customers see valuable and trust-increasing, if the developer is willing to open the processes and ready to inform and discuss in open manner about their internal processes and decision making criteria. This is consistent with the viewpoint that in order to arise trust, you need to take a risk of being vulnerable and then you can have the same respond from the partner (Laan et. al 2011). Customers concerned primarily their level of trust to the customer representative of a development company, rather than the company itself. Therefore transparency in representative's actions, their ability to keep promises as well as their honesty and sincerity are directly increasing or decreasing perceived value of a customer.

Image and reputation of the developer was considered important component of trust in property development. Good reputation builds trust (Gustafson et al. 2010, p. 430) and importance of reputation was also identified as relationship related value driver by Lapierre

(1997). Numerous customers expressed that if the development company has good image and reputation, they could be more confident that the project is going to be as promised. In addition, good reputation and image of a partner was considered as enhancing factor for the reputation and image of a customer itself. As two care service customers noted:

> *"Even when talking about intensive care services, people are asking "Who built it?" "Who is the construction company?" And people may have very strong perceptions about what is good and what is bad, depending on what they have heard about the company." C2*

> *"If we cooperate with somebody and manage to make a project, of course: the better image the partner has and the better reputation people or Average Joe thinks the developer has, the better for us."C8*

In property development a reputable supplier can help customers to market their own product. This could be advantageous especially for smaller operators, like many service housing companies are. Good image and reputation may have direct positive influences for the developer also, since value of a product offered by a company with good reputation might be assessed to be better than average, even if there are no real differences (Lapierre 1997).

Both, service housing and retail sector have their own concepts for business premises. Concepts are strategical assets and when participating into a development project, concept elements need to be shared with developers, at least the space related features. In this context the sub-dimension of *confidentiality* was raised up as a central input and outcome of trust:

> *"We aim to be quite close [with the developer] and try to talk openly our things there and the confidentiality is of course extremely important: that the knowledge gained with us is not shared forward. We are seeking openness and confidentiality on each other" C4*

Another reason for the need for confidentiality are location decisions. Scarcity of locations is creating a business environment, where the best location may be held by only one company (Olkkonen et al. 1997). Location decisions are also strategical issues, not wanted to reveal to the competitors.

Customers pointed out multiple times issues related to the fifth sub-dimension of trust, *respect for the customer*. Users appreciate if developer understands and respects their opinions and knowledge. As one respondents from the retail sector said:

> *"If you mention that you are from [Company], right away it is considered that the price can be more or less anything, but it doesn't go that way. We have a great number of stores and experience but we still sometimes we run into the situation where it is acted as that we are doing this first time! We want and*

hope us to be taken seriously, to be listened and that there is awareness of the fact that we have the certain requirements and what they are." R8

"When the price tag is rising absurd and you have a certain understanding about what it really costs - we really know what everything costs - the downhill starts from there, it is like "okay, they are trying to cheat us."R3

Respect is also related to the overall behavior of the developer, indicating that if developer is facing a customer with respect and understands the significance of a space investment for the customer, it increases perceived customer value, as next citation displays:

"Well, I would say that certain attitude…let's call it a car salesman attitude, hustling and thinking like "Name there and then it's all clear, do you play golf by the way?" Not like this, it is not suitable for today's business. (…) These are big investments and projects for us, and they need to succeed, there should be certain seriousness, respect, without rushing." R6

The last sub-dimension of trust, *honesty*, was also revealed as a driver for value and trust in a property development relationship. According to the interviews, honesty is mainly related to the openness of the developer in the project related issues, especially negative ones, as well as the ability to confess if made mistakes. Honesty and openness in a relationship should also be mutual, as next citation illustrates:

"If something has gone wrong, [developer] should be able to say that it went wrong. It doesn't mean that everything should be compensated, but certain rectitude, "Yes, I agree, THIS was our fault. But THAT was certainly yours". I mean, that it is talked honestly and openly to each other, not trying to milk more money from everything." R3

In summary, trust is the eighth value driver identified in property development process. Value driver of trust contains six sub-dimensions, presented in the Figure 26.

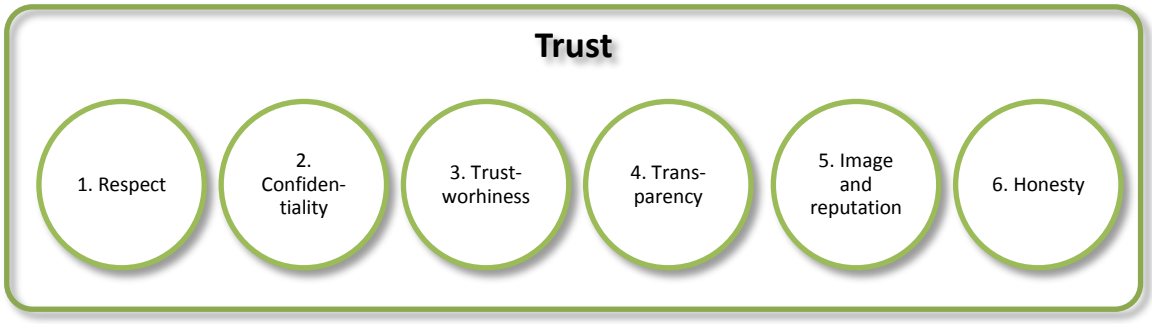

Figure 26. Value driver of trust and its six sub-dimensions

Generally, developers can create value in property development through trust by being trustworthy, keeping promises, enhancing transparency of their processes and operations, maintaining good image and reputation, protecting confidentiality in business relationships, behaving respectfully towards customers and being truthful in every issues. Trust is connected to the existence of risk and trusting not to be harmed by the other through their behavior (Doney et. al. 2007; Laan et al. 2011). Trust creation consequently requires continuous investments to the relationship with users, and is not developed immediately after implementation of sub-dimensions, but incrementally, based on the developer's behavior.

Customer value driver 9: Closeness

Findings suggest that *closeness* with the developer is the ninth value driver for customers in property development relationship. Five sub-dimensions of the value driver closeness emerged from the interviews: *(1) Close and continuous relationship with the developer, (2) Personal chemistry, (3) Common goals and visions, (4) Similar values* and *(5) Familiarity.* Closeness is here referring on the psychological proximity, however physical closeness is also recognized as a value driver and facilitator of trust creation in service business (Howden & Pressey 2008). In close relationship with the supplier customer can influence more on developer and the product and reduce communication costs (Walter et al. 2001).

Close and continuous relationship with developer is the first sub-dimension of closeness. Close relationship is also a precondition for value co-creation (Grönroos & Voima 2011). Close and continuous relationship means a business relationship personal and direct, developer and user have face-to-face meetings often enough, and communication is regular and mutual. This is in line with Gummesson (2004, p. 137), who concludes that customers can be understood only through regular meetings, being empathetic and making observations and learning from them. Relationship also cause sacrifices, requires time and effort to maintain (Woodall 2003). Importance for shared efforts in the relationship was recognized:

> *"For example with [Developer], it can be said that we have a quite good one [relationship], we see frequently and it is easy to take care of, but generally speaking, it requires activity from the both sides, regular remembering (..). Meetings are decided beforehand and marked to the calendar (…) that it not just… it should be noticed.(..) if there is anything new, we have a coffee, drink a coffee and talk and everything, what is happening in the industry and elsewhere and it is very important too, these [meetings] should not be underestimated (…) and it is similarly important to us. We wish the another participant to*

know our business but I have to say that we also have to try to understand the features and requirements of construction" R5

Close and continuous relationships, partnerships, are beneficial for customers in several ways. According to Ulaga and Eggert (2006b) and Barry and Terry (2008) close, interpersonal ties improve problem solving, communication and create better understanding between parties, enhancing whole relationship at the same time. These factors were discovered in this study as well as the relationship's positive effect on trust development and innovation. Close relationship with the customer is also beneficial for the developer through cost reductions, improvements in service quality and enhanced concept design (Srivastava & Singh 2010). One user explained, what benefits they have gained from one partnership:

"We have gained significant value. The fact is that knowledge is growing when working together, it has been seen clearly in our projects. Amount of errors has been decreased, amount of flaws has been decreased, quality has been improved, together we have managed to improve house significantly and we have gained time savings, costs savings, we have got very much benefits from doing many projects with the same partners. And it is kind of our philosophy, we prefer not to do only one project with one party, we are doing many in order to gain knowledge." C4

On the other hand, construction industry is typically an industry with adversarial relationships (Chan et al. 2004), and the results of this study indicates this as well. Some customers said that they do not want to lock on any specific developer and some did not even see creating close relationships beneficial:

"(...) I don't [care] any regular meeting, it becomes easily laborious, if there is nothing real issues what to discuss, it's meaningless to juggle with the same issues there, and it is waste of time for both. But if there is something to discuss, sometimes we can make an appointment, but these should not became a burden." C3

Customer behind the quotation is company that has quite a lot own development activities, specific concept, and preliminary defined locations and there is no need for visioning together: contact is needed only if the developer has a project fitting for predetermined guidelines. This type of thinking was recognized from few care service operators providing mainly 24 service housing facilities, where getting the ARA operators are required to use competitive bidding in partner selection. These customers may have been wanted to create relationship with developers, but did not see it possible in the current business environment where the process should be in their control and costs kept low. Importance of location is

also reason for not using only one developer: Certain location can be possessed by only one developer, and customers can't rely to only one source of locations.

The importance of *personal chemistry* was also highlighted as a source of value in creating and maintaining close relationship with the developer. Customers mentioned multiple times that it is easier and therefore preferable to work with some people than others. Ulaga and Eggert (2006b) have established same issue in their research and Mainela and Ulkuniemi (2013) also conclude that the behavior and personalities of sales representatives influence to the success of supplier-buyer relationships. Personal chemistry and easiness in interaction could be quite meaningful in property development process, which requires close contact between user and developer. If participants are getting along well, communication and carrying through the process is easier. As one respondent illustrated:

> *"If prices are the same, maybe personal chemistry is the next, that if it is nicer and easier to operate with that person – I do not mean that it is nice to be with him, that he is a fishing buddy, but flexible and is not charging from everything and go through the hardest path. (…) It is like, if we have two options, difficult and easy person, I'll prefer to work with the easy one, even if it costs few euros more for me." C8*

Third sub-dimension connected to the close relationship with developer and customer is *common goals and visions* for the development project. Customers were indicating that if the mindset about the project and its objectives is similar, it will lead to multiple benefits and occasionally could be the force driving the project moving. Especially in challenging situations, common goal and attitude brings customer and developer close to each other and help them to find out the way to get the project finished. Consider following quotations:

> *"Planning must always be done with very tight schedule, but it requires extremely big mindset, common mindset from both participants. (…) the big issues, they have been solved with the common mindset" C2*

> *I: "Is there any other advantages of close relationship you want to mention? R3: Not actually, but it leads to the common mindset, it is maybe the biggest issue."*

> *"At its best it [property development] is pure cooperation (...) Sure it is like, if the goals are very similar with the participants, we are wrestling with the same problems and then the projects are more like cooperative projects." R5*

Numerous customers illustrated that *similar values* create value in property development and sharing similar core values with the development company is important for them and create strategical, personal and social benefits for customers (Woodall 2003). If values are not

matching, it could create a fundamental barrier for business transactions. Misaligned values could also lead to the trust breakdown (Kramer & Lewicki 2010, p. 251). For some customers similar values are a major issue, for example when one retail sector customer was asked to tell about their company, practically first thing respondent wanted to talk was responsibility:

> *"(..) And when talking about value chain it can be talked about the responsibility. What is extremely important to us (...) Responsibility is visible through the whole value chain, including property development. (...) For example, our design manual and guide for construction, we are seeking energy saving, responsible, sustainable solutions. (...) And if we are selecting from the two [developers], we choose the one who is most ecological (...) we are suitable for their image and they are suitable for ours (...) Sometimes they [ethical decisions] are hard choices for a company from business perspective, but when they have exported to company's core values, it helps to make decisions." R7*

The last sub-dimension of closeness is *familiarity*. Familiarity is referring to the customer's comments of benefits gained if operated with the same developer many times. Familiarity with the developer is beneficial for customers, because of risk avoidance, time and effort savings and better understanding. It also enhances trust, as user from retail sector explained:

> *"It has a big significance, if trust is developed or not, because our core business is to sell goods, not to build premises. And if the trust is generated, you are ready to pay a little more. And if you know that you can operate with familiar people, you know that the building is ready when promised and nothing goes wrong. For example, when we did [project], I would have wanted to use [Developer], because it has done projects us before. But the owner wanted to use [Company] and this has never been as it should be, this project". R3*

In summary, closeness with the developer is the second relationship related value driver in B2B relationships. Closeness is containing five sub-dimensions, through which developers can create value to customers in property development process, collected to the Figure 27.

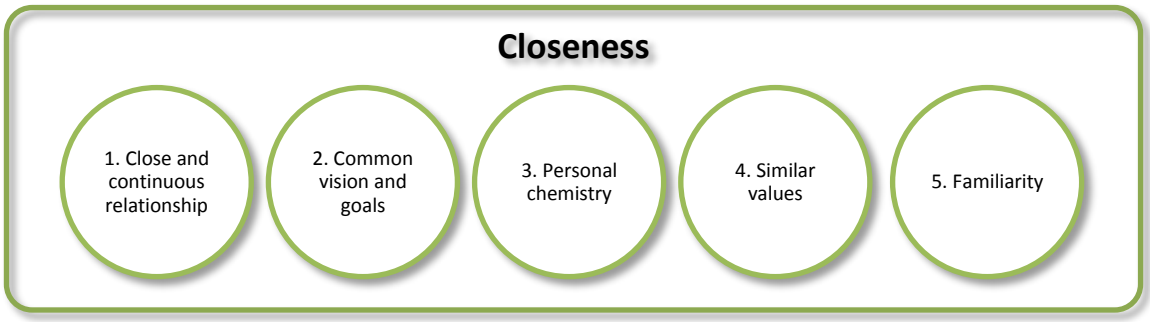

Figure 27. Value driver of closeness and its five sub-dimension

Findings suggest that developers can enhance customer value by creating and maintaining continuous relationship with them during and between development projects; paying attention to the interpersonal skills of the staff working in customer interface; clarifying the goals and plans of the project to all participants, aiming to conduct more than one project with same customer and by following company values in all operations and business.

5.2.5 Overall costs related value drivers

Last first-order category of value drivers influencing on customer perceived value in property development process is related to sacrifice element of customer value. Name of the category, *Overall costs*, refers to the all monetary and non-monetary costs i.e. sacrifices perceived by customers (Woodall 2003). When operating in B2B context, creating value to the customers culminates ultimately in reducing customers' costs or increasing their revenues (Keränen & Jalkala 2013, p. 1312) Customer value can therefore be created either by adding or perceived benefits or taking away perceived sacrifices (Ravald & Grönroos 1996; Flint et al. 1997). Ulaga and Eggert (2006b) define cost related value drivers through supplier's ability to reduce customer's direct, delivery and operational costs. Similar approach is adopted to this study and the last value driver, *cost management* is including all the identified monetary and non-monetary sacrifices and considers developers ability to enhance customer value by managing and/or decreasing these sacrifices in property development process.

Customer value driver 10: Cost management

Value driver of *cost management* consists of eight sub-dimensions, i.e. sacrifices: *(1) Direct monetary costs of the premises, (2) Monetary costs of the development process, (3) Time and effort, (4) Risk and uncertainty, (5) Conflicts (6) Compromises (7) Knowledge capital* and *(8) Opportunity costs and time window*. By managing these costs, developer can enhance customer value. Identified sacrifices include both tangible and intangible costs, similarly to Howden and Pressey (2008) who also recognize both types of perceived costs in their study.

First sub-dimension of sacrifices identified is *direct monetary costs* of the business premise. Business premise investments are huge investments for customers and therefore monetary costs are the most important sacrifice factor in property development. Monetary costs include purchasing price or rental cost of the building as well as service, repair and maintenance costs of the premise if accountable to the customer. Price as a sacrifice has been

identified in all the empirical studies notifying sacrifices made in B2B contexts (e.g. Lapierre 2000; Ulaga & Chacour 2001; Ulaga 2003; Ulaga & Eggert 2006b).

Customers are highly price oriented for many reasons. At first, as business companies, their main purpose is to generate profit. Space where customer operates is typically not a part of their core business, but a necessary investment making it possible to conduct their main business, as one customer described*, "A service platform" C1.* Since business premises are developed for the business purposes, customer organizations are aiming to minimize the costs and maximize the revenues. All interviewed persons, except one customer mentioned price as the leading determinant in their purchasing decision.

According to the respondents, costs caused by the premise should be *"reasonable", "as low as possible", "suitable to the boundary conditions"* and *"making business possible".* Customers are testing price all the time, but do not want to compromise their conceptual or technical requirements in order to get the price down (Walter et al. 2003). Therefore too inexpensive is not good neither, as one respondent explained:

> *"If the price is exceptionally low, I can say that there is always something [wrong]. It rings the bell, what is this thing. There are those [developers, whose offerings are suspiciously cheap]!" R8*

Price usually determines, if customer can be a part of the project or not, and organizational buyer usually have financial limits not possible to exceed (Ravald & Grönroos 1996, p. 21). Customers therefore want to know the price at the earliest possible point and price negotiations can be long and strict. Interviewed developers also saw the price as most important factor for the customers. If the price level is not inside certain frame, no additional service, quality upgrade or any benefit can compensate it. As one respondent described:

> *"They [price negotiations] are maybe the most challenging part of it, we are known to be hard hagglers! But we are reliable rent payer, if we have contract for 10 years, we'll pay the rent for ten years, as agreed. (..) But we bargain the price, we have strict negotiations also in [Country of Origin], they sit on the money, so it is a lifeblood for us that we are able to expand, we have to have competitive price too. Always they do not encounter and they [developers] just can't do it in the price we are ready to pay. Then you both just have to be honest and raise your hands up, now we are too far from each other. (…) there is no point to continue, because we are not going to get acceptance from [Country of Origin]" R1*

As quotation indicates, user companies face strong pressures to reduce costs in their own business. Price judgements are made directly compared to the customer's own operation

costs and therefore price level and price sensitivity varies among customers, depending on industry and company's own service or sold item. Retail sector can compensate high rent of a business space in city center with customer flows, and therefore retail companies can pay very dissimilar rents depending on the location. For care service companies the situation is quite different: Residents of service housing are paying fixed rent, often having low income level with social support and hence the highest possible income stream for service housing company is more or less unchanged, regardless of the location, circumstances or quality of the premise. Both sectors are seeking for low price, but for retail the key motivation is to increase incomes and for care services the aim is to find a cost level where all requirements are fulfilled, rent levels fit to the solvency of customers and business is still profitable.

However, if supplier's offering is an important part of customer's own service and the value of an offering is directly transferred to their own customers, the price may not be the most significant matter for customer (Walter et al 2001). In retail sector, business premise is mainly walls containing their concept and sold articles, but in service housing the premise itself is a central part of the service offering. Operators compete for customers and the quality of apartments is a good way to differentiate, but in the other hand, regulations and low income customers set harsh limits to the maximum rent level of the building. Therefore, cheapest solution is not the one service housing company is going automatically to choose, but if the price is *low enough*, other elements of offering can matter more.

Second tangible sacrifice recognized is *monetary costs of the development process*, referring to the all monetary costs caused in the development process. Process related costs are likewise identified by Ulaga (2003) and Ulaga and Eggert (2006b) in manufacturing industry, but not mentioned in researches considering professional services (e.g. Lapierre 2000; Howden & Pressey 2008). Since there is always a change that project is delayed or not going to be realized at all, costs caused during the development process are a risk and customers are willingly to transfer or at least share them with the developer. This kind of actions also help to get projects launched, as one user explained:

> *"They could suggest that if we proceed, they can cover the costs at the initial phase if it fails, or if we could share the costs. I may help to get many projects into the progress, at least to the certain level" C8*

Third identified sacrifice for customers in property development is *time and effort*. Time and effort are intangible by nature and this sub-dimension can be regarded as a non-monetary

sacrifice (Woodall 2003). On the other hand, typically time and effort savings lead to money savings too. Importance of time and effort as a sacrifice has been identified also in earlier studies (e.g. Lapierre 2000; Howden & Pressey 2008; Prior 2013). With the exception of largest customer companies, many customers have no standardized process for new premise development and no staff whose only job is to coordinate the acquisition of new properties. As some respondents expressed, the less they need to participate and supervise or struggle to get information in the process, the more time they have to focus on "real work".

Another issue related to the time and effort are switching costs. Switching costs can be intangible by nature, related to psychological and emotional issues like perceived time and effort loosen (Yang & Peterson 2004, p. 805). Many customers preferred to work with same developers, because they perceived that starting a relationship with a new developer and finding the common ground and understanding would take a lot of time and effort. For developers switching costs cause both positive and negative consequences: Existing business relationships are on the firmer ground, but on the other hand, if a customer is loyal some other company, it is difficult to create a relationship with this firm (Yang & Peterson 2004).

Fourth identified sacrifice is customer *perceived risk and uncertainty*. Acquiring a new business premise represents always a high financial and strategical risk for the customer. Real estate development is a business with great risks and fluxes, and this sacrifice is quite significant for both, customers and developers. Many of the elements identified in this study are actually creating value by reducing customer perceived risk and making they feel less uncertain. Some clients saw that since developers get more profit from development projects compared to contract jobs, they should carry most of the risk. Also literature submits that there is a need for opportunistic, risk taking and sharing developers in Finland, specifically outside the growth centers (Rakli ry 2014, p. 33). Customers also feel that developers do not always understand the significance of risk for them, as one interviewee described:

> *"There is an interesting viewpoint, if we think roles of us and the developer. Developer is there from the beginning of the development until that gets built ready and then sells the project to some investor and goes away. But we, for example as a retail store, we stay there like forever! The biggest development projects, if they are in our ownership, they are our strategical assets. And we live with them. If we open a store, we don't want to do that just for couple of years. It's much longer time. And this causes several conflicts, we don't want anything quick and easy, and these solutions cost money, too. In that way we are demanding customers, and often we had been told that: "Hey, hey, hey, we can't do that. Now, fast names to the paper, hurry up!" But we need to be able to live with these solutions for a long time and sometimes*

it lengthens our decision making process, they are one type of engagements you have to live with. Similar to people's private life, sometimes difficult decisions take time (…) These projects are the question for big money and therefore we want backups on a backup, belts and braces at the same time, is this a good and secure and as it should be. Also in smaller retail projects."R5

Developers can reduce the risk perceived by customers in some ways. One thing is careful preparation of the development project: the more factual information customer gets to support the decision to start development activities, the lower is the perceived risk and insecurity are. Developer can also carry some or all of the financial risk. Asymmetric nature of relationship leads to the unbalanced nature of knowledge (Howden & Pressey 2008) and for that reason good communication, image and reputation, and information sharing are effecting positively on trust and reducing perceived risk.

Conflicts are the fifth recognized sacrifice in property development. In B2B business, long negotiations and nonlinear goals are common, and personal conflicts, like arguments, and disagreements often occur in business relationships (Lapierre 2000). People making real estate decisions are in powerful positions in their companies and are able to do some decisions based also on personal beliefs and experiences. Personal evaluations and values are effecting on the value perceptions (Woodruff 1997), and conflicts may have a great influence on value creation, violate trust and change perceptions of certain developer for a long time, as next quotation from retail sector customer illustrates:

"[Developer 1] has always been a good partner for us. And, it's a funny thing - My first colleague in this company had a conflict in one project with [Developer 2] (…) and now we had one project going with the colleague, where there were both, [Developer 1] and [Developer 2]. And [Developer 2] had actually better project, but a matter of principle, colleague said no to [Developer 2] and yes to [Developer 1]. And these two projects were quite similar, in line of sight from each other. I mean, it shows, how long it takes."

An example above demonstrates the meaning of conflicts as a sacrifice. It also shows that intangible, relationship related value might in some cases overdrive tangible benefits of the offering, as several researchers likewise suggest (e.g. Ravald & Grönroos 1996; Möller & Törrönen 2003; Barry & Terry 2008).

Sixth sacrifice sub-dimension is *knowledge capital* losses. Customer's knowledge capital is referring to the strategic information shared with the developer during the development process. Maintaining confidentiality (sub-dimension of value driver trust) and notifying

knowledge sharing requirements in contracts are be the best and common way to ensure to the customer, that their knowledge capital is safe. However, participants are always sacrificing some knowledge capital to the development process and this risk concerns similarly the developer. On the other hand, development process is also creating knowledge for customer and developer, and even if the project is not realized, process is usually generating know-how possible to utilize somehow in future common projects.

Seventh identified sacrifice is *compromise*. Compromises are related to the quality of an end-product: Multiple customers for example emphasized that the best option is to have their concept implemented in full to the premise. Every time customer makes a compromise regarding the location, concept, functionality, surroundings etc., customer is sacrificing something from the optimal product. Compromises are however most common way to operate since the best solution is usually different for every actor (Wilkinson & Reed 2008).

Last sacrifice identified contains two elements, customer's *opportunity costs* and *time window*. Opportunity costs are connected to the scarcity of resources in property development: Every location, time and premise are unique, and by committing resources to certain project it is away from another. Commitment to one project and developer usually means losing the possibility to operate with others and if the project is not realized, the alternative location, time or premise might be gone. On the other hand, this risk concerns also the developer, if the efforts do not lead to the actual project. Therefore opportunity costs are notable attribute in property development for both parties, user and developer.

One particular element of opportunity costs in property development is *time window*. Time window refers to the timing of the project: usually a customer has a time window, when the acquisition of new premise is possible. For example, sometimes a customer needs a new business space immediately, but there are no developer who can offer a project suitable for the customer. Sometimes there are many suitable projects, but user has already invested in new premise or the market is not suitable for expansion. Furthermore, if the project where customer has been devoted is not realized the time window for acquisition might be gone. Real estate markets are cyclic, and property development is a dynamic business environment, and this kind of situations are not rare (Olkkonen et al. 1997; Kiiras & Tammilehto 2014). Time window can also be strictly limited, like in bidding procedures of municipalities:

"If I think my role, well it starts from the municipal collaboration, customer relationships need to be there and through the relationship, actually primarily through competitive bidding by municipalities and if we are successful there, we think that okay, we can go there. (...) and we have a little over year to make it all happen." C6

Time window is considered as a form of opportunity costs, since customer is always taking a risk to lose the time window when binding to a certain project. Opportunity costs and losing time window can't be prevented totally, but with proactivity, good communication, careful preparation and project management a developer can minimize the risk of failed project and maximize the option to create or offer suitable project for users at the right time.

To sum up, eight types of customer sacrifices were identified in property development process. First two are tangible and the remaining six are intangible by nature. By managing these sacrifices property developer can create customer value and so the identified sacrifices are presented as sub-dimensions of value driver "Cost management" in Figure 28.

Figure 28. Value driver of cost management and its eight sub-dimensions

Developers can increase customer perceived value through managing, reducing or removing one, some or all of the eight types of sacrifices. Many of the identified value drivers and their sub-dimensions are effecting on customer value by creating benefits but also by reducing sacrifices. For example, good preparation and information management as well as outsourcing and proactivity are good ways to reduce time and effort needed from customers for the process. Professionalism, innovativeness, customer engagement, problem solving attitude and future orientation are examples of ways to reduce direct costs of the end-product. By taking responsibility of development costs or creating additional services like financial models, developer can decrease development costs as well as opportunity costs. Trust, creation of understanding and cost management reduce customer perceived risk and uncertainty as well as prevent conflicts. Knowledge capital losses can also be prevented

through confidentiality, trustworthiness and with contractual models. Project management skills and proactivity are good ways to prevent opportunity costs and losing time window.

5.3 Second part of the empirical study: Electronic survey

The objective of second part of the empirical study was to refine and validate the comprehensive framework of customer perceived value creation in property development process created in the first phase of the empirical study. In order to make the framework more useful tool for the practical purposes, aim of the refinement of the complete model was to recognize the most important value drivers and sub-dimensions in customer value creation and by doing so define, what value drivers offer the most efficient way for developers to enhance customer perceived value in pre-construction property development process. In order to keep the refined framework compact enough, the amount of most significant value drivers was planned to reduce to approximately half of the comprehensive model.

Second purpose of the survey, testing and validating the sub-dimensions of value drivers, was to ensure the value creation potential of these elements. In order to illustrate successfully the best ways to enhance customer perceived value in property development, all the sub-dimensions of refined model should be perceived value creative by user customers. By knowing what the most important value elements for customers in property development are, it was also possible to propose some practical suggestions of good practices for property development customer work. The simplified process of the second part of the empirical study and procedure for refined framework creation is presented in Figure 29.

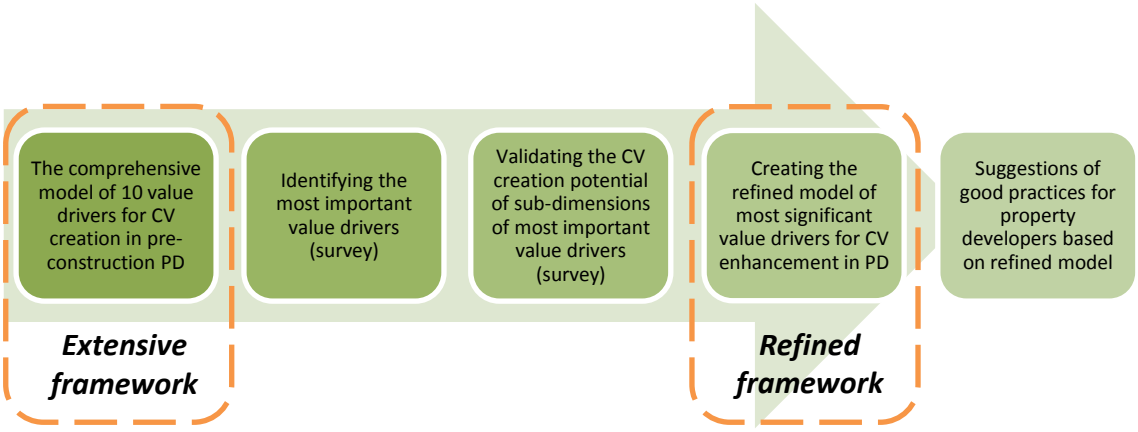

Figure 29. Simplified process of developing the refined framework

In addition to gaining information for validation and refinement of the created model, employing a survey serves two other purposes as well. First, constructive research approach

differs from various research methods through strong practical orientation: constructive research relies on the pragmatic understanding, and demonstrating the practicality and usefulness of the created construct is a fundamental part of the research (Lukka 2000; 2001). With a survey it was possible to discover if users perceive that the identified value dimensions would really create value for them, i.e. is the created construct useful in reality. Second, constructive research aims to discover, whether the construct is transferable to the other contexts (Labro & Tuomela 2003). By participating also new customer organizations (companies, not taken part to the customer interviews) to the survey, it was possible to have indications if the model can be transferred outside the interviewed user customer group.

Quantitative electronic survey was seen the best way to collect the information in short time with cost efficient manner, reach a sufficient amount of respondents and present questions identical for all the respondents (Creswell 2014, p. 157). It was considered central that answers were given anonymously and that respondents spend enough time to assess the framework, without the pressure of prompt replies that may occur in telephone or face-to-face surveys. Risk in using electronic surveys are low response rates, which have been tended to vary from moderate to poor (Fricker & Schonlau 2002, p. 16). However, the positive aspects of online survey were perceived to exceed this risk.

5.3.1 Developing and testing the survey instrument

Survey questionnaire was developed for both first- and second-order elements of the framework, for 10 value drivers and 47 sub-dimensions of them. This approach was selected because testing only the arrangement and significance of value drivers would not have given detailed information enough and without knowing the value creation potential of sub-dimensions the usability of the results and refined model would have been be insufficient.

All the sub-dimensions were first rephrased as a form which considers the value from the customer perspective in a user-developer relationship. For example, sub-dimension of interaction, ‘communication’ was converted to the form: “Communication with the developer” and ‘flexibility’ to the from “Developer’s flexibility”. All the sub-dimensions were also written in a form of sentence, as “Developer is flexible when operating with you”. A brief definition with descriptive examples was also given for every sub-dimension, e.g. how sub-dimension might appear in practice and what is meant by e.g. flexibility in this

context. Aim was to make the survey uniform and ensure that the meanings of dimensions were understood equally by all respondents and as the researcher originally meant to.

The reliability and validity of the survey was further improved by attaching a cover letter and instructions for answering with the survey. Since the complex and non-conceptualized nature of both main concepts, value and property development, survey was preceded by a short description of central terms. Survey composed of three parts and was designed to take less than 10 minutes to respond. Survey was anonymously, encouraging honest answers.

In the first part of the survey, mirroring the aim to find out what are the most significant value drivers for customers, respondents were asked to set all the 10 value drivers in the order of importance according on how valuable they consider them in their property development activities and in a business relationship with the developer. When made the choice to ask customers to evaluate the order of importance of value drivers as entities, not individual sub-dimensions, researcher was aware that since the grouping of interrelated sub-dimensions made in advance is always somewhat artificial, some individual sub-dimensions important to customers might get lower review, if the other dimensions of the value driver are not perceived as valuable. It was however estimated that value driver entities were sufficiently convergent, which was also supported by the discussions with case company professionals and test group. The alternative option for identifying most central elements of the model would have been to ask respondents to organize all 47 sub-dimensions in order of importance or give a score for them, but this would have led to the huge amount of selections for respondents, equally being a debilitating factor for quality of responses.

In the second part of the survey, respondents assessed the value creation potential of sub-dimensions of the five most important value drivers for them. Customers were asked to evaluate with Likert-type scale, if a sub-dimension is creating value for them (4) very much; (3) quite much; (2) not much or (1) not at all. This phase of the survey was employed to validate the sub-dimensions of value drivers and to find out, if there are elements not perceived valuable by customers. The reason for asking customers to assess only five most important value drivers was both practical and investigative: query cannot be too long and also, the focus of the survey wanted to keep in most important elements, since the interviews suggest that all the dimensions were creating value for the customers at least in some level.

In the final part of the survey respondents had an opportunity to comment the survey, supplement their answers or tell if there are some elements not included to the survey or the value drivers, but creating value for them in property development. Background information of the respondents was also asked in the final, third part of the survey (e.g. field of operation, size of the company, end-customer type, respondent's role and years of experience).

Before the survey was sent to respondents, it was pre-tested internally and externally to assess the response time and to eliminate errors, technical problems or other challenges which could have led to distorted results, misunderstandings or low response rates (Creswell 2014, p. 161). Following the example of Ulaga and Eggert (2006b), cover letter, directions for completing the survey and link to the survey were submitted to the two professionals in the case company and one external person operating in property development business. After test only few items were slightly modified. Illustration of the final form of the survey can be found in Appendix 6.

5.3.2 Sampling procedure and data collection

Survey was implemented soon after the comprehensive customer value framework was created. Invitation for the survey was sent to the two sample groups by e-mail. Interviewed 18 user customers consisted the first sample group and second group contained 46 user customers not interviewed for the study, from different type of industries, e.g. retail, care services, logistics and services business. To ensure efficiency and usefulness of results, selection of new respondents was made with the help of case company representatives and all important user-type customers with regular (at least once a year) property development activities (not needed to lead to the completed project) were selected to the sample. Case company representatives were also helping to find the key contact persons in customer organizations: Information and contact details of who is responsible for the property development activities is often not easy to find.

In total, 64 survey invitations were sent to the customer companies. Sample size is relatively small for a survey inquiry, but it consist of all user customers of the case company's customer data base suitable for the study requirements. Still, since the case company is one of the biggest construction company type developers in Finland, their customer database is containing most of the significant user customers in Finland and sample represents quite well the market where construction companies as developers operate in Finland.

Survey was also sent internally to the 7 interviewed developer representatives. They filled the same survey as customers, but based on their beliefs of what the most important value drivers for customers are and how valuable they think customers are perceiving the sub-dimensions of the most important value drivers. Employing the survey both internally and externally enabled to get signals of possible differences between customers' and developers' opinions of customer value creation elements in property development process.

In total, 28 of the 64 external survey questionnaires were returned, which leads to the overall response rate of 43.8 % for the external survey. From the 28 responses, 13 was returned by interviewed customers (response rate of 72.2 % for interviewed customers) and 15 by customers not participated to the interviews (Response rate of 32.6 % for non-interviewed customers). Response rate of case company representatives was 85.7 % with 6 responses of 7. Altogether, the amount of responses received was 34 of 71, and response rate was 47.9 %.

Response rates can be considered acceptable for quantitative research and for the purposes of this study. It is typically difficult to get business companies to reply for surveys and response rates lower than 10 per cent are considered acceptable (Gummesson 2005, p. 316) and people responsible for property development activities are often senior managers or chief executive officers in companies. In industry context, response rate is not unusual for survey in construction and real estate sector. For example Chan et al. (2004) had response rate about 30 % in their study about partnering success factors in construction projects. In related study of success factors in partnering, Black et al. (2000) received overall response rate of 26.7 %, in which construction clients were representing 23.3 % response rate. Luoma et al. (2010) use e-mail survey in their study in real estate sector and the total response rate of the study was 6.4 % with 95 responses.

In addition to response rate, researcher should consider the feasibility of the sample size and fit for the research. Sample size of external responses (n=28) is small for analysis purposes, but considered high enough for this study, which was confirmed when discovered that the answers were in line with each other and sector sizes. However, the amount of customer responses from new industry sectors (not retail or service housing sectors) remained low (n=3), and it was decided not analyze and compare them separately to the service housing and retail sectors, in order to protect the anonymity and to not to make generalizations by using too small a sample size.

Survey respondents operate in several businesses: 43 % in non-specialized retail, 21 % in social and health care sector, 25 % in specialized retail sector and 11 % in other sectors. Average revenue of companies was 2.7 billion €, with the range from 12 to over 10.000 million euros. Similarly to the interviewed customers, non-interviewed respondents held senior positions in their firms, e.g. development director, area manager, administrative leader, CEO and owner. 43 % of all companies' told that their main customers were consumers, 14 % deal only with other organizations and 43 % of companies see that their customer base consists of both, consumer and business customers. In total, most common amount of customer's experience in property development activities was over 10 years and the amount of developed business premises per year varied from over 20 to 0–1 per a year, where the most common amount was 2–5 new business spaces per year.

5.3.3 Data analysis of the survey

Survey results were analyzed manually and collected to tables. Because of small sample size and survey's role as an additional information source, no formal statistical tests, as regression or correlation analysis were made for the data. However, survey method and principles of quantitative studies were considered in survey development and data analysis (Creswell 2014, p. 156–157).

Information collected from all the customer respondents (n=28) was used for identifying the most significant value drivers and validating the sub-dimensions. In order to find out if there are any significant differences between different types of respondents, answers were also divided into sub-groups and compared their responses to each other. Formed five customer groups were: All respondents (n=28); All interviewed respondents (n=13); All not-interviewed respondents (n=15); All care service respondents (n=7); All retail respondents (n=18). Sixth group was developer respondents (n=6).

In the first question of the survey, respondents were asked to place value drivers in the order of importance from 1 to 10, according on how valuable they consider the value driver and its contents. When analyzing results of this question, reverse scoring system related to the sequence numbers was used: Most important value driver got 10 points, the second most important 9 points etc. After scoring, points were added together for each value driver: the higher the score the value driver had received, the higher it has been placed by respondents on the list. Technique took this way into account the overall valuation of the value driver.

However, in order to avoid mistakes and triangulate results, in addition to scoring, frequencies of order numbers per value driver were also counted as well as how many times certain value driver has been placed among the top five or bottom five value drivers.

The second phase of the survey focused on the validation of sub-dimensions. Respondents were asked to estimate the value creation potential of the sub-dimensions of five most important value drivers for them with four-stage Likert-type scale. This meant evaluation of 18-30 sub-dimensions, depending on their choices at the first phase. Respondents were asked to estimate, how much every sub-dimension creates value for them in property development (operationalized as): very much (4); quite much (3); not much (2) or not at all (1). If a dimension was evaluated 4 or 3, it was considered to create value and if 2 or 1, it was considered not as a central part of value creation. Evaluations were analyzed based on this dichotomy: if majority of respondents had evaluated dimension's value creation potential 3 or 4, dimension was understood value creative and if most of the evaluators had responded 2 or 1, it was perceived not to create value enough to be included to the refined framework.

5.4 Results of the survey

Table 11 from Appendix 7 presents the results of first phase of the survey, order of importance of all value drivers for all the respondents. Table 11 is also presenting the score of each driver, as well as the cumulative scores, mean scores and mean rankings of them.

Table 11. Order of importance of value drivers for all customer respondents

All respondents (n = 28)							
Rank	**Value Driver**	**Score** (max. 280)	**Cum. score** (max. 1540)	**Mean score** (between 10 to 1)	**Mean ranking** (between 1 and 10)	**Score Division**	**Cum. score %** (max. 100 %)
1.	Trust	219	219	7,8	3,2	14 %	14 %
2.	Cost management	195	414	7,0	4,0	13 %	27 %
3.	End-product quality	182	596	6,5	4,5	12 %	39 %
4.	Customer orientation	175	771	6,3	4,8	11 %	50 %
5.	Customer knowledge	156	927	5,6	5,4	10 %	60 %
6.	Added value creation	153	1080	5,5	5,5	10 %	70 %
7.	Proactivity	135	1215	4,8	6,2	9 %	79 %
8.	Project orchestration	134	1349	4,8	6,2	9 %	88 %
9.	Interaction	118	1467	4,2	6,8	8 %	95 %
10.	Closeness	73	1540	2,6	8,4	5 %	100 %

Table 12, also from the Appendix 7, is using the same data as Table 11 but presents more accurate division of value drivers' rankings. Rankings are divided with vertical line to two groups: rankings from 1 to 5 (top five drivers) and rankings from 6 to 10 (bottom five drivers). Table is arranged in descending order based on the rankings in top five and therefore the order of drivers is slightly differing from the Table 11.

Table 12. Division of value driver rankings made by all customer respondents

All Respondents n = 28													
Ranking	1.	2.	3.	4.	5.	sum. 1.-5.	6.	7.	8.	9.	10.	sum. 6.-10.	sum. 6.-10.2
Value Driver													
Trust	36 %	11 %	11 %	18 %	11 %	86 %	4 %	4 %	7 %	0 %	0 %	14 %	100 %
Cost management	7 %	21 %	18 %	18 %	7 %	71 %	18 %	7 %	0 %	0 %	4 %	29 %	100 %
Customer orientation	11 %	18 %	4 %	25 %	7 %	64 %	4 %	7 %	18 %	4 %	4 %	36 %	100 %
End product quality	14 %	18 %	18 %	4 %	11 %	64 %	7 %	11 %	4 %	11 %	4 %	36 %	100 %
Customer knowledge	7 %	7 %	18 %	11 %	18 %	61 %	7 %	4 %	4 %	11 %	14 %	39 %	100 %
Added value creation	14 %	7 %	7 %	11 %	11 %	50 %	4 %	18 %	11 %	4 %	14 %	50 %	100 %
Project orchestration	0 %	7 %	7 %	11 %	14 %	39 %	18 %	11 %	11 %	11 %	11 %	61 %	100 %
Proactivity	11 %	4 %	14 %	4 %	4 %	36 %	7 %	18 %	21 %	18 %	4 %	68 %	100 %
Interaction	0 %	7 %	4 %	0 %	14 %	25 %	21 %	11 %	11 %	29 %	4 %	75 %	100 %
Closeness	0 %	0 %	4 %	0 %	4 %	7 %	11 %	11 %	14 %	14 %	43 %	93 %	100 %

Tables 11 and 12 reveal that five top value drivers for all customers are *Trust (219 points) Cost management (195 points), End-product quality (182 points), Customer orientation (172 points) and Customer knowledge (156 points).* Value driver of added value creation is only few points behind the 5th value driver, after which there is a clear difference in scores (Customer knowledge 156 points; Added value creation: 153 points and Proactivity: 135 points). Mean score of Added value creation 5.5 is also above scale mid-term. Table 12 shows that 50 % of respondents have placed added value creation to the top 5 and 50 % to the rankings 6.-10. Based on these notifications, added value creation can be seen to belong to the group of most important value drivers.

Trust is clearly the most important value driver in property development. Table 12 reveals that 86 % of customers placed it to among the five most important value drivers and 36 % of respondents placed it first, which is the highest frequency of first rankings of all value drivers. In addition, none of the respondents considered it the last or next to last. Importance of trust was illustrated during the interviews too and it was expected to be among the most important value drivers, since customers perceived trust to effect widely on the whole

business relationship. Significance of trust was not highlighted as much in the earlier researches recognizing it as a value source (Lapierre 2000; Howden & Pressey 2008). Reason may be the smaller amount of costs and risks related to the purchase of services compared to the premises. Building projects are complex and risky and trust has a big role in buyer-supplier relationships (Smyth et al. 2009).

The second highest score was received by sacrifice related value driver "Cost management" with mean ranking of 4. 71 % of customers placed cost management among top five value drivers. Cost management was perceived highly important respondents, but still only 7 % perceived cost management as the most important value driver. This is illustrating that even the low costs are highly important for customers, it might not be the most important feature for most of the customers. Nevertheless, since the business premises are production factors for user companies, costs are always a key factor in new business premise decisions. However, customers were asked to place value drivers in order based on their capability to create value for them: Costs are defining the base line for the projects, but cost management is maybe not the best way to create value for customers, as argued also by Lapierre (2000).

End-product quality was ranked third on the list with 182 points and mean rank 4.5. A little surprisingly, there was a lot of variation in customer's answers considering the importance of end-product quality and answers cover full scale of rankings as can be seen from the Table 12. Variation was wide in all customer groups, which indicated that valuation of end-product quality is not varying between sectors, but rather between individual companies. End product quality has been identified as multifaceted value factor in earlier studies as well, and its importance varies from study to study. Some customers may also consider that the premise as a product is a default part of an offering, and do not see it as a value creating element.

Customer orientation was evaluated as fourth important value driver with 175 points, and 64 % of all customers placed it among top 5 value drivers. Customer orientation is describing the developers' general attitude towards customer and consists multiple sub-dimensions related to the customer's participation to the development process. It looks that customers are highly willing to participate earlier and more to the development process and value developer's service attitude, like flexibility and responsiveness towards customers. Interviews are clearly supporting the shift towards customer orientation, value co-creation and customer participation, especially early engagement of customers was mentioned often.

Customer knowledge has been ranked to the 5th place with mean ranking 5.4. Table 11 shows that difference in points between customer knowledge and customer orientation is however quite big (156 vs. 175). This indicates that customers see more valuable if the developer is willing to participate them to the development and let them bring their own knowledge to the process, than if the developer has an extensive knowledge of customer's business. This finding is however not correlating directly with the interviews, which indicated that customer knowledge is one of the most important value drivers for customers.

Added value creation is the sixth value driver on the list. According to the Table 11 there is only three-point difference between customer knowledge and added value creation and when looking at the Table 12, it is seen that half of the customers have placed it to the top five and half to the bottom five value drivers. The difference between added value creation and 7th value driver, proactivity, is clearly bigger and as a result, added value creation can be considered to belong among the most important value drivers. Added value creation emphasizes unique resources and capabilities and supports the idea of value co-creation, combining capabilities of actors in the development process. (Vargo & Lusch 2004).

After top 6 value drivers, proactivity and project orchestration form a second group, placed close to each other to the rankings 7 and 8, with 135 and 134 points. Even though these drivers were regularly mentioned in the interviews, they are clearly outside the group of most vital value drivers. Proactivity is close to customer orientation and customer knowledge, which may be the reason for lower placement. Furthermore, proactivity is a more developer centric value driver – if a property developer is proactive, from customers' perspective this is linked to the customer orientation. It is also important to notice, that the amount of retail respondents was relatively high (Appendix 7) and retail customers are often active itself in the process and in stakeholder activities. Still, even though proactivity is ranked 7th, Table 12 shows that 11 % of customers perceived proactivity as most important value driver. Respondents are from different industries and different size firms, indicating that valuation of proactivity could be linked to the customers' current situation or individual preferences.

Similarly to the end product quality, project orchestration could be considered as basic element of property development, not creating much value for customers. Table 12 also shows that none of the customers has placed project orchestration as the most important

value driver. Many customers also have their own project management organizations and they are therefore they are capable to handle the project with own resources, if necessary.

Interaction and closeness got the lowest scores in the survey. Especially closeness was considered not as valuable as other value drivers, gaining only 73 points and placed last in the ranking. Sequence number specific ranking table 12 shows that 93 % of respondents has ranked closeness to bottom five value drivers, and 43 % as last. This is somewhat against the argument of Wilkinson and Reed (2008 p. 19), who say that property development is mainly about people and personal contacts and sometimes the final thing closing the case. Interviews also indicated that both of these value drivers are vital, but compared to others, their significance is not as high.

Value drivers of interaction and closeness are quite similar as intangible, soft elements of the created framework, signaling that soft elements might not be as important for users in property development as tangible elements. However, survey results also revealed that many customers ranked trust, also a "soft" value driver, highest on the list, and still placed interaction and closeness at the end of the list. Since trust is proved to be a catalyst of close relationships (Kramer & Lewicki 2010), improve commitment, communication and understanding among parties (Chow, Cheung & Chan 2014 p. 125), lead to similar values, goals and objectives (Doney & Cannon 1997, p. 37) and be also a consequence for all these factors as well, customers may have perceived that value driver of trust actually consists both, interaction and closeness with the developer. In other words: If there is trust, good interaction and closeness are more or less inevitable consequences. Moreover, dimensions of interaction (communication, information management and increasing customer's understanding) can be seen to be part of project orchestration or customer orientation, which had been ranked higher among almost all users, who placed interaction low on the list.

Second question of the survey was focusing on evaluation and validation of sub-dimensions of five most important value drivers for the customers. As Appendix 8 reveals, 87.5 % of the evaluations were indicating that sub-dimensions create value for customers: on the average, 48.9 % of evaluations saw that sub-dimensions create value very much (4) and 38.9 % quite much (3). Only 12.5 % of responses were considering a sub-dimensions to create value not much (2) (11.9 %) or not at all (1) (0.6 %). The most common rate given was 4 and median of the answers was 3.5. Overall, 2 of the 47 sub-dimensions were evaluated not

to create value (not evaluated as 3 or 4 by over 50 % of responses), which means that 95.8 % of sub-dimensions of the comprehensive framework were seen to create value and only 4.2 % not to create value. When summing all the sub-dimension evaluations of every value driver, all the value drivers are perceived to enhance customer perceived value. Trust has the highest score, 100 % of evaluations were 3 or 4, and lowest score was for customer knowledge, with 73 % of sub-dimension evaluations 3 or 4, however still clearly above 50 %. According to these results, when assessing the created comprehensive customer value model as a whole, it can be said that the framework enhances customer perceived value in property development process. Nevertheless, even though the results are clearly showing that the value creation potential of all sub-dimensions is high, it is still important to remember that although all the sub-dimension got evaluations, only the sub-dimensions of five most important value drivers were evaluated by customers. Validation is therefore concentrating mainly for the refined model, consisting the most significant value drivers.

Appendix 8 reveals that only one sub-dimension of which value creation potential was estimated to be lower than 3 or 4, was developer's ability to develop customer's business (sub-dimension of customer knowledge). According to the results, 53 % of respondents who estimated customer knowledge as one of the top 5 value drivers considered that this sub-dimension creates no value or not much value for them. Therefore this sub-dimensions will be left out from the refined framework. Innovative design of the end product, will also be excluded from the final model, because it was not considered to create value by over the half of the evaluations (50 % responses 1 or 2; 50 % of responses 3 or 4).

Even though interaction and closeness were placed least valuable for most of the customers, those respondents who ranked them among the top 5 value drivers had however evaluated the sub-dimensions of these drivers valuable (100 % 3 or 4 for closeness and 90 % for interaction). These value drivers are maybe not as valuable as other value drivers, but their sub-dimensions can still create value, at least for them who consider close interaction and relationship with the developer important. Saving time and effort was perceived least value creative sub-dimension of cost management (70 %), signaling that many customers are willing to put time and effort on the process. Preventing knowledge capital and opportunity losses were evaluated to create second and third most value, emphasizing the strategical importance of business premise acquisitions.

5.4.1 Differences in value perceptions between customer groups

Answers among customer groups were quite uniform, but comparison of samples revealed some interesting dissimilarities between groups. Table 13 summarizes the rankings of value drivers by different customer groups. It also presents the rankings made by developer respondents, discussed more detail in chapter 5.4.2.

Table 13. Value driver rankings of five customer groups and developer respondents

All customers (n=28)	All retail customers (n=18)	All care service customers (n=7)	Interviewed customers (n=13)	Not interviewed customers (n=15)	Developers (n=6)
1. Trust	1. Trust	1. Added value creation	1. Trust	1. Trust	1. Trust
2. Cost management	2. Cost management	2. Cost management	2. Cost management	2. Cost management	2. Proactivity
3. End-product quality	3. End-product quality	3. End-product quality	3. End-product quality	3. End-product quality	3. End-product quality
4. Customer orientation	4. Customer orientation	4. Trust	4. Customer orientation	4. Customer orientation	4. Customer orientation
5. Customer knowledge	5. Customer knowledge	5. Customer orientation	5. Added value creation	5. Customer knowledge	5. Cost management
6. Added value creation	6. Added value creation	6. Proactivity	6. Customer knowledge	6. Added value creation	6. Interaction
7. Proactivity	7. Project orchestration	7. Interaction	7. Proactivity	7. Project orchestration	7. Added value creation
8. Project orchestration	8. Proactivity	8. Project orchestration	8. Interaction	8. Proactivity	8. Project orchestration
9. Interaction	9. Interaction	9. Customer knowledge	9. Project orchestration	9. Interaction	9. Customer knowledge
10. Closeness	10. Closeness	10. Closeness	10. Closeness	10. Closeness	10. Closeness

Rankings and differences between the answers of interviewed and not-interviewed as well as retail and care service customers are discussed in this chapter and these dissimilarities were considered when creating the refined framework. Detailed ranking tables used in comparisons as well as sub-dimension evaluations can be found in Appendices 7 and 8.

Customers in retail sector and service housing sector

When comparing survey answers of care service respondents and retail respondents, biggest difference is that according to the value drivers' order of importance, service housing companies rank developer's ability to create added value in property development as the most important value driver, where retail customers place it 6th on the list. Furthermore, trust as the most important value driver for retail customers is placed 4th by service sector.

Reason for the difference could be the fast pace of municipal tendering processes. Interviews indicated that service housing customer's would benefit if developers can offer ready solutions with exact prices for situations, where quick response for market need is necessary

(e.g. framework agreements), low and precise price is needed (e.g. projects with ARA subsidies) and the product is moderately standard (e.g. 24-hour housing services). Moreover, developer's innovativeness and contact network in the certain municipality is also increasing possibilities to be the first service provider and to create a successful project. These elements might be the decisive factors determining if a company can expand their business to the certain area. Retail sector does not benefit as much from concepts or networks, since they usually have concepts manuals and extensive connection networks of their own already.

The reason for lower placement of trust by care service customers may lie in practical reasons. Dimensions of trust were mentioned by all care service customers as well, but because the boundary conditions set by business environment, end-product quality and cost management could create more value for service housing companies than trust. However, differences in scores of cost management, end product quality and trust were only one point, so it can be said that all these three are equally important for the care service customers. Retail customers may emphasize trust more because their locations are strategically even more significant and the unique store concepts are more common. In addition, overall sample (n = 28) consisted clearly more retail than care service respondents, and therefore general results may favor trust over added value creation and listing made by retail customers is similar with the listing of all the customer respondents. The small amount of service housing respondents (n=7) is likewise good to keep in mind when interpreting the results.

Another clear dissimilarity between retail and care service companies was the importance of developer's customer knowledge. Retail customers see developer's customer knowledge way more important than care service customers (ranking 5 vs 9). When comparing these results to the interview data, care service customers were mentioning their active role in the development projects more often than retail customers. This could be the reason for difference: developer does not need to know customer's business thoroughly but implement their own knowledge to the customer's knowledge. Interview data also indicated that service housing customers do not believe that it is never possible for a developer to understand their business as well as they do and therefore they always needed to be part of the development.

According to the Appendix 8 there are no significant differences in sub-dimension evaluations between retail and service housing customers. Only clear difference was detected from the respondents approach to innovative design: 75 % of care service

respondents evaluated that innovative design creates quite much value for them, while 54 % of retail respondents consider that it does not create much value for them. Reason could be the retail store conceptualization, where not much is need or space for innovative designs.

Interviewed and not interviewed customers

When comparing responses of interviewed and not interviewed respondents, there are only small differences in rankings of value drivers. Main order of value drivers and perceived value creation potential of sub-dimensions are the very similar. Added value creation gets better score among interviewed, likely because of the bigger amount of care service customers in this group (6 vs 1). Because opinions of interviewed and not interviewed customers are correlating with each other, as well as the opinions of group of all respondents, it can be assumed that selected sample was suitable for framework creation and represents the overall opinion of the market successfully. Findings also suggest that created framework is possible to implement on larger population than interviewed customers, which is one sign of successful construct creation in constructive research (Kasanen et. al. 1993; Lukka 2000)

5.4.2 Differences in value perceptions between developers and customers

In order to find out how well developers know user customers, survey was also sent to the staff working in customer interface in the case company's project development unit. By identifying possible differences, it is revealed if there are elements not currently recognized valuable for clients and hence requiring special attention in the future. Detailed data used in comparisons can be found in Appendices 7 and 8.

Tables in Appendix 7 reveal that trust was clearly perceived as the most important value driver by case company personnel, congruent with the customer respondents. End product quality and customer orientation as well were identified as key value drivers similarly to customers, indicating that property development professionals recognize users' preferences. However, differences were also found. Case company representatives had been evaluated proactivity as second important value driver for customers, where customer's own placement was 7th. Developers also placed 2nd important value driver, cost management only the 5th, even though during the interviews they emphasized the importance of costs for customers. In addition, interaction was placed as 6th important value driver, where customers

considered it 9th. Moreover, developers didn't perceive customer knowledge as important as the customers did: developers ranked it 9th, and users 5th.

Reason for developers' overemphasis of proactivity could be their viewpoint: Customers are waiting developers to be active and solving problems, and the main feedback developers got is related to the need for activity and solutions, easier to communicate than for example need for customer orientation or need for trust. Case company staff similarly feel that customers are expecting more activity from them. Accordingly, interaction and communication are easiest issues to talk and connect to the development process, and often emphasized in customer work training and literature. They are therefore often discussed internally and with customers, even though they may not be the most important value drivers. Low assessment of the importance of cost management may signal that importance of tangible and especially intangible cost reduction has not been recognized before by developers and focus has maybe been more on benefit creation than sacrifice reduction. Especially intangible sacrifices were not mentioned as often in internal interviews either.

Developer's answers to the second question mainly followed the answers of customers: overall assessment of value creation potential of evaluated sub-dimensions was 81 % and all the evaluated value drivers except closeness were considered to create value for customers (89 %). However, developers evaluated value creation potential of some sub-dimensions lower than customers. As customers, developers also identified innovative design not to create much value for customers, but they also considered personal chemistry, similar values, and familiarity (sub-dimensions of closeness) not to create much value for customers. The same was also thought about outsourcing (sub-dimension of project orchestration), contacts and networks and integrated services (sub-dimensions of added value creation) and proactive stakeholder management (sub-dimension of proactivity), all considered value creative by customers. Developers were moreover assessing the importance of saved time and effort higher than clients and underestimating the value of the knowledge capital losses.

However, developer sample size is small (n=6) and evaluations can also be considered as personal opinions and high level of generalization should not be made based on the results. Findings however provide valuable information for case company representatives about their focus areas in increasing customer understanding and customer value creation.

6. REFINED FRAMEWORK FOR CUSTOMER VALUE ENHANCEMENT IN PROPERTY DEVELOPMENT

Comprehensive framework created in the first phase of empirical study was developed based on the survey results and this chapter presents the refined framework for customer value enhancement in property development process. Where the comprehensive framework for customer value creation in property development summarizes all the elements of customer value in property development, the refined framework represents the validated model of most significant value drivers in property development, e.g. the most effective methods to enhance customer perceived value in pre-construction property development process. At the end of this chapter more practical examples of how to implement the elements of the model in everyday customer work are also suggested for developers.

6.1 Refined framework of most important customer value elements

Based on the survey results it was possible to distinguish a group of six most important customer value drivers for a refined construct. These value drivers are (in order of importance): *(1) Trust, (2) Cost management, (3) End-Product quality, (4) Customer orientation, (5) Customer knowledge* and *(6) Added value creation* (Figure 30).

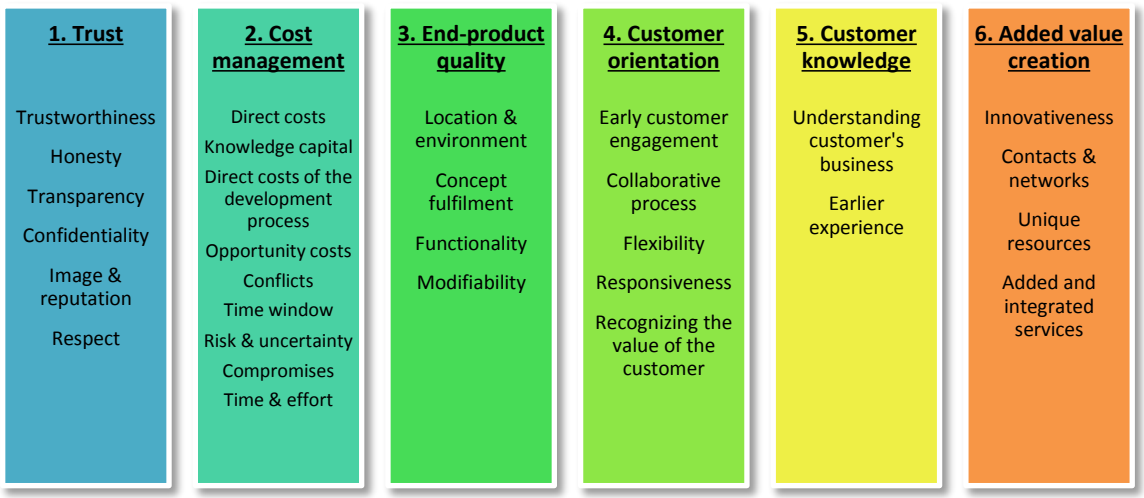

Figure 30. Framework of most important customer value drivers in property development

Refined construct includes five most important drivers for all user groups: service housing and retail as well as interviewed and not interviewed customers. As a result, refined model manages to summarize the most valuable elements for full sample studied. Sub-dimensions

of value drivers are correspondingly arranged to the descending order of importance in the Figure 30, grounded on the customers' perceptions of their value creation potential. All except 2 sub-dimensions of the 6 value drivers were included to the refined model. Excluded sub-dimensions are 'Development of customer's business' and 'Innovative design', as 50 % or more of the evaluations perceived the value creation potential of these features low.

Likewise the extensive framework, refined model is also possible to present as a higher level model with first- and second-order dimensions, where remaining 6 value drivers are arranged into the unifying categories. Figure 31 presents the refined version of the higher-level model.

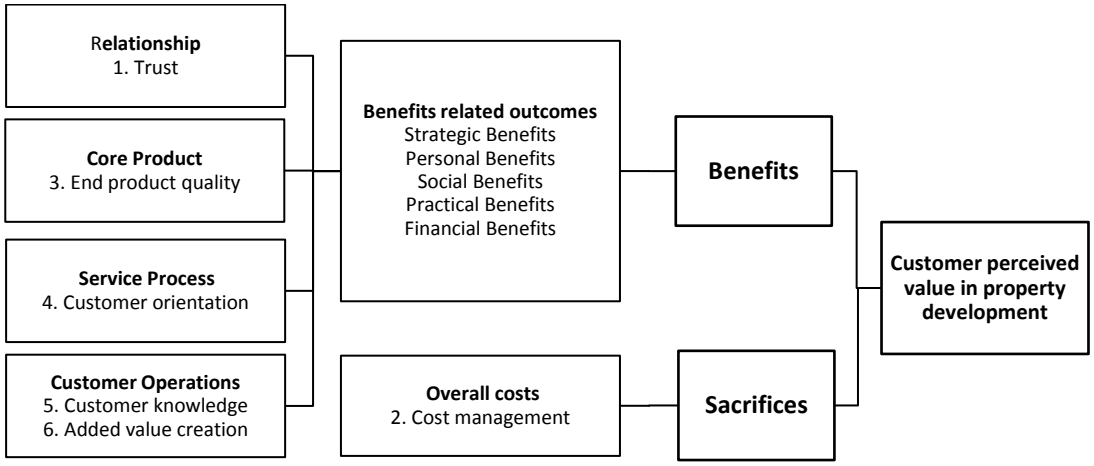

Figure 31. Refined higher-level model for customer value in property development

Refined higher-level model demonstrates that 6 most central value drivers enhancing customer value in property development are distributed to all 5 value driver categories of higher-level model. Division of value drivers supports the view presented earlier in the connection of comprehensive framework: property development as a business is containing elements from both, professional services and manufacturing, and value in property development process is formed through both tangible product features as well as intangible service attributes and user-developer relationship dimensions. All these elements are present among the 6 key value drivers, and according to the order of importance of most significant value drivers, the most critical value driver category effecting on customer value is relationship with the developer, followed by cost management, core product, service process and customer operations.

Figure 32 presents the refined framework in a form where all 6 most important value drivers and their sub-dimensions collected to one figure, possible to see at a glance. This visual

format of created customer value model is summarizing the most effective ways to enhance customer perceived value in property development process and visualizes the elements of refined framework to key subjects, principles and capabilities that should guide developers' customer work in commercial property development process and customer relationships.

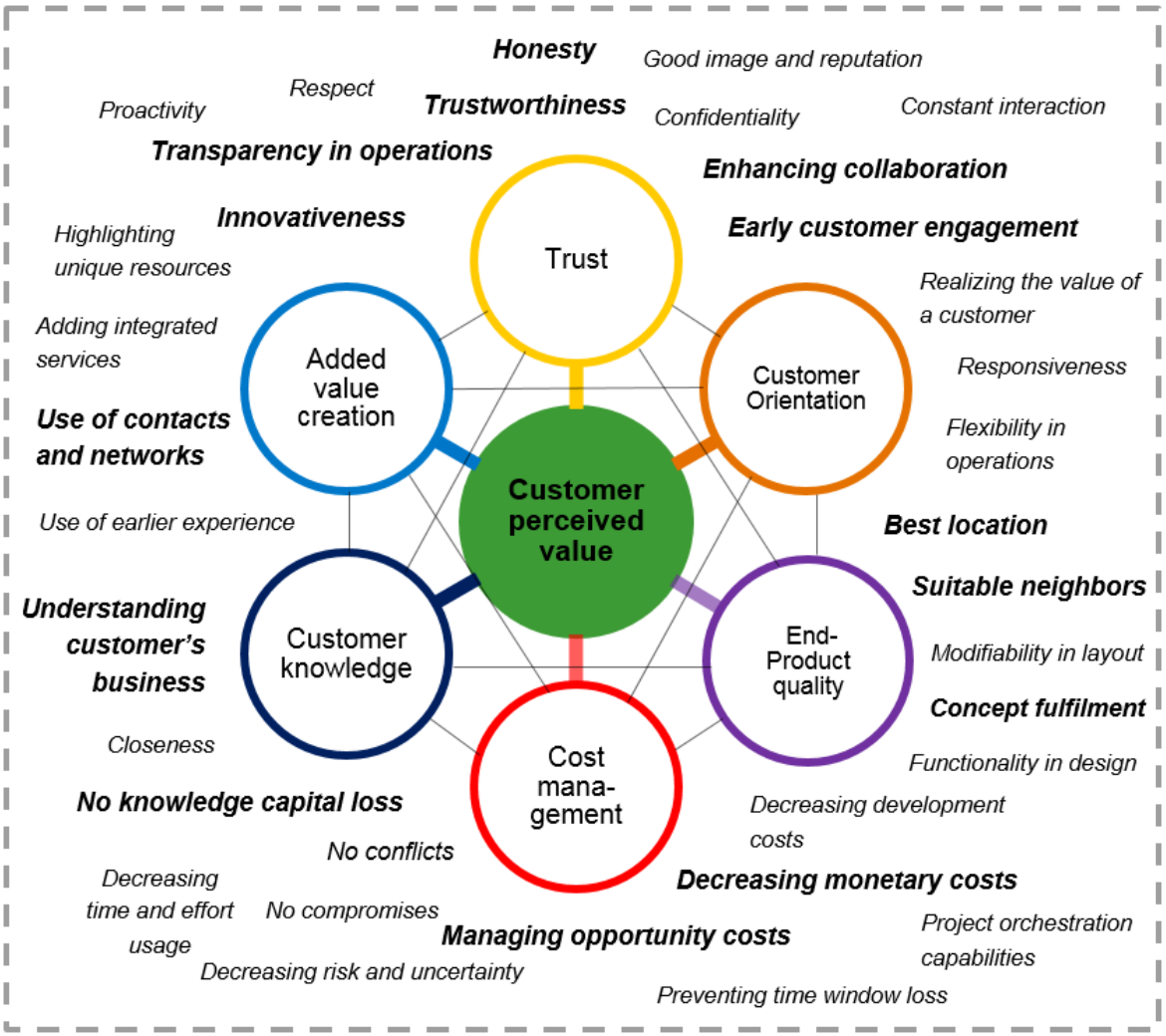

Figure 32. Key elements of customer value enhancement in property development

In the middle of the figure is customer perceived value, surrounded by six key value drivers, each involved in customer value creation. Lines between value drivers illustrate the interconnections between value drivers – findings propose that value drivers are not acting independently on value generation, but are always interlocked. Nature and strength of connections are varying depending on circumstances and customer, sometimes drivers are acting together and sometimes as antecedents of each other or reinforcing one another.

The outer ring of the figure contains all the sub-dimensions of six value drivers of the model, representing best practices for developers to enhance customer value through the value drivers. Bolded sub-dimensions are the most essential dimensions with the highest value creation potential. Sub-dimensions are placed close to the value driver to which they belong, but blending to the dimensions of other drivers, describing that sub-dimensions are not strictly locked to a certain driver but connected without clear interfaces. All three demonstrations of the refined model introduced can also be found from Appendix 10.

Project orchestration, Proactivity, Interaction and Closeness were excluded from the group of most important value drivers, but still identified to have a positive effect on value drivers and customer value. Therefore they were added as sub-dimensions to the outer ring of the figure. For example, interaction is influencing positively on customer orientation and close relationships can be considered as a best way to improve customer knowledge, as was discovered in interviews. Proactivity can be viewed as a way to be customer oriented and project orchestration increases value perceived by a customer through cost management (e.g. timetables, budgets, decreased risks) and by effecting positively to the end-product quality.

6.2 Practical examples of value drivers for developers

In order to ensure the usefulness of created construct, practical examples of the refined model content implementation to the development process was generated for the developers. Practical examples work as suggestions for case company as well as an additional level for data analysis, illustrating how customer perceived value can be increased in practical work of property development through the identified elements (see i.e. Tuomi & Sarajärvi 2013, p. 106–107). Real-world implications are also a component of constructive research (Lukka 2001). Examples of good practices in Table 14 have risen from the interviews, literature, and ideas of the researcher.

Table 14. Practical examples of customer value drivers for developers

Value driver and its sub-dimensions	Example of the customer value enhancing practices for developer representatives
Trust • *Trustworthiness* • *Honesty* • *Transparency* • *Confidentiality* • *Image and reputation* • *Respect*	• Do not negotiate with multiple customers at the same time if not agreed in advance • Provide quick and accurate information procedure for problematic situations • Discuss and record confidentiality issues in advance and transfer into the contracts • Put emphasis on public image development

	• Reflect company values in your actions • Give customer enough time for decision making • Create personal and open relationship with the customer • Do not create unrealistic expectations, rather be truthful
Cost management • *Direct monetary costs* • *Knowledge capital* • *Opportunity costs* • *Monetary costs of the development process* • *Conflicts* • *Time window* • *Risk and uncertainty* • *Compromises* • *Time and effort*	• Make cost and schedule estimations at the earliest possible phase in development process, from the perspective of customer's business • Discuss and record knowledge capital related issues in advance and transfer into the contracts • Regular reporting on ongoing and planned project's progress • Accurate and quick communication • Descriptions for unexceptional situations • Clear and unambiguous contract model options • Prepare project proposals carefully and be honest with risks • Present detailed process timeline and description for pre-construction development and link it to construction phase
End-Product quality • *Location and surroundings* • *Concept compliance* • *Functionality* • *Modifiability*	• Engage end-users and stakeholders to the design process (consumers, employers, maintenance staff, society) • Invest time and money in marketing research • Consult customers in architect and location selection • Use of visual materials in plans (e.g. 3D) to make design commentating easy for customers • Present vital features of plans from customer viewpoint: e.g. how many steps user/nurse need to take to get from place A to B • Participate building contractors to the layout development
Customer orientation • *Early customer engagement* • *Collaborative process* • *Flexibility* • *Responsiveness* • *Realizing the value of the customer*	• Listen, ask and explain. Repeat. • Boost demand-driven development, jointly steering process • Regular reports for customers of ongoing and future projects • React and response immediately on customer's contacts • Customer work training for construction phase employees • Development of compensation procedures for value created through customer's contacts and professionalism
Customer knowledge • *Understanding customers' business* • *Earlier experience*	• Demonstrate your own customer knowledge for clients • Arrange and present references, visit customers' premises • Keep the same contact person throughout the whole process • Participate in customer's own customer meetings
Added value creation • *Innovativeness* • *Contacts and networks* • *Unique resources* • *Added and integrated services*	• Ensure and facilitate open conversation throughout the process • Development of financial and risk sharing models • Development of modular solutions and process concept for 24-hour service housing • Utilize multidisciplinary teams for ideation and innovation • Utilize common marketing campaigns with stakeholders • Quantify added value created in the process • Create new types of collaboration and consortia • Generate cooperation with municipalities and cities • Integrate life cycle facility management services to offerings • Participate on pilot projects and new types of partnerships

Practices collected to the Table 14 show clearly how value drivers and suggested practices are supporting and supplementing each other in value creation. For instance, several elements are connected to communication, customer understanding and collaboration. Developer should also be able to demonstrate their superiority and know-how through customer work. Demonstration can be done with quantifications of created benefits and decreased sacrifices, directed and personalized for the customer type (Storbacka 2011).

It is suggested that developers pay special attention to the implementation of practices related to cost management and customer knowledge, since survey results suggest that these value drivers are currently not recognized as important by developers than customers and therefore the current practices in customer work may not take into account dimensions related to these value drivers as strongly as they should be. Furthermore, the importance of practices related to sub-dimensions not considered value creative by developers but evaluated valuable by customers, should be particularly highlighted.

7. DISCUSSION

This part is discussing about the principal findings of the research, as well as theoretical contributions and managerial implications of the study. Trustworthiness and limitations of the research are also evaluated, and recommendations for future research suggested. Chapter is followed by conclusions of the study.

7.1 Answers to the research questions

The purpose of the present study was to explore customer perceived value in property development and recognize the elements of user customer value creation in B2B pre-construction property development process and also increase general understanding of customer value creation in project business and B2B relationships. More specific objective of the study was to develop a customer value model in property development context, and create a useful construct for developers for customer value enhancement. This theoretically and managerially interesting topic was analyzed with constructive research approach and two constructs were created by utilizing literature, thematic interviews and electronic survey.

The research was guided by three research questions connected to the study objectives. The aim of the first research question was to identify from what elements customer perceived value in property development process is formed:

1. What are the elements of customer perceived value in property development?

Findings of the study propose that customer value creation in property development process is possible to describe through benefit and sacrifice related value drivers, where value drivers are acting as antecedents of different types of customer perceived benefits and customer perceived sacrifices (see Woodall 2003). In the first phase of empirical study 10 value drivers and in total 47 sub-dimensions of the value drivers were identified and comprehensive framework for customer value creation in property development was generated. Identified 10 value drivers are: (1) Added value creation, (2) Closeness (3) Cost management, (4) Customer knowledge, (5) Customer orientation, (6) End-product quality, (7) Interaction, (8) Proactivity, (9) Project orchestration and (10) Trust. Every value driver contains 3 to 8 sub-dimensions illustrating the content of value drivers. Complete framework with all sub-dimensions of value drivers is presented at the beginning of Chapter 5.2 and in Appendix 9.

Findings also revealed that the identified 10 value drivers can be further divided into broader categories and a higher-level model for customer value creation in property development was generated. Model has five unifying categories for value drivers: Core product related value drivers (End-product quality and Project management); Service process related value drivers (Interaction, Proactivity and Customer orientation); Customer operations related value drivers (Customer knowledge and Added value creation); Relationship related value drivers (Trust and Closeness) and Overall costs related value drivers (Cost management). Together these categories form a model generating all the tangible and intangible benefits and sacrifices of customer perceived value in property development. Figure of the higher-level model can be also be found at the beginning of Chapter 5.2 and in Appendix 9.

Since one of the research goals was to create useful construct for developers for customer value enhancement in development process, it was wanted to find out what are the most effective ways to enhance customer value in property development. Therefore the second research question focused on identifying the most important value drivers for customer value enhancement in pre-construction property development. Research question was as follows:

2. How customer perceived value can be enhanced most effectively in property development process?

Second phase of the empirical study revealed that it was possible to distinguish 6 most significant value drivers for customers from the comprehensive framework. These 6 value drivers are in descending order of importance: (1) Trust, (2) Cost management (3) End-product quality, (4) Customer orientation (5) Customer knowledge and (6) Added value creation. These value drivers and their sub-dimensions form the refined customer value framework and are summarizing the most important components creating value for user customers in property development. Through these value drivers and their sub-dimensions customer perceived value can be enhanced most effectively in pre-construction property development process. Sub-dimensions were also arranged based on their value creation potential and they represent elements through which developers can increase customer value in development process through the most central value drivers.

The developed refined framework for customer value enhancement in property development is not attempting to be an all-inclusive model but rather reveals which value drivers are the most important for developers to focus on in order to make a shift towards customer

orientation and enhanced customer value creation in property development. Refined framework is presented in Chapter 6.1 in Figures 30, 31 and 32, as well as in Appendix 10.

Refined higher level model reveals that the remaining 6 value drivers cover all the five value driver categories: Relationship (Trust), Overall sacrifices (Cost management), Core product (End-product quality), Service process (Customer orientation) and Customer operations (Customer knowledge and Added value creation). This finding supports the presumption that customer perceived value in property development is built from professional service and manufacturing industry related components, combined to the higher-level model (Lapierre 2000; Ulaga & Eggert 2005; Eggert et al. 2006) and value is constructed from both tangible and intangible elements of the project offering, services and business relationship.

Essential thing for a constructive research approach is to demonstrate the practicality of the created construct. Usefulness of the created refined construct was also important for the case company as a developer, since their purpose is to implement the construct to their everyday work. Thus, the third research question was concentrating on validation and testing the usefulness and value creation potential of the refined customer value enhancement model:

3. Are the identified elements considered beneficial for customer value enhancement?

Refined framework of 6 value drivers consists 5 most important value drivers for all the customer groups studied in the research and all the sub-dimensions included to the refined model are perceived to increase customer value in property development process: According to the customer survey results, all the elements of the refined framework are perceived to create value quite much or very much for the customers. In addition, also all the contents not included to the refined framework were evaluated valuable. Therefore it can be concluded, that customers are considering the elements of the framework beneficial for customer value enhancement in property development, and the created construct is proved useful in practice and therefore worthwhile to implement.

Study also revealed that there are no big differences in value perceptions between customer groups, signaling the created framework is possible generalize beyond the studied sample. However, there still are differences - sometimes huge ones - in perceptions between individual customers, illustrating the subjectivity of value (Zeithaml 1988). In addition, even though the general opinion of most important value drivers was consistent, large variations

between individual customer companies illustrated that key value creation elements may be totally different depending on the evaluator and his/her personal values and goals (Woodruff 1997), which emphasizes the importance of knowing customers and customers' business in B2B markets. Perceptions between developers and customers differed more, but mainly the views are fairly consistent. Findings still suggest that at the moment developers are underestimating the importance of customer knowledge and cost management in customer value creation and do not recognize value creation potential of several sub-dimensions of value drivers vital for users.

Principal findings of the study support the current view in literature of customer value as a multidimensional, highly context specific concept that should be measured subjectively (Zeithaml 1988; Ravald & Grönroos 1996; Lapierre 2000; Woodall 2003) Research findings and development of a novel customer value model with elements from both business sides of property development are also consistent with the study of Ulaga and Chacour (2001), who stated that customer value models are not possible to transfer from industry to another.

When comparing the identified value drivers to the earlier customer value models in B2B business, it can be seen that value elements are in many ways comparable with the value drivers identified by Howden and Pressey (2008) and Lapierre (2000) in the context of professional services. This was expected, since professional services are vital part of project offering in property development and importance of trust is emphasized in large and risky acquisitions as properties are. However, comprehensive customer value framework consists also value drivers similar to value models form manufacturing industry, like product quality (Ulaga 2003) and outsourcing activities (Ulaga & Eggert 2006b). Risk management mentioned in the context of project business by Prior (2013) was also emphasized in the results. These findings reveal the importance of the tangible side of property development, quality of the product as well as professionalism are part of the core offering in projects, not possible to replace with good service, business relationship or cost management.

Developed broad framework contains also value drivers and sub-dimensions not mentioned in earlier models, at least not with identical meaning. New value drivers are Proactivity, Closeness, Customer orientation, Added value creation and Project management. Framework also contains multiple new type of elements in a form of sub-dimensions. Some of the novel sub-dimensions are clearly context related (e.g. location and environment;

concept fulfilment, proactive stakeholder actions and careful project preparation), but several new type of sub-dimensions are surely possible to link on value creation in other industries too and enable suppliers to increase customer value, especially in project based industries. Supplier's future orientation, early customer engagement, collaborative process, recognizing value of the customer, understanding of customers' business and increasing customer's understanding are few examples of practices possible to implement on other types of project and solution businesses as well.

Compared to earlier customer value models, framework created in this study gives broadest view for customer perceived sacrifices. Different types of sacrifices were emerged clearly from the interviews and established important also in the survey. Value driver of Cost management differentiates eight types of customer perceived sacrifices in property development, including both monetary and non-monetary costs. Most of the earlier models are focusing on monetary costs and only Lapierre (2000) and Howden and Pressey (2008) consider also non-monetary types of costs: time, effort, energy and conflict. This study also identifies four types of sacrifices not revealed in examined earlier models: compromise, knowledge capital, opportunity costs and time window. Risk and uncertainty is also a sacrifice not identified earlier, however Prior (2013) mentions it in connection with benefits.

When observing the survey results, one of the strongest findings is the high importance of trust for users in property development. Study shows that recognizing the importance of intangible elements and especially trust in project business is highly beneficial for suppliers. Result is in line with findings of Howden and Pressey (2008) and Lapierre (2000) in the context of professional services, but empirical studies focusing on buyer-seller relationship in manufacturing companies (e.g. Ulaga 2003; Ulaga & Eggert 2006b) or project business (Prior 2013) do not identify trust as a dimension of customer value. One reason for this is may the professional service element of property development, creating an environment of information asymmetry, where offering is 'sold on a promise' and customer needs to trust that supplier is delivering the best possible alternative for their needs. Professional services are also often considered investments with 'high risk', which increases the customer's need to trust to the developer (Howden & Pressey 2008). These circumstances also require suppliers to understand value creation from the perspective of a client, also identified as a value driver in property development (Howden & Pressey 2008). Trust is one of the key elements in knowledge-based industries and finding methods to create and measure trust in

business relationships is crucial. However, enhancing trust is not easy, and its antecedents and consequences may vary between customers. (Seppänen, Blomqvist & Sundqvist 2007)

Interestingly, despite the importance of close relationship and personal relationship emphasized in the B2B literature (Ravald & Grönroos 1996), closeness and interaction were not perceived very important by the users. These value drivers were however very much emphasized during the interviews. Reason for the contradiction might be the strategical and financial importance of the business premise investment, forcing customers to estimate value creation dimension primarily through financial, strategical and practical benefits and only after that consider the personal and social benefits of an offering (Woodall 2003). However, customer orientation and customer knowledge were emphasized in the survey results, signaling the need for closeness and increased interaction between developers and users. According to study results, customer orientation and close collaboration are key elements in property development in the future and essential for developers to embrace.

Research established that there is a clear need for more collaborative processes in property development. Property development and its processes are basically focusing on developer's internal actions not notifying users as active participants in the process. Findings of this study however show that closer collaboration and early engagement of user customers will create value for both, customers and developers. As Tuli et al (2007) conclude, suppliers tend to see solutions as a combination of goods and services delivered to their customers, but customers see solutions as multiple relational processes between a solution suppliers. According to the findings of this study, customers want to be active partners in the process, and bring their perspective for the solution and to the development process.

In addition to the main objectives of the research, some additional findings were made. At first, empirical research revealed that roles in property development and development process are highly disintegrated and unclear for customers and also for developers. This makes the process non-linear and hard to control and understand for all the participants, which was reflected to the user's desire for clear processes and division of responsibilities. From developer's viewpoint complexity of the process makes the work difficult and unpredictable, effecting negatively on work motivation and attitude.

Secondly, even though users should be focal participant in the process and main receiver of value, literature review showed that current descriptions of property development process

are made from the perspective of developer's internal operations and user interface and customer interaction during the process are almost ignored (e.g. Miles et al. 2000; Wilkinson & Reed 2008). User's principal role in the process is only to be a target of marketing and sales activities or one of the value components of the business premise for investor or developer. Moreover, first conversations with developer representatives revealed that almost always the word "customer" was at first associated to investors, not users. Users' role should be more central in developers' processes if they really want to be customer oriented.

It also looks that users of commercial properties are focusing more on beneficial consequences than specific working methods in the development process. This notion has also been done by Howden and Pressey (2008). Customers are more interested of general principles in developer's processes supporting their values, goals and purposes (Woodruff 1997) than what are the specific procedures, tools or working methods used. Thus, when wanting to enhance customer value in property development, developer's focus should be on the principles derived from customer value framework than generating specific tools or process models for customer operations. In other words: employment of value creation elements to the customer work is more central than the exact implementation technique.

7.2 Theoretical implications

Although this research is conducted with limited resources of master's thesis, and nature of the findings is mainly exploratory, the developed conceptual model also has the potential to lead to further theoretical developments and increased managerial understanding of the topic. Study therefore provides several interesting contributions to the existing literature of customer value in B2B markets as well as literature related to property development, construction and project business.

Customer perceived value and customer value creation has not been studied much in real estate and construction sectors, and studies focusing especially to the pre-construction property development process or value creation of user customers in commercial property development was not found at all. This study is the first one creating a comprehensive framework for user customers' value creation in property development and it generates also a refined, validated model summarizing the most important value drivers and value dimension for customers in pre-construction property development process. In addition to new information of customer perceived value elements in selected business segments, study

also complements the understanding of customer value in B2B markets and project business. To the best of researcher's knowledge, this is the first conceptualization of relationship value creation in pre-construction property development process in B2B context.

Study identifies 10 value drivers and 47 sub-dimensions enhancing customer value in property development, from which several dimensions and value drivers are not identified in earlier studies. Study also shows that value of an offering in property development consists of multiple elements and is largely based on intangible features: the most important value driver for customers (trust) is actually intangible by nature. Research is therefore suggesting that value creation in property development should be viewed from the perspective of relationship value.

In addition to recognized benefits creating customer value, research also identifies and confirms relevant 8 types of sacrifices in property development (direct monetary costs, knowledge capital, opportunity costs and time window, direct costs of the development process, conflicts, risk and uncertainty, compromises and time and effort). Earlier empirical studies have limited sacrifices mainly into tangible, monetary costs (Ulaga & Chacour 2001; Ulaga 2003; Ulaga & Eggert 2006b) or not have identified costs at all (Prior 2013). Some have identified also intangible elements (Lapierre 2000; Howden & Pressey 2008). However, this study recognizes the widest range of sacrifices in one study and also sacrifice types not mentioned in earlier B2B customer value models, as listed in previous chapter 7.1.

Research also provides some implications for the conceptualization of property development business. During the research process it was noticed that there is no clear description and categorization for property development business: some references see it as service business or project business, and some as a part of construction business, closely linked to the production of buildings to create space solutions for customers (e.g. Miles et al 2000; KTI 2001; Kiiras & Tammilehto 2014). Reason for inconsistent picture may be that property development is a business containing multiple participants from several businesses and the business logic is different depending on the perspective and phase of the process. Because of the ambiguity of literature, study defined property development as project natured service business with long-term projects and relationships combining different types of professional services, construction services and a physical products into complex offering, a tailored customer solution. Definition was made based on careful investigation of literature. Findings

of the research are preliminary, but they support the created definition, since the identified value drivers were not fitting to any earlier models but the model has features from empirical studies conducted in both professional services sector and manufacturing industry and were illustrating the important elements of customer relationships in project and solution business.

According to the findings of this study value can be increased by joining customers to the process and shifting the thinking of value creation towards value co-creation and combining unique resources and capabilities of customers and developers. Study suggests that collaborative property development could create added value for both, customers and developers. Value co-creation could therefore support the value creation in property development better than the view of developers creating value for users, without their own input. Customers want to see themselves as active participants, typical for services where clients perceive that they are contributing large part of value by themselves. Findings also indicate that behavior and capabilities of customer facing staff are in remarkable role in value creation. Equally, impact of emotions in B2B relationships is big and perspective of behavioral science could provide more understanding on value creation elements in property development and B2B business in general (Andersen & Kumar 2006).

Besides straight theoretical implications, current study also offers methodological implications. Constructive research approach is not very well known or widely used research method in B2B context (Ruokolainen & Aarikka-Stenroos 2015). This study proves the suitability of constructivism for this research context and increases the knowledge of constructive research approach in business research.

7.3 Managerial implications

For managers, findings of this study present some valuable insights. At first, the created customer value framework, especially the refined framework summarizing the most important value drivers for customers in property development, can be directly utilized in business development. Models can be used as best practices or "house rules" in property development and construction companies, as a starting point for increasing customer understanding, improving customer orientation and developing value creating capabilities in order to create sustainable competitive advantage. Refined model can be used as a foundation for workshops, process development or practical tools design, as already done in the case company. Created framework provides first model for enhancing customer value in

property development and offers groundwork for practical tool and practice development for developers to implement in their customer work. Some suggestion for value enhancing practices have already been presented in Table 14 in Chapter 6.2.

Study also demonstrates for managers that even though value model gives a good overview of customer value creation, customer's value creation mechanisms vary a lot between individual customers. Study proposes that instead of generating strictly conceptualized process model for customers or client segments for pre-construction property development, creation of more general process description makes it possible to modify the overall process and customer value model for each client's individual needs. It was also discovered that overall value in property development is not forming only through the end-product, but generated gradually though the development process interactions and even the most important value drivers in property development contain core product, service, customer operations, relationship, and cost related elements. When focusing on customer value enhancement, all categories should be noticed and focus need to be expanded from the tangible product to the whole business relationship and intangible elements of an offering.

Dynamic nature of value creation also emphasizes the constant updating of customer's value perceptions and refinement of customer's targets and objectives in every project. Developers should use time to find out the individual preferences of customers and customer segments and remember that value perceptions alter over the time (e.g. Barry & Terry 2008). Constant updating of the refined model and value creation elements is thus crucial for success.

Findings moreover establish the importance of human resources in property development business and emphasizes the meaning of personnel competence in customer work. Because of long and complicated process of property development, customers' relationship with staff working in customer interface is extensive and close, and customers tend to personalize the whole company to one person they interact with. Capabilities of this person are therefore in key role in customer's value evaluations and staff training is an important focus area for property development firms. According the survey results, developers' customer understanding and customer knowledge are highly important for value creation, but customer knowledge was not estimated as important by developers, which suggests increasing customer knowledge as a development target for developers. Importance of cost management was also underestimated by development professionals. Managers should

therefore emphasize the importance of customer knowledge, customer understanding and monetary and non-monetary cost management across the organization.

It was also revealed that from customer's perspective, development process is at its best highly interactive and collaborative. Study therefore suggests that developers should take customers as a part of the development process and develop tools and practices for customer participation. Customers are willing to use time for the development, if the participation is easy. Results of the study also indicated, that stakeholders, mainly authorities, outside the user-developer relationship are the main cause for problems in property development processes and engagement of stakeholders is a big value source in property development.

Developed models can also be utilized as a basis for customer satisfaction questionnaires and project feedback surveys. Study exposed that feedback from pre-construction property development is often not collected at all, even though usually the person from customer company participating to the pre-construction development process is changing after the contracts has been made. If developers want to get feedback from pre-construction phase, current way to collect feedback after building completion is not working. Moreover, by measuring value perceptions in pre-construction phase, developers get feedback also from unimplemented projects and can find vital development targets in their operations.

7.4 Trustworthiness of the research

In this chapter trustworthiness of the research results and research process is evaluated. Assessment is done based on the criteria suggested by Eskola and Suoranta (2008), suitable for qualitative research. They present four criteria for evaluation of the research process and results: credibility, transferability, dependability and confirmability. In constructive research approach researcher should always consider wider implications of the developed solution (Lindholm 2008) and criteria of objectiveness, criticalness, autonomy and progressiveness suggested by Kasanen et al. (1993) when evaluated the validity of the created construct.

Credibility, i.e. internal validity of the research is considering the trustworthiness and believability of the research: are the conceptualizations made by researcher corresponding with the interpretations of study objects (Eskola & Suoranta 1998, p. 211). In this research credibility of interpretations was enhanced with two-step, triangulate research process, where the first phase interpretations were confirmed through survey, with explanations of

the terms and measures. Honesty of the respondents was aimed to increase with anonymity and possibility to tell if disagreed or not understood something. However, it is always possible that respondents still did not talk truthfully in the interviews or mirror the interviewer. This was tried to eliminate with neutral attitude to the answers of respondents.

Credibility of the research was also improved by adopting research methods used in similar circumstances. Moreover, detailed description of methodology selection, methods, research instrument development, analysis process and reasoning and interpretation were given. Researcher also aimed to create broad understanding of the topic before starting the research, both theoretically and empirically. Model, interview frames and survey were also evaluated with company representatives and study instructor during the research (see e.g. Storbacka 2011). This effects positively also on the objectiveness of the construct (Kasanen et al. 1993).

It was still recognized that inexperience of the researcher, personal bias and being a representative of case company would have some effects on the credibility of the research. Data collection method chosen for the study was also quite unstructured, making the role of interviewer greater. In addition, even though the framework is broad, it still is a simplified description of overall data, and something important may have left outside the construct, especially when the area of investigation is highly abstract and multifaceted. This is however the case in most qualitative studies and results are always reflections of reality (Eskola & Suoranta 2008). Autonomy of the created construct can still be considered good, since it was developed independently without any detached forcing considerations (Kasanen et al. 1993).

Transferability, i.e. external validity of the study is evaluating the transferability of study results (Eskola & Suoranta 2008). Transferability of the results of qualitative study should however be done discretionary within certain population. In this study transferability was aimed to increase by involving several firms from two sectors to the study and by utilizing purposeful sampling. Detailed description of participants was also given. Transferability is closely linked to the requirement of generalizability of the created construct to other instances, and this was tested successfully with the electronic survey (Kasanen et al. 1993). It is still important to notice that value models are highly context related, and transferring results without any modification to other industries is probably not possible (see e.g. Ulaga & Chacour 2001). Transferability was increased by keeping the level of created construct quite abstract and general and not directed to the case company. This weakens requirements

of construct practicality, simplicity and easiness to use, presented by Kasanen et al. (1993), but since the aim was to describe customer value as an inclusive manner, this concession was seen necessary to make.

Dependability of the research is referring on the certainty of the results, implying if the research is conducted by someone else, if the results are still the same. Dependability of the research was aimed to increase through careful description and reasoning of research design and its implementation. Because of the big amount of empirical data, data analysis was conducted with systematic, step-by-step content analysis process (Tuomi & Sarajärvi 2013). Researcher was also constantly collecting feedback from the thesis instructor. Nevertheless, since the nature of constructive research approach is creative and interpretations of data are always effected by personal bias, dependability of the research is never fully secured. Dependability associates with the requirement of construct objectivity (Kasanen et al. 1993).

Confirmability is referring on the soundness of results and objectivity of research instruments (Eskola & Suoranta 2008, p. 212). Results are supported by earlier findings, which can be seen as a positive sign of confirmability. Findings were documented and revised multiple times with the assistance of external people and data was evaluated critically throughout the study. In qualitative studies researcher always brings a unique perspective to the work and confirmability of this study, as all qualitative studies, should be evaluated with certain criticalness (Hirsjärvi et al. 2009).

Last, according to the suggestions of Kasanen et al (1993), researcher should evaluate the created construct critically. Created construct should be functional, relevant, simple and easy to use. In this study, the created construct was meaningfully at abstract level, which of course weakens the simplicity and usability of the model. By focusing on more limited phase or area of property development, it would have been possible to create more practical tool for case company to implement, but then the original need for comprehensive understanding of customer perceived value in property development would not then have been fulfilled. Construct should also be progressive, i.e. provide theoretical implications and avenues for further research, which also are delivered in this study (Kasanen et al. 1993).

According to Kasanen et al (1993), functionality of the construct should be proceed with market based validation, by implementing the construct to the case company, or finding out if there is willingness to implement the construct. It is reasonable to criticize this study by

not conducting the market test in case organization, but by validating the framework by customers. This was considered the best way to proceed, since during the research was noticed that research topic is wide and there is a need for more conceptual study before creation and implementation of more practical tools for case company. Still, according to the conversations with case company representatives, created frameworks are perceived useful and have already lead to the actions in case company, for example customer value workshop and presentation of the refined framework are arranged. This signals that the level of practicality is still be appropriate for real life purposes and market test is passed.

7.5 Limitations and recommendations for future research

As all research, this study encompasses several limitations. First, present study is limited to retail and service housing sectors with certain characters shaping their perceptions of value creation in property development. Similarly, identification and validation of customer value drives was limited to the specific, selected group of companies. Since the created model was wanted to keep in quite practical level, it may not be possible to apply it to other businesses than property development as such. Finnish context also limits the generalization of results. Consequently, it would be interesting to compare results to similar research setting with another customer sectors or test the created framework in other countries or other industries.

Second, certain subjectivity of qualitative study research and constructive research approach as well as the small amount of interviewees and survey respondents give limitations for generalization of the study results. However, interviews reached the saturation point and survey responses were generally quite similarly patterned, what suggest that customer sample size was adequate for the study. Size of developer respondents in the survey was very small and even though the answers of developers and customers were compared to each other, findings considering this specific comparison should be observed by acknowledging this fact. For these reasons, testing created model quantitatively among larger group of customers and developers as well as further development of both comprehensive and refined framework based on these results would be interesting research topic for the future.

Third, this research focuses on dyadic business relationship between developer and user customers. However, buyer–seller relationships are embedded in complex networks of relationships (Palmatier 2008), as was also observed in this research. Study acknowledges the network of surrounding users and developers but does not examine how other actors

create, influence or perceive value. Thus, further research is needed to examine value creation mechanisms in broader network of property development process. Fourth, since study showed value co-creation approach suitable for property development and need for more collaboration, future research could concentrate on value co-creation and development of tools for collaboration, demand-driven property development and jointly steered development process (Straub 2012, p. xi).

Fifth, customer value is dynamic concept (Woodruff 1997). Therefore there is also a need for longitudinal studies of customer value in property development. Longitudinal studies can expand the understanding of customer value creation by adding a temporal impact on the value creation during development process and between projects. Longitudinal studies also reveal how value perceptions, value drivers and sub-dimensions develop when the relationship duration lengthens (Howden & Pressey 2008). Longitudinal studies would provide more understanding about the meaning of relationship in property development, since close relationship was identified essential but not evaluated as important as other value drivers. Likewise, it would be interesting to find out how a customer company's own life cycle effects on their value perceptions. In addition, models were not yet fully implemented in the case company and implementation process could also provide fruitful possibilities for case study research, and further longitudinal research would offer evidence about the real effects of value drivers. Correspondingly, investigating value elements in different phases of the development process will provide information for further framework development.

Finally, when exploring literature of property development, it was established that property development business processes are basically not designed to create value for users, but developers and investors. Current literature is focusing on developer's internal actions and viewing development process from developer's perspective with no description of user's participation or customer relationship during the process. Study also revealed that there are clear differences between real life practices of property development and literature descriptions of it. It is proposed that more literature and seminal work is needed about property development in Finnish context. Developing a model for development process from customer perspective or cooperative viewpoint would be beneficial for both academics and practitioners.

8. CONCLUSIONS

Customer orientation and customer value creation have become highly central concepts in B2B markets during the recent years (Lindgreen et al. 2012). Value is the main element of competitive advantage in B2B markets and ability to create and demonstrate customer value over competitors is the key capability in today's fierce competition (Keränen 2014). Value the customer perceives from the supplier's offering can be seen to construct as a trade-off between numerous benefits and sacrifices perceived by customer, defining customer's overall opinion and willingness to pay for the product or service. By identifying what these benefits and sacrifices are, is therefore the main concern of all B2B suppliers, also property developers. However, even though understanding of customer value creation mechanisms is a cornerstone of all business, empirical research on customer value creation in B2B environment is still in immature phase and there is a need for increased and more extensive understanding of customer value creation elements.

Property development is an industry with business logic wrapped tightly around value creation and defined as project based business with elements of professional services and customer solutions, customer focus and customer value creation are crucial elements for the business. Still, existing literature of value creation in property development is rare, and focusing mainly on tangible elements of properties or monetary value created to the real estate developers or investors. Value perceived by user customers in property development process is more ambiguous area for both literature and practitioners. Moreover, process of pre-construction property development and customer value creation at this phase has been basically neglected in the literature and focus is most of the in construction implementation. However, without user commitment there are no development projects to implement and therefore supporting user customer's value creation in pre-construction property development should be the main concern of property developers.

The purpose of this study was to fill the gap in the current literature and unravel the understanding of customer value creation in property development by identifying the elements creating value for customers in property development process. Study also aimed to benefit property development practitioners by defining the most efficient ways to enhance user customer's value in pre-construction property development. Study was conducted with

a constructive research approach with research methods of literature review and mixed methods in empirical data collection. Empirical data collection consisted of two sequential parts: first part included qualitative thematic interviews with in total 18 retail and service housing user customers and 7 developer representatives. First part was followed by quantitative electronic survey refining and validating the findings of the first part.

Based on the findings of thematic customer interviews and with the support of the literature review, a construct of customer value creation elements in property development was created. Comprehensive framework consists of 10 customer value drivers constructing customer perceived value in property development. Identified value drivers are: (1) Added value creation, (2) Closeness (3) Cost management, (4) Customer knowledge, (5) Customer orientation, (6) End-product quality, (7) Interaction, (8) Proactivity, (9) Project orchestration and (10) Trust (see Figure 17). Value drivers moreover comprise in total 47 sub-dimensions, representing the components and practices linked to certain driver and through which developers can enhance customer perceived value in their own operations in property development process. Value drivers were further organized to a higher-level model with 4 benefit and 1 sacrifice related unifying categories: core product, service, customer operations, relationship and overall costs (see Figure 18).

Second part of the empirical study, electronic survey involving in total 28 customer and 6 developer respondents provided information for definition of most significant value drivers for customers and for validation of the refined framework and its contents. As a result, refined framework of 6 most central value drivers with in total 29 sub-dimensions was designed. Most important value drivers for user customers are in the order of importance: (1) Trust, (2) Cost management, (3) End-Product quality, (4) Customer orientation, (5) Customer knowledge and (6) Added value creation (see Figures 30 & 32). The refined framework illustrates the best practices for customer value enhancement in property development process and includes value drivers from all the unifying value driver categories of the higher level model, emphasizing the multifaceted nature of value generation in property development as well as the importance of intangible elements, especially trust, in customer value creation (see Figure 31).

Survey also showed that the created refined construct passes the market based validation, since all the elements the framework were perceived value creative by user customers.

Survey results furthermore indicated that developers have basic understanding of customer value creation in property development, but at the moment importance of cost management and customer knowledge are underestimated by developers, as well as the value creation potential of several sub-dimensions important for the customers. Also the significance of identified new type of non-monetary sacrifices (Risk and uncertainty, Conflicts, Compromises, Knowledge capital and Opportunity costs and time window) was proved through the survey.

In addition to the principle research outcome of customer value models, findings also suggest that current property development processes and operation practices do not notify user customers and their participation to the development almost at all. At the same time findings strongly indicate that user customers want to be active participants in the development process right from the beginning and there is a need for development of collaborative methods for property development. Shift towards cooperative development also suggest shift towards value co-creation and combination of capabilities of customers and developers.

Results furthermore reveal that intangible elements of developer's offering are at least as important as tangible components and therefore developers should not focus only to the end product, but to the business relationship as a whole. Pre-construction property development process is proved to be a central part of overall value perceived by user customers and therefore focusing on value enhancement in this phase is central for developers and construction professionals.

To conclude, present study proves customer value in property development as a multidimensional concept created through a complex combination of tangible and intangible benefits and sacrifices. These elements are summarized into a novel customer value construct and more practical version of it including the most important value enhancement elements was also created. Application of the created constructs is recommended for both theory and practice.

Present study offers a good foundation for customer value enhancement for property developers but it is important to remember that the presented framework is only a beginning for further development of customer value generating practices, tools and models. Furthermore, value is a dynamic concept, and regular refinement of value model is needed

as well as development of new types of conceptual models for example to the value co-creation and customer collaboration are also required.

To the best of researcher's knowledge, this study is the first one examining user customer value creation in pre-construction property development. Given the importance of the topic, it is hoped that this study offers a starting point for further research of customer value creation in the field of property development and inspires for subsequent empirical studies of customer value in B2B business in general. It is also wished that study outcomes and created constructs act as a catalyst for encouraging property developers to turn their attention to the user customers and their value creation in commercial property development.

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APPENDIX 1: INTERNAL INTERVIEW GUIDELINE

Background information of the research

- Introduction of the research issue, purpose of the interview, structure of the interview, asking permission to record the interview, confidentiality

Background information of the interviewee

- Please give a short summary of yourself, your customers and your work in property development projects
    - What are typical customers for you?
    - Can you describe the most typical development project for you?

Overview of the property development

- What kind of phases there are in property development process?
- Who are the central participants in property development process?
    - What are their roles and responsibilities?
- What kind of working methods and practices you use in property development?
- What kind of things and activities there are in the business relationship with the customer and what kind of things customers except from you?
- How is property development supporting customer's business?

Value creation in property development

- How do you understand value creation in property development?
- Please explain briefly, how you create value for your customers in property development?
- In your opinion, what are the best assets of your company in customer value creation?
    - How do you think customers think?
- In your opinion, what are the development targets?
    - How do you think customer think?
- What do you think customers except and value in property development process and ready premise?

Concrete examples of benefits and sacrifices

- Now consider your experiences in development projects:
    - Tell me (anonymously) about some development project or process that went exceptionally well.
        - What factors cause the success from your opinion and why?
    - Tell me (anonymously) about some development project or project process that was challenging.
        - What kind of challenges there were?
        - What factors cause the problems from your opinion?
        - How the problems could have been avoided?
- Describe, what kind of property development process you think would be the "best" for customers?
- Do you have any other good or bad experiences or examples of property development projects?

Developer's capabilities and features

- What factors you think customers see important when working with property developer?
- What kind of capabilities and features customers expect from the developer? What kind of benefits they get from them?

Relationship with the developer

- Do you have any customers with which you make close collaboration? If is:
    - If is, why do you collaborate with them and what kind of benefits has this relationship given to you?
    - If not, why not?
- What are the features and critical factors of good business relationship in property development?

Added value and future needs

- What kind of changes and development you wish for the property development process and working with the customers?
    - What do you think customers think?
- How property development process would be more fluent?
- Is there any product, service or working method you think could add value for customers?

Ending

- Is there something you would like to say or add for the interview?
- Thanking for the interview and information about the upcoming survey

APPENDIX 2: EXTERNAL INTERVIEW GUIDELINE

Background information of the research

- Introduction of the research issue, purpose of the interview, structure of the interview, asking permission to record the interview, confidentiality

Background information of the interviewee

- Please give a short summary of yourself and your work in property development projects
    - Can you describe the most typical development project for you?
    - Is there any other methods you acquire new business premises?
    - Is there any special features in property development in your business?

Overview of the property development

- What kind of phases there are in property development process for you?
- Who are the central participants in property development process?
- What kind of things and activities there are in the business relationship with property developer and what kind of things you except from the property developer?
- What kind of concrete benefits you gain from the property development?
- How is property development supporting your business purposes?

Value creation in property development

- Please explain briefly, what are the features that create value for you in property development?
    - What would be the "perfect" premise for you?
    - What kind of property has good quality?
    - How you are estimating the property development process and new business premise?
- What kind of things and features are important and valuable for you in property development?
    - What expectations you have for property development process?
    - What kind of property development process has good quality?
    - What kind of working methods and practices you consider useful/not useful in property development?

Concrete examples of benefits and sacrifices

- Now consider your experiences in working with different property developers.
    - Is property development done the same with all project developers? If not, what are the main differences? What methods are best? What are worse?
- Tell me (anonymously) about some development project or project process that went exceptionally well.
    - What factors cause the success from your opinion and why?
- Tell me (anonymously) about some development project or project process that was challenging.
    - What kind of challenges there were?
    - What factors cause the problems from your opinion?
    - How the problems could have been avoided?
- Describe, what kind of property development process would be the "best" for you?
- Do you have any other good or bad experiences or examples of property development projects?

Property developer's capabilities and features

- What factors are important for you when working with property developer?
- What is the property developer's role and responsibilities in property development?
- What kind of developer is a good developer?
- What kind of developer and a development company it is easy to work with?
- What kind of capabilities and features you expect from the developer? What kind of benefits you get from them?

Relationship with the developer

- Do you have any property developer with which you make close collaboration? If is:
    - If is, why do you collabo with them and what kind of benefits has this relationship given to you?
    - If not, why not?
- What are the features and critical factors of good relationship in property development?

Added value and future needs

- What kind of changes and development you wish for the property development process and working with the developers
- How property development process would be more beneficial for you?
- Is there anything the developer could offer or do to add value for you?

Ending

- Is there still some things, factors or practices that would add value for you in property development?
- Is there something you would like to say or add for the interview?
- Thanking for the interview and information about the upcoming survey

APPENDIX 3: INTERNAL INTERVIEWEE PROFILES

Developer ID	Position	Duration
D1	Project director	00:56:51
D2	Key Account manager	01:03:14
D3	Key Account leader	01:05:58
D4	Sales director	01:42:34
D5	Construction manager	00:53:39
D6	Project director	01:17:45
D7	Director	01:32:22

APPENDIX 4: EXTERNAL INTERVIEWEE PROFILES

ID	Business sector	Company size (revenue, mil. €) small <10; medium <50; large >50	Company's area of operations	Person interviewed	Duration
R1	Retail	Large	International	Development Manager	01:01:30
R2	Retail	Large	International	CEO (Finland)	01:04:29
R3	Retail	Large	International	CEO (Finland)	01:06:25
R4	Retail	Large	International	Business Location Manager	01:06:14
R5	Retail	Large	National	Project development leader	00:59:04
R6	Retail	Large	National	Owner, development manager	00:40:38
R7	Retail	Large	International	CEO (Finland)	01:09:54
R8	Retail	Large	National	Business Location Manager	01:01:17
R9	Retail	Large	National	Development Director	01:18:20
C1	Care Services	Large	National	CEO	01:19:47
C2	Care Services	Small/ medium	National/ Local	Account leader	00:58:32
C3	Care Services	Large	National	Real Estate Director	01:00:18
C4	Care Services	Large	National	Real Estate Director	01:05:16
C5	Care Services	Large	National/ Regional	CEO	00:52:08
C6	Care Services	Large	National	Sales director	01:19:30
C7	Care Services	Large	National	Real Estate Director	01:04:00
C8	Care Services	Large	International	Real estate development leader	01:14:38
C9	Care Services	small/ medium	National/ Regional	HR director	01:02:14

APPENDIX 5: EXAMPLE OF THE DATA-DRIVEN CONTENT ANALYSIS PROCEDURE

Table 5.1. Illustrative example of the content analysis procedure

Original expression	**Simplified expression**	**Subcategory**	**Parent category (sub-dimensions)**	**Main category (Themes, value drivers)**	**Unifying category (Value driver type)**
"Sure there is other things, like site and this type of factors that are important to us"	Site is important	Location	Location and surroundings	End-product quality	Core product
"It should be easy to come there and this type of centers, there visit many outsiders also"	Easy to come to	Accessibility			
"It is important that it is near other living and city center"	Near city center Near resident areas	Surroundings			
"Of course our manual features are tried to get as similar as possible in every country"	manual features similar everywhere	Fulfilling manual features	Concept fulfilment		
"We have our basic model, where everything is ready. Always it is not possible to transfer everywhere, but it is the starting point where we are targeting"	Basic model is the target	Implementation of basic model			
"Somebody should own the process, there should be a clear definition who is responsible"	Somebody should own process Defined roles	Good team leadership	Project management capabilities	Project Orchestration	
"At this point the voice of rationality is needed. Rationality and money. The professional is needed, who can tell to me how much something costs, and whether it is high or low"	Developer should be able to communicate costs	Cost management			
"If they give clear picture, updated by architecture, there comes "Ahaa!" moment. It is valued. This kind of illustrative pictures are in my opinion very good."	Using visual material	Clear presentation	Careful preparation		

APPENDIX 6: ILLUSTRATIVE EXAMPLE OF THE SURVEY DESIGN

The questionnaire template examples are presented in Finnish.

Kysymys 1:

Seuraavassa kuvassa on esitetty 10 erilaista hankekehitykseen ja hankekehittäjän toimintaan liittyvää kokonaisuutta, joiden ajatellaan vaikuttavan asiakkaan kokemaan arvoon.

Jokainen arvokokonaisuus muodostuu pääotsikosta ja useammasta alatekijästä. Alatekijät kuvaavat asiakasarvoa muodostavan kokonaisuuden sisällön ja samalla sen, mitä kokonaisuuden pääotsikolla tarkoitetaan.

Tutustukaa alla olevassa kuvassa näkyvään 10 kokonaisuuteen ja niiden alatekijöihin huolellisesti. *(Mikäli kuva ei näy kokonaan ruudulla, pääsette vierittämään näkymää sivulle näytön vierityspalkin avulla)*

Asettakaa tämän jälkeen nämä kokonaisuudet tärkeysjärjestykseen sen mukaan, kuinka hyödyllisiksi ja arvoa tuotaviksi koette ne hankekehityksessä.

Merkitkää teille kaikkein tärkein arvokokonaisuus numerolla 1, toiseksi tärkein numerolla 2, kolmanneksi tärkein numerolla 3 jne. Numerointi tehdään kuvan alla olevaan taulukkoon. *Huomaattehan, että tässä taulukossa voitte arvioida ainoastaan arvokokonaisuuksia, ette erikseen alatekijöitä.*

Tämän sivun osio on kyselyn ainoa pidempi kysymys ja se toimii lähtökohtana kyselyn loppuosalle. Käytättehän siis kokonaisuuksien arviointiin ja valintojen tekemiseen riittävän kauan aikaa!

	Valitse pudotusvalikosta järjestysnumero jokaisen kokonaisuuden kohdalle (1 = tärkein) Saman numeron voi valita vain kerran
Luottamus	
Asiakaskohtainen tietotaito	
Asiakaslähtöisyys	
Vuorovaikutus	
Läheisyys	
Proaktiivisuus	
Lisäarvon luominen	
Lopputuotteen laatu	
Projektinhallinta	
Asiakkaalle aiheutuvien kustannuksien hallinta	

Kysymysryhmä 2:

Tässä osiossa pääsette tutustumaan Asiakaskohtainen tietotaito -kokonaisuuteen liittyviin alatekijöihin. Alatekijät käydään läpi siten, että yksi kysymys koskee aina yhtä tekijää, tässä kokonaisuudessa niitä on 3 kappaletta.

Arvioidessanne, kuinka paljon koette saavanne arvoa jostakin tekijästä, voitte ajatella asiaa siitä näkökulmasta, kuinka merkityksellinen, hyödyllinen tai toivottu kyseinen asia teille hankekehityksessä on.

Jokaisen arvioitavan tekijän kohdalle on lisäksi kirjattu kursiivilla hieman tarkempi esimerkki siitä, mitä kyseisellä asialla tarkoitetaan ja miten tämä asia voisi konkreettisesti näkyä hankekehityksessä.

1. Kuinka paljon koette saavanne arvoa siitä, että

hankekehittäjä ymmärtää liiketoimintanne?

Hankekehittäjä esimerkiksi tuntee ja ymmärtää alanne ja yrityksenne erityispiirteet, tarpeet ja reunaehdot. Hankekehittäjä tuntee alanne viranomaissäädökset ja tulevaisuuden trendit.

- Erittäin paljon
- Melko paljon
- Melko vähän
- Ei lainkaan

2. Kuinka paljon koette saavanne arvoa siitä, että

hankekehittäjä kehittää toimintaanne?

Hankekehittäjä pyrkii aktiivisesti kehittämään tilakonseptianne ja liiketoimintaanne esimerkiksi uusilla, innovatiivisilla ideoilla sekä löytämällä säästökohteita tai esittämällä parannuksia konseptiinne tai tiloihinne.

- Erittäin paljon
- Melko paljon
- Melko vähän
- Ei lainkaan

3. Kuinka paljon koette saavanne arvoa siitä, että

hankekehittäjällä on aiempaa kokemusta teidän liiketoiminta-alanne hankkeista?

Hankekehittäjällä on aikaisempaa kokemusta joko teidän kanssanne työskentelystä tai liiketoimintanne kannalta olennaisia referenssikohteita.

- Erittäin paljon
- Melko paljon
- Melko vähän
- Ei lainkaan

APPENDIX 7. SURVEY ANSWERS | QUESTION 1: RANKINGS OF VALUE DRIVERS

Question 1 | All rankings of customer respondents

All answers (n = 28)			Question 1, ranking of value drivers 1-10 (1 = most important, 10=Least important)									
			Ranking of value drivers									
Sector	**Respondent's position**	**Interviewed**	Trust	Customer knowledge	Customer orientation	Interaction	Closeness	Proactivity	Added value creation	End-product quality	Project Orchestration	Cost management
Retail	Development manager	x	3	6	4	5	7	8	10	2	9	1
Retail	Project development manager	x	4	10	5	2	9	8	1	6	3	7
Retail	Area director		1	4	2	9	10	7	5	3	8	6
Retail	Area director		4	9	1	6	10	3	8	7	2	5
Retail	CEO	x	3	5	6	7	10	4	8	2	9	1
Trade	Property manager		2	6	4	9	5	10	1	7	8	3
Trade	Administration director		8	7	4	5	9	1	2	3	10	6
Retail	Business location manager		7	3	4	8	10	6	9	1	5	2
Retail	Area director		2	8	1	3	6	5	7	9	10	4
Retail	Property manager		1	10	2	9	7	8	5	3	6	4
Retail	Business location manager		1	4	8	9	10	7	3	5	2	6
Care services	CEO	x	6	9	1	8	10	7	2	3	5	4
Services	Member of the board		2	1	3	5	10	9	4	8	6	7
Services	Owner		1	5	8	9	6	2	7	10	3	4
Care services	Property director	x	1	10	9	5	8	6	3	2	7	4
Care services	Property director	x	5	9	2	8	10	7	1	6	4	3
Retail	Project development manager	x	3	5	10	9	8	1	4	7	6	2
Care services	Administration and HR leader	x	5	1	8	6	10	9	7	2	4	3
Retail	CEO		1	5	7	6	10	9	8	3	4	2
Retail	Development manager		1	3	4	9	10	8	7	2	6	5
Retail	Business location manager	x	1	3	2	7	9	8	10	4	5	6
Care services	Sales director	x	8	4	5	2	3	1	7	9	10	6
Retail	Development manager	x	1	2	4	9	10	8	6	5	7	3
Services	Country manager		4	3	8	6	9	7	10	1	5	2
Care services	CEO	x	4	5	2	6	7	3	1	9	8	10
Care services	Property management director		4	10	8	7	6	3	5	1	9	2
Retail	CEO	x	5	3	4	6	8	9	10	1	7	2
Retail	Area manager		1	2	7	10	8	9	4	5	6	3
		mean	3,2	5,4	4,8	6,8	8,4	6,2	5,5	4,5	6,2	4,0

Question 1 | All rankings of property development respondents

All answers (n = 6)	Question 1, ranking of value drivers 1-10 (1 = most important, 10=least important)									
	Ranking of value drivers									
Respondent's position	Trust	Customer knowledge	Customer orientation	Interaction	Closeness	Proactivity	Added value creation	End-product quality	Project Orchestration	Cost management
Development professional 1	5	6	2	4	10	3	9	1	8	7
Development professional 2	1	9	7	4	8	3	5	6	10	2
Development professional 3	1	8	2	3	10	9	7	6	4	5
Development professional 4	1	9	8	2	7	4	10	3	5	6
Development professional 5	4	9	3	10	5	1	2	6	8	7
Development professional 6	2	6	8	9	10	4	7	7	5	3
mean	2,3	7,8	5,0	5,3	8,3	4,0	5,7	4,8	6,7	5,0

Question 1 | Combined rankings of all respondents

All Respondents n = 28	Ranking											
Ranking	1.	2.	3.	4.	5.	sum. 1.-5.	6.	7.	8.	9.	10.	sum. 6.-10.
Value Driver												
Trust	36 %	11 %	11 %	18 %	11 %	86 %	4 %	4 %	7 %	0 %	0 %	14 %
Cost management	7 %	21 %	18 %	18 %	7 %	71 %	18 %	7 %	0 %	0 %	4 %	29 %
Customer orientation	11 %	18 %	4 %	25 %	7 %	64 %	4 %	7 %	18 %	4 %	4 %	36 %
End product quality	14 %	18 %	18 %	4 %	11 %	64 %	7 %	11 %	4 %	11 %	4 %	36 %
Customer knowledge	7 %	7 %	18 %	11 %	18 %	61 %	7 %	4 %	4 %	11 %	14 %	39 %
Added value creation	14 %	7 %	7 %	11 %	11 %	50 %	4 %	18 %	11 %	4 %	14 %	50 %
Project management	0 %	7 %	7 %	11 %	14 %	39 %	18 %	11 %	11 %	11 %	11 %	61 %
Proactivity	11 %	4 %	14 %	4 %	4 %	36 %	7 %	18 %	21 %	18 %	4 %	68 %
Interaction	0 %	7 %	4 %	0 %	14 %	25 %	21 %	11 %	11 %	29 %	4 %	75 %
Closeness	0 %	0 %	4 %	0 %	4 %	7 %	11 %	11 %	14 %	14 %	43 %	93 %

All Respondents n = 28						
Rank	Value Driver	Score	Cum. score	Mean score	Score Division	Cum. Score %
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Trust	219	219	7,8	14 %	14 %
2.	Cost management	195	414	7,0	13 %	27 %
3.	End product quality	182	596	6,5	12 %	39 %
4.	Customer orientation	175	771	6,3	11 %	50 %
5.	Customer knowledge	156	927	5,6	10 %	60 %
6.	Added value creation	153	1080	5,5	10 %	70 %
7.	Proactivity	135	1215	4,8	9 %	79 %
8.	Project management	134	1349	4,8	9 %	88 %
9.	Interaction	118	1467	4,2	8 %	95 %
10.	Closeness	73	1540	2,6	5 %	100 %

Question 1 | Combined rankings of all retail customers

All retail customers n=18	Ranking											
Ranking	1.	2.	3.	4.	5.	sum. 1.-5.	6.	7.	8.	9.	10.	sum. 6.-10.
Value Driver												
Trust	44 %	11 %	17 %	11 %	6 %	89 %	0 %	6 %	6 %	0 %	0 %	11 %
Customer orientation	11 %	17 %	0 %	39 %	6 %	72 %	6 %	11 %	6 %	0 %	6 %	28 %
Cost management	11 %	22 %	17 %	11 %	11 %	72 %	22 %	6 %	0 %	0 %	0 %	28 %
End product quality	11 %	17 %	22 %	6 %	17 %	72 %	6 %	17 %	0 %	6 %	0 %	28 %
Customer knowledge	0 %	11 %	22 %	11 %	17 %	61 %	11 %	6 %	6 %	6 %	11 %	39 %
Added value creation	11 %	6 %	6 %	11 %	11 %	44 %	6 %	11 %	17 %	6 %	17 %	56 %
Project management	0 %	11 %	6 %	6 %	11 %	33 %	22 %	11 %	11 %	11 %	11 %	67 %
Proactivity	11 %	0 %	6 %	6 %	6 %	28 %	6 %	11 %	33 %	17 %	6 %	72 %
Interaction	0 %	6 %	6 %	0 %	11 %	22 %	17 %	11 %	6 %	39 %	6 %	78 %
Closeness	0 %	0 %	0 %	0 %	6 %	6 %	6 %	11 %	17 %	17 %	44 %	94 %

All retail customers n = 18						
Rank	Value Driver	Score	Cum. score	Mean score	Score Division	Cum. Score %
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Trust	149	149	8,3	15 %	15 %
2.	Cost management	130	279	7,2	13 %	28 %
3.	End product quality	123	402	6,8	12 %	41 %
4.	Customer orientation	119	521	6,6	12 %	53 %
5.	Customer knowledge	103	624	5,7	10 %	63 %
6.	Added value creation	90	714	5,0	9 %	72 %
7.	Project management	85	799	4,7	9 %	81 %
8.	Proactivity	79	878	4,4	8 %	89 %
9.	Interaction	70	948	3,9	7 %	96 %
10.	Closeness	42	990	2,3	4 %	100 %

Question 1 | Combined rankings of all care service customers

All CS customers n = 7	Ranking											
Ranking	**1.**	**2.**	**3.**	**4.**	**5.**	**sum. 1.-5.**	**6.**	**7.**	**8.**	**9.**	**10.**	**sum. 6.-10.**
Value Driver												
Added value creation	29 %	14 %	14 %	0 %	14 %	71 %	0 %	29 %	0 %	0 %	0 %	29 %
Trust	14 %	0 %	0 %	29 %	29 %	71 %	14 %	0 %	14 %	0 %	0 %	29 %
Cost management	0 %	14 %	29 %	29 %	0 %	71 %	14 %	0 %	0 %	0 %	14 %	29 %
Customer orientation	14 %	29 %	0 %	0 %	14 %	57 %	0 %	0 %	29 %	14 %	0 %	43 %
End product quality	14 %	29 %	14 %	0 %	0 %	57 %	14 %	0 %	0 %	29 %	0 %	43 %
Proactivity	14 %	0 %	29 %	0 %	0 %	43 %	14 %	29 %	0 %	14 %	0 %	57 %
Customer knowledge	14 %	0 %	0 %	14 %	14 %	43 %	0 %	0 %	0 %	29 %	29 %	57 %
Project management	0 %	0 %	0 %	29 %	14 %	43 %	0 %	14 %	14 %	14 %	14 %	57 %
Interaction	0 %	14 %	0 %	0 %	14 %	29 %	29 %	14 %	29 %	0 %	0 %	71 %
Closeness	0 %	0 %	14 %	0 %	0 %	14 %	14 %	14 %	14 %	0 %	43 %	86 %

All CS customers n = 7						
Rank	**Value Driver**	**Score**	**Cum. score**	**Mean score**	**Score Division**	**Cum. Score %**
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Added value creation	51	51	7,3	13 %	13 %
2.	Cost management	45	96	6,4	12 %	25 %
3.	End product quality	45	141	6,4	12 %	37 %
4.	Trust	44	185	6,3	11 %	48 %
5.	Customer orientation	42	227	6,0	11 %	59 %
6.	Proactivity	41	268	5,9	11 %	70 %
7.	Interaction	35	303	5,0	9 %	79 %
8.	Project management	30	333	4,3	8 %	86 %
9.	Customer knowledge	29	362	4,1	8 %	94 %
10.	Closeness	23	385	3,3	6 %	100 %

Question 1 | Combined rankings of all interviewed customers

All interviewed n = 13	Ranking											
Ranking	**1.**	**2.**	**3.**	**4.**	**5.**	**sum. 1.-5.**	**6.**	**7.**	**8.**	**9.**	**10.**	**sum. 6.-10.**
Value Driver												
Trust	23 %	0 %	23 %	15 %	23 %	85 %	8 %	0 %	8 %	0 %	0 %	15 %
Customer orientation	8 %	23 %	0 %	23 %	15 %	69 %	8 %	0 %	8 %	8 %	8 %	31 %
Cost management	15 %	15 %	23 %	15 %	0 %	69 %	15 %	8 %	0 %	0 %	8 %	31 %
Customer knowledge	8 %	8 %	15 %	8 %	23 %	62 %	8 %	0 %	0 %	15 %	15 %	38 %
End product quality	8 %	31 %	8 %	8 %	8 %	62 %	15 %	8 %	0 %	15 %	0 %	38 %
Added value creation	23 %	8 %	8 %	8 %	0 %	46 %	8 %	15 %	8 %	0 %	23 %	54 %
Project management	0 %	0 %	8 %	15 %	15 %	38 %	8 %	23 %	8 %	15 %	8 %	62 %
Interaction	0 %	15 %	0 %	0 %	15 %	31 %	23 %	15 %	15 %	15 %	0 %	69 %
Proactivity	15 %	0 %	8 %	8 %	0 %	31 %	8 %	15 %	31 %	15 %	0 %	69 %
Closeness	0 %	0 %	8 %	0 %	0 %	8 %	0 %	15 %	23 %	15 %	38 %	92 %

All interviewed n = 13						
Rank	**Value Driver**	**Score**	**Cum. score**	**Mean score**	**Score Division**	**Cum. Score %**
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Trust	94	94	7,2	13 %	13 %
2.	Cost management	91	185	7,0	13 %	26 %
3.	End product quality	85	270	6,5	12 %	38 %
4.	Customer orientation	81	351	6,2	11 %	49 %
5.	Added value creation	73	424	5,6	10 %	59 %
6.	Customer knowledge	71	495	5,5	10 %	69 %
7.	Proactivity	64	559	4,9	9 %	78 %
8.	Interaction	63	622	4,8	9 %	87 %
9.	Project management	59	681	4,5	8 %	95 %
10.	Closeness	34	715	2,6	5 %	100 %

Question 1 | Combined rankings of all not interviewed customers

All not interviewed n=15	Ranking											
Ranking	1.	2.	3.	4.	5.	sum. 1.-5.	6.	7.	8.	9.	10.	sum. 6.-10.
Value Driver												
Trust	47 %	20 %	0 %	20 %	0 %	87 %	0 %	7 %	7 %	0 %	0 %	13 %
Cost management	0 %	27 %	13 %	20 %	13 %	73 %	20 %	7 %	0 %	0 %	0 %	27 %
End product quality	20 %	7 %	27 %	0 %	13 %	67 %	0 %	13 %	7 %	7 %	7 %	33 %
Customer knowledge	7 %	7 %	20 %	13 %	13 %	60 %	7 %	7 %	7 %	7 %	13 %	40 %
Customer orientation	13 %	13 %	7 %	27 %	0 %	60 %	0 %	13 %	27 %	0 %	0 %	40 %
Added value creation	7 %	7 %	7 %	13 %	20 %	53 %	0 %	20 %	13 %	7 %	7 %	47 %
Project management	0 %	13 %	7 %	7 %	13 %	40 %	27 %	0 %	13 %	7 %	13 %	60 %
Proactivity	7 %	7 %	13 %	0 %	7 %	33 %	7 %	20 %	13 %	20 %	7 %	67 %
Interaction	0 %	0 %	7 %	0 %	13 %	20 %	20 %	7 %	7 %	40 %	7 %	80 %
Closeness	0 %	0 %	0 %	0 %	7 %	7 %	20 %	7 %	7 %	13 %	47 %	93 %

All not interviewed n = 15						
Rank	Value Driver	Score	Cum. score	Mean score	Score Division	Cum. Score %
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Trust	125	125	8,3	15 %	15 %
2.	Cost management	104	229	6,9	13 %	28 %
3.	End product quality	97	326	6,5	12 %	40 %
4.	Customer orientation	94	420	6,3	11 %	51 %
5.	Customer knowledge	85	505	5,7	10 %	61 %
6.	Added value creation	80	585	5,3	10 %	71 %
7.	Project management	75	660	5,0	9 %	80 %
8.	Proactivity	71	731	4,7	9 %	89 %
9.	Interaction	55	786	3,7	7 %	95 %
10.	Closeness	39	825	2,6	5 %	100 %

Question 1 | Combined rankings of all developer respondents

PD professionals n = 6	Ranking											
Ranking	1.	2.	3.	4.	5.	sum. 1.-5.	6.	7.	8.	9.	10.	sum. 6.-10.
Value Driver												
Trust	50 %	17 %	0 %	17 %	17 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %
Proactivity	17 %	0 %	33 %	33 %	0 %	83 %	0 %	0 %	0 %	17 %	0 %	17 %
Interaction	0 %	17 %	17 %	33 %	0 %	67 %	0 %	0 %	0 %	17 %	17 %	33 %
Customer orientation	0 %	33 %	17 %	0 %	0 %	50 %	0 %	17 %	33 %	0 %	0 %	50 %
Added value creation	17 %	17 %	0 %	0 %	17 %	50 %	0 %	17 %	0 %	17 %	17 %	50 %
Project management	0 %	0 %	0 %	17 %	33 %	50 %	0 %	0 %	33 %	0 %	17 %	50 %
Cost management	0 %	17 %	17 %	0 %	17 %	50 %	17 %	33 %	0 %	0 %	0 %	50 %
End product quality	17 %	0 %	17 %	0 %	0 %	33 %	50 %	17 %	17 %	0 %	0 %	83 %
Closeness	0 %	0 %	0 %	0 %	17 %	17 %	0 %	17 %	17 %	0 %	50 %	83 %
Customer knowledge	0 %	0 %	0 %	0 %	0 %	0 %	33 %	0 %	17 %	50 %	0 %	100 %

PD professionals n = 6						
Rank	Value Driver	Score	Cum. score	Mean score	Score Division	Cum. Score %
(Rank 1. = 10 points; 2. = 9 points; 3. = 8 points etc. Value drivers above the line > 50 % of points)						
1.	Trust	52	52	8,7	16 %	16 %
2.	Proactivity	42	94	7,0	13 %	28 %
3.	End product quality	37	131	6,2	11 %	40 %
4.	Customer orientation	36	167	6,0	11 %	51 %
5.	Cost management	36	203	6,0	11 %	62 %
6.	Interaction	34	237	5,7	10 %	72 %
7.	Added value creation	32	269	5,3	10 %	82 %
8.	Project management	26	295	4,3	8 %	89 %
9.	Customer knowledge	19	314	3,2	6 %	95 %
10.	Closeness	16	330	2,7	5 %	100 %

APPENDIX 8. SURVEY ANSWERS | QUESTION 2: EVALUATION OF THE VALUE CREATION POTENTIAL OF SUB-DIMENSIONS

Question 2 | Customers' responses

				Question 2, How much value, 1-4 (4=very much; 3 = quite much, 2= not much, 1										
				Trust							Customer knowledge			
Sector	Respondent's position	Interviewed		Trustworthiness	Transparency	Confidentiality	Respect	Honesty	Image and reputation		Understanding customer's business	Development of customer's business	Earlier experience	
Retail	Development manager	x		3	4	3	2	4	3					
Retail	Project development manager	x		4	3	4	3	3	3					
Retail	Area director			4	4	4	3	4	3		4	3	3	
Retail	Area director			3	4	2	2	2	2					
Retail	CEO	x		4	3	4	3	4	3		3	2	2	
Trade	Property manager			4	4	4	3	4	4					
Trade	Administration director													
Retail	Business location manager										2	1	4	
Retail	Area director			4	3	4	3	4	4					
Retail	Property manager			4	4	4	3	4	3					
Retail	Business location manager			4	3	2	2	3	2		3	1	2	
Care services	CEO	x												
Services	Member of the board			4	4	4	3	4	3		4	3	4	
Services	Owner			3	3	4	3	4	4		3	2	3	
Care services	Property director	x		4	3	4	3	4	3					
Care services	Property director	x		4	4	4	4	4	3					
Retail	Project development manager	x		4	4	4	3	4	4		4	3	3	
Care services	Administration and Human Resourc	x		3	4	4	2	3	4		4	3	4	
Retail	CEO			4	4	4	3	4	4		4	3	4	
Retail	Development manager			4	3	3	3	4	3		4	2	3	
Retail	Business location manager	x		4	4	4	3	4	3		4	3	2	
Care services	Sales director	x									4	2	4	
Retail	Development manager	x		4	3	3	3	4	3		3	2	3	
Services	Country manager			4	4	3	4	4	3		2	2	3	
Care services	CEO	x		4	4	3	2	4	4		4	4	3	
Care services	Property management director			4	3	4	4	4	3					
Retail	CEO	x		4	3	4	3	3	4		4	1	3	
Retail	Area manager			4	3	4	3	4	3		3	3	3	
			Mode	4	4	4	3	4	3		4	3	3	
			Median	4	4	4	3	4	3		4	2	3	
			Min value	3	3	2	2	2	2		2	1	2	
			Max value	4	4	4	4	4	4		4	4	4	
			Value driver	Trust							Customer knowledge			
			Sub-dimension	1	2	3	4	5	6		1	2	3	
			Value creation potential, how often estimated [%]:											
			1 (not at all)	0 %	0 %	0 %	0 %	0 %	0 %		0 %	18 %	0 %	
			2 (not much)	0 %	0 %	8 %	21 %	4 %	8 %		12 %	35 %	18 %	
			3 (quite much)	17 %	46 %	21 %	67 %	17 %	58 %		29 %	41 %	53 %	
			4 (very much)	83 %	54 %	71 %	13 %	79 %	33 %		59 %	6 %	29 %	
				100 %	100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %	
			Overall estimation of the sub-dimension:							sum				sum
				0 %	0 %	8 %	21 %	4 %	8 %	7 %	12 %	53 %	18 %	27 %
				100 %	100 %	92 %	79 %	96 %	92 %	93 %	88 %	47 %	82 %	73 %
			sum.	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Table continues on the next page

Question 2 | Customers' responses (continues)

=not at all)

Customer orientation						Interaction				Closeness						Proactivity				
Customer engagement	Collaborative process	Flexibility	Customer as a value source	Responsiveness		Communication	Information management	Increasing customer understanding		Relationship	Personal chemistry	Common goals and visions	Similar values	Familiarity		Activity	Solution orientation	Future orientation	Proactive shareholder actions	
4	3	3	2	3		2	3	2												
3	2	3	4	3		4	4	3												
4	4	4	3	3																
4	3	2	4	2												4	4	2	3	
																4	4	3	3	
4	4	3	4	4						4	4	3	3	4						
4	4	3	3	3		4	3	3								4	4	3	4	
4	4	3	2	4																
4	4	3	3	4		3	4	3								4	4	3	3	
4	4	4	4	4																
3	4	3	3	2																
4	4	4	4	4		4	4	3												
																3	3	3	3	
						4	3	4												
4	4	4	4	4																
																4	4	4	3	
4	4	3	3	3																
4	3	4	4	4																
4	4	4	3	4		4	4	4		3	4	4	3	3		3	4	4	4	
4	3	3	2	4																
4	4	3	4	3												3	3	4	2	
																4	4	4	4	
4	4	3	3	4																
4	4	3	4	4		4	4	3		3,4	4	3,4	3	3,4		4	4	3	3	
4	4	3	3	4		4	4	3		3,5	4	3,5	3	3,5		4	4	3	3	
3	2	2	2	2		2	3	2		3	4	3	3	3		3	3	2	2	
4	4	4	4	4		4	4	4		4	4	4	3	4		4	4	4	4	
Customer orientation						Interaction				Closeness						Proactivity				
1	2	3	4	5		1	2	3		1	2	3	4	5		1	2	3	4	
0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %		0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	
0 %	6 %	6 %	17 %	11 %		14 %	0 %	14 %		0 %	0 %	0 %	0 %	0 %		0 %	0 %	11 %	11 %	
11 %	22 %	61 %	39 %	33 %		14 %	43 %	57 %		50 %	0 %	50 %	100 %	50 %		33 %	22 %	44 %	56 %	
89 %	72 %	33 %	44 %	56 %		71 %	57 %	29 %		50 %	100 %	50 %	0 %	50 %		67 %	78 %	44 %	33 %	
100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %		100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	
					sum				sum						sum					sum
0 %	6 %	6 %	17 %	11 %	8 %	14 %	0 %	14 %	10 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	11 %	11 %	6 %
100 %	94 %	94 %	83 %	89 %	92 %	86 %	100 %	86 %	90 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	89 %	89 %	94 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Table continues on the next page

Question 2 | Customers' responses (continues)

Added value creation					End-product quality						Project management				
Innovativeness	Unique resources	Contacts and networks	Added and integrated services		Location and surroundings	Fulfilling concept	Functionality	Modifiability	Innovative design		Project management capabilities	Project preparation	Systematicy	Outsourcing	
					4	4	4	3	2						
4	3	3	3								4	3	4	2	
3	2	3	2		4	4	4	3	2						
											3	2	4	3	
					4	4	3	2	2						
3	4	3	3												
3	4	4	3		3	3	3	3	3						
					4	4	4	2	2		4	4	3	3	
4	3	4	3		4	3	4	3	3						
3	3	3	2		4	3	3	2	2		4	3	4	2	
3	2	3	2		3	4	3	3	2		3	3	3	2	
4	4	4	3												
											4	4	4	3	
4	3	3	3		4	4	4	3	3						
3	3	3	3								4	3	3	4	
3	3	4	3												
					3	4	4	4	3		3	4	3	3	
					4	4	4	4	3		4	4	4	2	
					4	4	3	3	3						
					4	4	4	3	2		4	4	4	3	
					4	3	4	3	3						
					4	4	4	2	2		4	4	4	4	
4	4	4	2												
4	4	4	4		4	3	4	4	3						
					4	4	4	3	2						
3	2	2	3		4	4	4	3	3						
3	3	3	3		4	4	4	3	2		4	4	4	3	
3	3	3	3		4	4	4	3	2,5		4	4	4	3	
3	2	2	2		3	3	3	2	2		3	2	3	2	
4	4	4	4		4	4	4	4	3		4	4	4	4	
Added value creation					End-product quality						Project management				
1	2	3	4		1	2	3	4	5		1	2	3	4	
0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	
0 %	21 %	7 %	29 %		0 %	0 %	0 %	22 %	50 %		0 %	9 %	0 %	36 %	
57 %	43 %	50 %	64 %		17 %	28 %	28 %	61 %	50 %		27 %	36 %	36 %	45 %	
43 %	36 %	43 %	7 %		83 %	72 %	72 %	17 %	0 %		73 %	55 %	64 %	18 %	
100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	
				sum						sum					sum
0 %	21 %	7 %	29 %	14 %	0 %	0 %	0 %	22 %	50 %	14 %	0 %	9 %	0 %	36 %	11 %
100 %	79 %	93 %	71 %	86 %	100 %	100 %	100 %	78 %	50 %	86 %	100 %	91 %	100 %	64 %	89 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Table continues on the next page

Question 2 | Customers' responses (continues)

Cost management								
Direct costs	Development process costs	Time and effort	Risk and uncertainty	Conflicts	Knowledge capital	Comprimises	Opportunity costs	Time window
4	4	3	2	2	3	3	3	2
4	3	4	2	2	2	2	2	2
4	3	3	3	4	3	1	3	4
4	4	2	4	4	4	4	3	3
4	4	2	2	3	3	2	4	4
4	4	3	3	3	4	3	4	3
4	4	2	4	3	4	3	3	4
4	2	2	3	3	3	3	2	2
2	3	3	3	3	4	3	3	2
3	2	3	3	3	4	2	3	3
4	4	4	4	4	4	3	3	3
4	4	4	4	4	4	3	4	4
4	4	3	4	3	4	2	3	3
4	4	4	4	4	4	4	4	4
4	4	3	3	3	3	3	3	3
4	4	2	3	4	4	4	3	4
4	2	3	4	4	4	3	3	4
4	4	4	4	4	4	3	4	3
4	3	2	2	2	3	3	4	3
4	4	3	3	4	4	3	3	4
4	4	3	3	4	4	3	3	4
4	4	3	3	3	4	3	3	3
2	2	2	2	2	2	1	2	2
4	4	4	4	4	4	4	4	4
Cost management								
1	2	3	4	5	6	7	8	9
0 %	0 %	0 %	0 %	0 %	0 %	5 %	0 %	0 %
5 %	15 %	30 %	20 %	15 %	5 %	20 %	10 %	20 %
5 %	20 %	45 %	40 %	40 %	30 %	60 %	60 %	40 %
90 %	65 %	25 %	40 %	45 %	65 %	15 %	30 %	40 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
5 %	15 %	30 %	20 %	15 %	5 %	25 %	10 %	20 %
95 %	85 %	70 %	80 %	85 %	95 %	75 %	90 %	80 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Question 2 | Property developers' responses

	Question 2, How much value, 1-4 (4=very much; 3 = quite much, 2= not much, 1										
	Trust							Customer knowledge			
Respondent's position	Trustworthiness	Transparency	Confidentiality	Respect	Honesty	Image and reputation		Understanding customer's business	Development of customer's business	Earlier experience	
Development professional 1	4	4	4	4	4	3					
Development professional 2	4	4	4	3	4	3					
Development professional 3	4	3	4	3	4	3					
Development professional 4	4	3	4	3	3	3					
Development professional 5	4	4	4	3	4	3					
Development professional 6	3	4	3	4	4	3					
Mode	4	4	4	3	4	3		N/A	N/A	N/A	
Median	4	4	4	3	4	3		N/A	N/A	N/A	
Min value	3	3	3	3	3	3		0	0	0	
Max value	4	4	4	4	4	3		0	0	0	
Value driver	Trust							Customer knowledge			
Sub-dimension	1	2	3	4	5	6		1	2	3	
Value creation potential, how often estimated [%]:											
1 (not at all)	0 %	0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	
2 (not much)	0 %	0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	
3 (quite much)	17 %	33 %	17 %	67 %	17 %	100 %		0 %	0 %	0 %	
4 (very much)	83 %	67 %	83 %	33 %	83 %	0 %		0 %	0 %	0 %	
	100 %	100 %	100 %	100 %	100 %	100 %		0 %	0 %	0 %	
Overall estimation of the sub-dimension:							sum				sum
	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
	100 %	100 %	100 %	100 %	100 %	100 %	100 %	0 %	0 %	0 %	0 %
sum.	100 %	100 %	100 %	100 %	100 %	100 %	100 %	0 %	0 %	0 %	0 %

Question 2 | Property developers' responses (continues):

=not at all)

Customer orientation						Interaction				Closeness						Proactivity				
Customer engagement	Collaborative process	Flexibility	Customer as a value source	Responsiveness		Communication	Information management	Increasing customer understanding		Relationship	Personal chemistry	Common goals and visions	Similar values	Familiarity		Activity	Solution orientation	Future orientation	Proactive shareholder actions	
4	3	3	3	4		4	3	3								3	3	3	2	
						3	3	4								4	3	2	4	
3	4	3	3	4		4	3	3												
						4	3	3								3	4	3	2	
3	3	3	3	4						3	2	4	2	2		3	4	3	3	
																4	4	3	2	
3	3	3	3	4		4	3	3		N/A	N/A	N/A	N/A	N/A		3	4	3	2	
3	3	3	3	4		4	3	3		3	2	4	2	2		3	4	3	2	
3	3	3	3	4		3	3	3		3	2	4	2	2		3	3	2	2	
4	4	3	3	4		4	3	4		3	2	4	2	2		4	4	3	4	
Customer orientation						Interaction				Closeness						Proactivity				
1	2	3	4	5		1	2	3		1	2	3	4	5		1	2	3	4	
0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %		0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	
0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %		0 %	100 %	0 %	100 %	100 %		0 %	0 %	20 %	60 %	
67 %	67 %	100 %	100 %	0 %		25 %	100 %	75 %		100 %	0 %	0 %	0 %	0 %		60 %	40 %	80 %	20 %	
33 %	33 %	0 %	0 %	100 %		75 %	0 %	25 %		0 %	0 %	100 %	0 %	0 %		40 %	60 %	0 %	20 %	
100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %		100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	
					sum				sum						sum					sum
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	100 %	0 %	100 %	100 %	60 %	0 %	0 %	20 %	60 %	20 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	0 %	100 %	0 %	0 %	40 %	100 %	100 %	80 %	40 %	80 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Table continues on the next page

Question 2 | Property developers' responses (continues)

Added value creation					End-product quality						Project management				
Innovativeness	Unique resources	Contacts and networks	Added and integrated services		Location and surroundings	Fulfilling concept	Functionality	Modifiability	Innovative design		Project management capabilities	Project preparation	Systematicy	Outsourcing	
					4	4	4	2	2						
3	3	2	3												
											3	4	3	3	
					4	4	4	4	3		3	3	3	2	
4	2	2	2												
3	3	3	2								4	4	3	2	
3	3	2	2		4	4	4	N/A	N/A		3	4	3	2	
3	3	2	2		4	4	4	2,4	2,3		3	4	3	2	
3	2	2	2		4	4	4	2	2		3	3	3	2	
4	3	3	3		4	4	4	4	3		4	4	3	3	
Added value creation					End-product quality						Project management				
1	2	3	4		1	2	3	4	5		1	2	3	4	
0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	0 %		0 %	0 %	0 %	0 %	
0 %	33 %	67 %	67 %		0 %	0 %	0 %	50 %	50 %		0 %	0 %	0 %	67 %	
67 %	67 %	33 %	33 %		0 %	0 %	0 %	0 %	50 %		67 %	33 %	100 %	33 %	
33 %	0 %	0 %	0 %		100 %	100 %	100 %	50 %	0 %		33 %	67 %	0 %	0 %	
100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	100 %		100 %	100 %	100 %	100 %	
				sum						sum					sum
0 %	33 %	67 %	67 %	42 %	0 %	0 %	0 %	50 %	50 %	20 %	0 %	0 %	0 %	67 %	17 %
100 %	67 %	33 %	33 %	58 %	100 %	100 %	100 %	50 %	50 %	80 %	100 %	100 %	100 %	33 %	83 %
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

Question 2 | Property developers' responses

Cost management											
Direct costs	Development process costs	Time and effort	Risk and uncertainty	Conflicts	Knowledge capital	Compromises	Opportunity costs	Time window			
4	2	4	4	3	2	3	3	4			
3	3	3	4	3	3	3	2	3			
4	4	4	4	3	3	4	4	3			
4	N/A	4	4	3	3	3	N/A	3		3	Mode (all)
4	3	4	4	3	3	3	3	3		3	Median (all)
3	2	3	4	3	2	3	2	3			
4	4	4	4	3	3	4	4	4			
Cost management											
1	2	3	4	5	6	7	8	9		Overall sum.	
0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %		0,0 %	1 (not at all)
0 %	33 %	0 %	0 %	0 %	33 %	0 %	33 %	0 %		12,8 %	2 (not much)
33 %	33 %	33 %	0 %	100 %	67 %	67 %	33 %	67 %		47,7 %	3 (quite much)
67 %	33 %	67 %	100 %	0 %	0 %	33 %	33 %	33 %		39,6 %	4 (very much)
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %		100 %	
									sum	All value drivers:	
0 %	33 %	0 %	0 %	0 %	33 %	0 %	33 %	0 %	11 %	11 %	Creates no value
100 %	67 %	100 %	100 %	100 %	67 %	100 %	67 %	100 %	89 %	89 %	Creates value
100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	

APPENDIX 9: COMPREHENSIVE FRAMEWORK OF CUSTOMER VALUE DRIVERS IN PROPERTY DEVELOPMENT

Figure 9.1: Value drivers and sub-dimensions of comprehensive framework

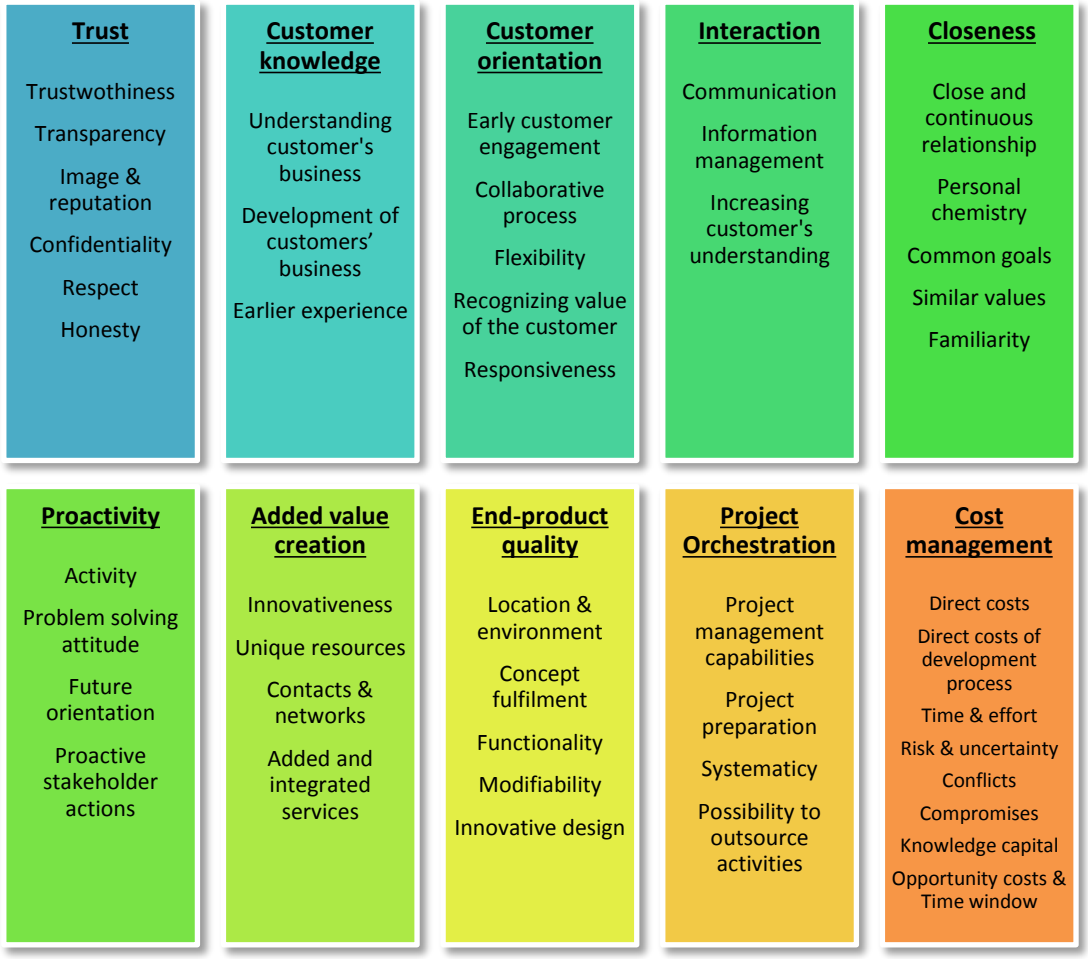
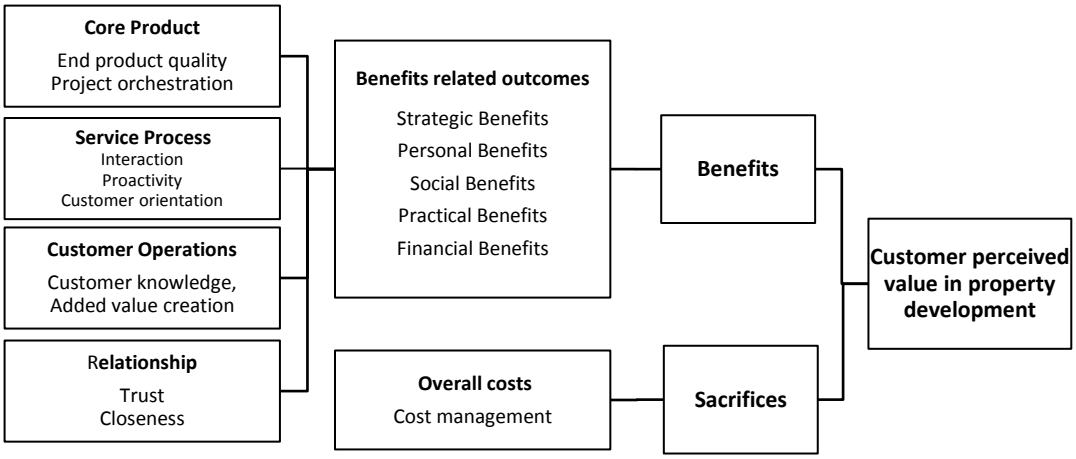
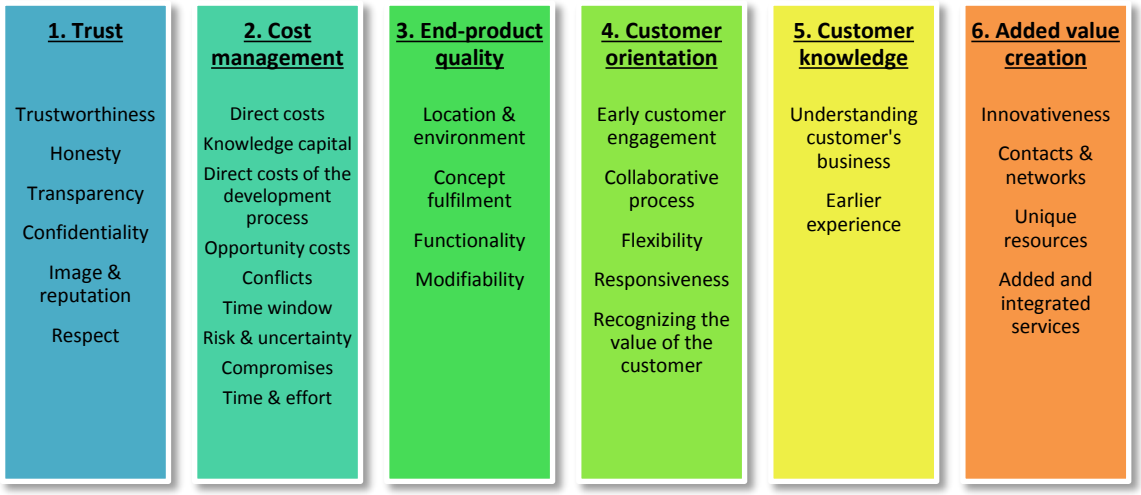


Figure 9.2: Comprehensive framework of customer value creation in property development presented as a higher level model

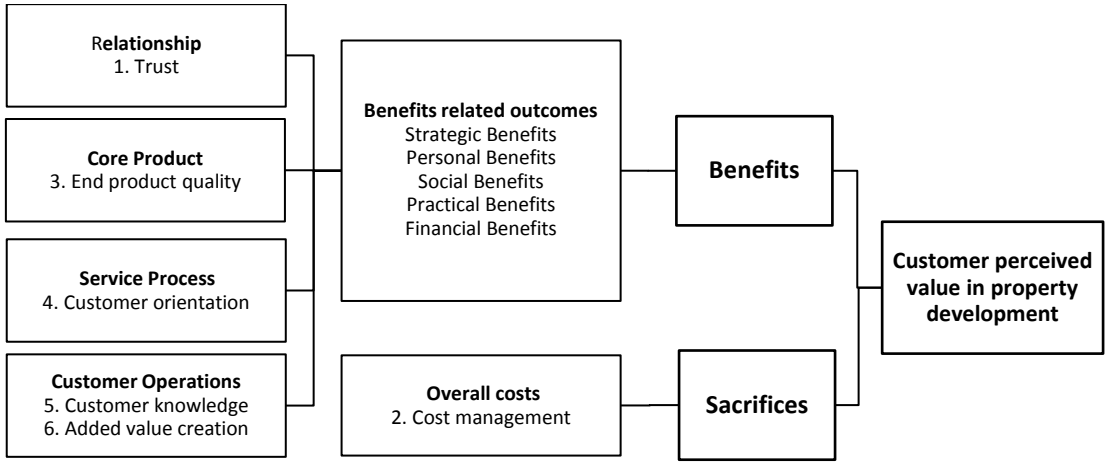
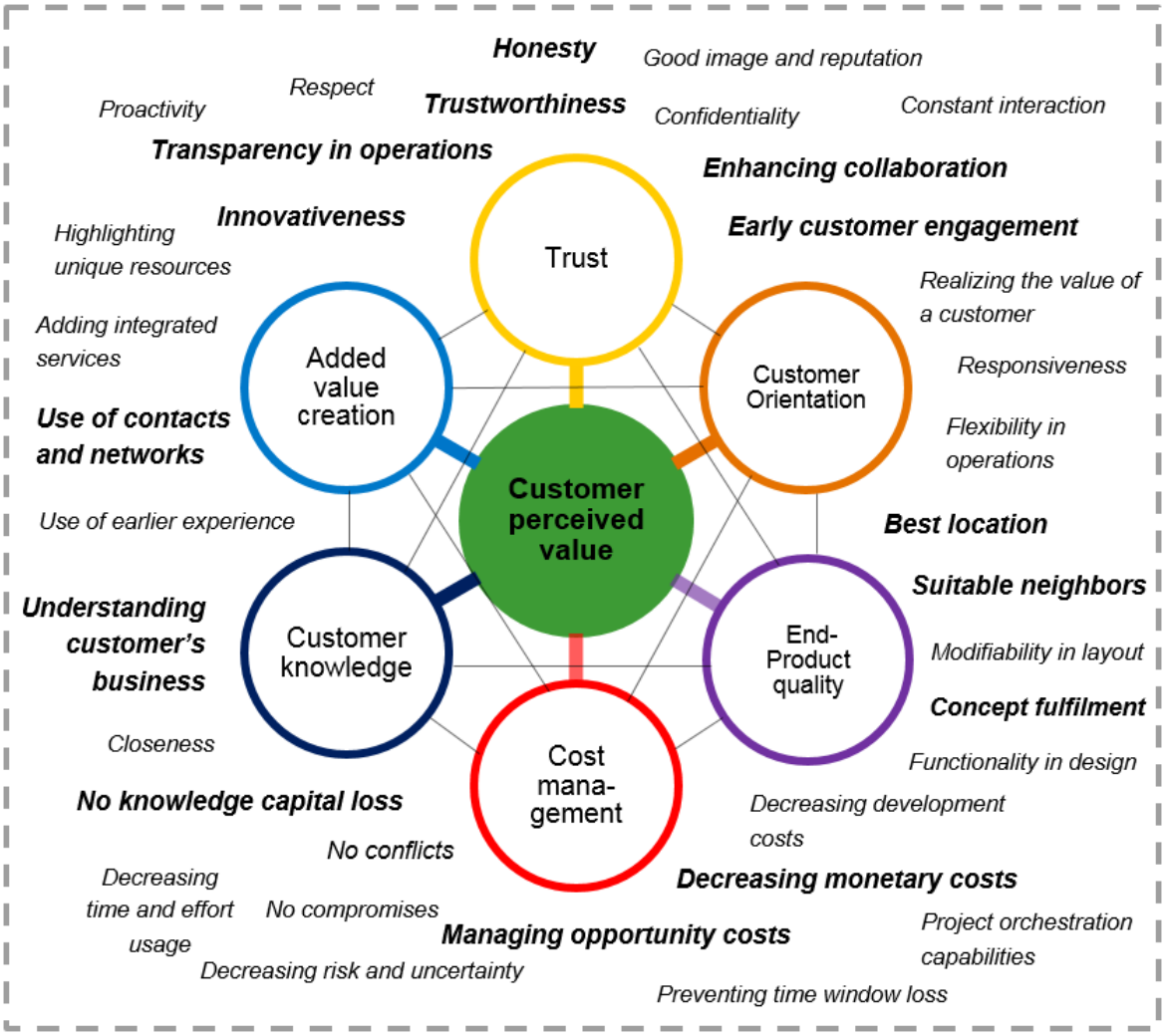


APPENDIX 10: REFINED FRAMEWORK OF MOST IMPORTANT CUSTOMER VALUE DRIVERS IN PROPERTY DEVELOPMENT

Framework 10.1: Refined framework of most important customer value drivers in property development



Framework 10.2: Refined framework of most important customer value drivers in property development presented as reorganized higher level model



Framework 10.3. Visual model of key elements of customer value enhancement in property development