

# **Real Estate Service Markets and The Informed Client: Towards a Research Agenda**

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# Real Estate Service Markets and The Informed Client: Towards a Research Agenda

## *Abstract*

*This paper focuses on recent research carried out by the 'Futures' research team into the role of clients in the UK and Finland in shaping the characteristics of the market for real estate services (RES). Based on a structured interview survey of major real estate service clients, the role of the client as a partner in change within RES markets is examined. In particular, the paper analyses the clients' role in product development, their choice of provider, and the characteristics of their provider relationship. A spectrum of RES client types is constructed based on the survey results, and the strategic implications for the future development of RESs are explored in the specific context of the case study countries.*

**Keywords:** *Real Estate Service Markets; Client Characteristics.*

## **1. Introduction**

The real estate service sector is undergoing a process of rapid change. The nature of the service product, the methods by which it is delivered, the requirements of clients, and the structure of the industry are all currently being redefined. This paper attempts to examine the role of clients as a key dynamic of change in this process drawing on empirical evidence from the UK and Finnish markets. In particular it seeks to identify the broad parameters that shape client-provider relationships as a means of isolating changes in the role of clients over time and their implications for service providers. It also explores the notion of the existence of an increasingly 'informed' client base as a key driver of future competition and innovation in real estate services.

The paper is divided into three further sections. Section two presents a short literature review spanning the major perspectives on client-provider relationships in professional business services. The empirical results and analysis of a survey of real estate service clients in the UK and Finland are reported in section three. Section four concludes with an assessment of the implications of the findings for real estate service markets and discusses the potential direction of future research in this area.

## **2. The Client – Provider Relationship: Some Theoretical Perspectives**

The objective of this section is to provide a brief review of contemporary theoretical and behavioural perspectives on client provider relationships in the area of professional business services (PBS). This will serve as important reference point for the results reported in this paper.

As a starting point it is important to remember that the characteristics of PBS determine many aspects of the client-provider relationship. The PBS product typically involves the production, analysis and dissemination of diverse forms of information. Amongst other things, these include research and development activity directed at product development, financial or legal information geared to the internal organisation or the external relations of client organisations, and advertising and product support designed to promote the final product of clients. Unlike goods, which can be measured in terms of physical quantities of output, PBSs (including real estate services) can generally only be measured in terms of the inputs employed in service provision. The production and consumption of PBSs commonly occurs simultaneously. This implies that such services cannot be stored and should be regarded as perishable, although their actual implementation may have lasting consequences for the client. They are consumed as an input into a production process and cannot readily be separated from the client's final product. Services like financial audits, advertising campaigns or real estate appraisals are not valued in their own right, but are a necessary component of final output. The precise nature of PBSs tends to emerge dynamically through the relationship between a PBS firm and its client, and usually involves the client actively as 'co-producer' of the service (O'Farrell and Moffatt 1991, Wood 1996). This tends to hold even in those cases where the service is commissioned to meet some external legal obligation

As PBS provision usually involves examining and solving specific problems for a client, this dictates a high degree of customisation of the service. In these circumstances, there is inevitably an element of contractual uncertainty relating to the precise nature of the service to be delivered. Typically this leads to a high level of interaction between the

PBS firm and its client in which they jointly define and redefine the brief, work towards a solution and oversee its implementation. By working closely together, both parties learn more about each other and establish a relationship of trust. The PBS provider will generally try to guarantee quality of service through the careful selection and training of its staff, while the client will rely on close interaction and accumulated experience of the PBS firm to ensure service quality. The shared responsibility for successful outcomes and the substantial joint investment by both parties means that, if the services provided prove to be broadly satisfactory, the service relationship is likely to become long-standing. The nature of the production process highlights the difficulty of ensuring and measuring the quality of service delivery, both for the PBS provider and the client. This problem intensifies as the professional service in question becomes less standardised. Aharoni (2000) goes as far as to suggest that service quality cannot be measured objectively.

Every interaction between a service firm and its client produces investments in some kind of bonds. (Holmlund – Kock 1995) The stability and continuity of the relationship can be measured by the strength of the relational bonds, namely attraction, trust and commitment (Halinen 1994). This makes relationship breaking more difficult and expensive. According to Glagola (1999) the RES provider's role in the co-operation increases gradually, when outsourcing and client relationships become deeper. At the same time, responsibility of the service is shifted from client to service provider.

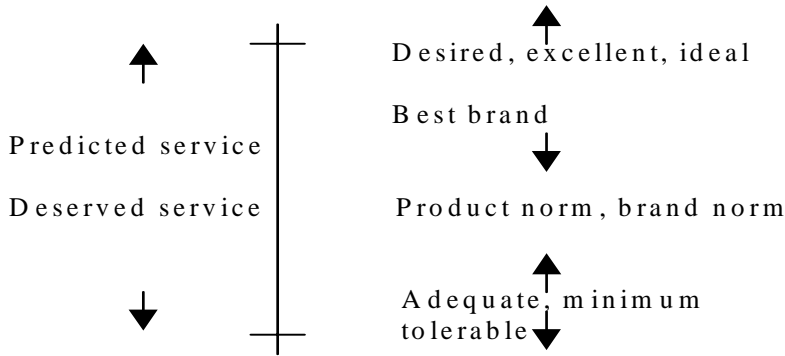
Odekerken-Schröder et al. 2000 suggest that the principal reason clients end up with long-term relationships is that they are trying to minimize transaction costs. However, the very nature of long-term relationships creates a pressure for relationship development. Clients who have started a relationship with the service provider expect to get a satisfactory core service. The longer the relationship, the more important the relational benefits of the relationship (Gwinner et al. 1998). Not surprisingly, the commercial success of professional business service firms has been claimed to depend on their ability to develop good relationships and increase client participation in the service production process (Lapierre et al. 1999, 243). Additionally, a good provider-client relationship can become a source of competitive advantage for both (Jap 2001).

From a client's perspective, the optimal level of externally sourced service provision is a function of their outsourcing strategy. The use of more than one provider reduces the outsourcing risks of the client (Sipilä 1998). Using more than one provider gives the client a chance to get better market information about prices and service innovations, which in turn helps decision-making. It can also increase the competitiveness of the provider as it clearly indicates the willingness of the client to break the relationship if not fully satisfied. However, clients often aim to keep the number of suppliers as low as possible in order to minimise transactions costs (Holmlund – Kock 1995). The perceived risk seems also to decrease by staying with the same service provider (Mäkinen – Ranta 1991). In the European countries the recent trend has been towards decreasing number of suppliers (Luomala et al. 2001).

Ojasalo (1999) concluded there are two key drivers, which result in clients switching their professional service provider. Firstly the speed at which the service provider is able to develop quality in the relationship and secondly the clients 'satisfaction sources'. These 'satisfaction sources' are defined as solutions, consultant and the corporate profile of the service company, each of which can be the driving satisfaction source causing the change. Solutions include both the service concept and the consultant's ability to apply the concept into the client's needs, consultant refers to personal relations, so called personal chemistry as well as customer-specific knowledge that accumulates over the relationship length and the corporate profile of the service company refers to its market image. An intention to switch providers stems from the expected satisfaction from a potential service provider compared with current situation (Ojasalo 1999). In short clients assess the opportunity cost involved. Holmlund – Kock (1995) suggest that the client is willing to break an existing relationship only if the new supplier has something unique to offer such as new technology, new service concepts or lower prices. The extent of investment -both human and financial - in the present relationship must also be taken into account as a key factor resulting in unwillingness to change the providers (Halinen 1994).

Expectations have been used as predictors for both service quality and customer satisfaction through disconfirmation theory, which is the dominant approach within client satisfaction studies. The starting point for disconfirmation theory is that the client feels

unsatisfied if performance is below expectations (negative disconfirmation) and satisfied if expectations are either confirmed or exceeded (positive disconfirmation) (Liljander – Strandvik 1992).



**Figure 1 : Different Levels of Comparison Standard (adapted from Liljander - Strandvik 1992, 10).**

Liljander and Standvik (1992) have combined different approaches of comparison standards in an interesting manner (see Figure 1). Deserved service theory has sometimes been seen to be equal with equity theory. It takes into account the balance between investments and outcome of the service, compared with other similar activities. Deserved service and predicted service can be positioned anywhere on the scale. Desired, excellent, ideal and best brands are near the top of the scale. Minimum tolerable and adequate services are, in turn, at the bottom of the scale. The product or brand norm lies somewhere in the middle of the scale. The scale between adequate and desired level of service here refers to the ‘zone of tolerance’ defined by Zeithaml et al.<sup>1</sup>. Levels below this scale will not be accepted.

The above discussion has highlighted a number of key issues. The client-provider relationship in PBS is characterised as one of co-production. The dynamics of the relationship evolve over time but without a specific pattern common to all PBS sectors.

<sup>1</sup> Zeithaml, V. – Berry, L. – Parasuraman, A. (1991) *The Nature and Determinants of Customer Expectations of Service*. Working Paper, Report No. 91-113 (May), Cambridge, Massachusetts: Marketing Science Institute.

Clients find it extremely hard to assess quality, competence, reliability and other factors they deem important in making and breaking provider relationships. The higher the degree of customisation and the deeper the intended relationship the more difficult these tasks become. Theory or practice currently offers little in terms of appropriate tools to directly address this issue quality.

### **3. Relationship with RES Providers**

The survey consisted of fifteen semi-structured, qualitative interviews in the Finnish case and twelve structured questionnaire surveys in the UK. The respondents were mainly real estate managers among the biggest companies in Finland, seven real estate occupiers and eight real estate investors. In the UK all the respondents represented large national firms four of which were exclusively investors with the remainder containing a mix of occupier, investor and even development activities. The results are reported by broad interview topic

#### *3.1 Selection of RES Provider*

In the case of the occupiers group each establishment within the firm had considerable autonomy in the choice of service provider and in the organisation of their real estate functions. This resulted in a diversity of real estate utilisation and management practices within the one company. The survey revealed a considerable shift in approach with all but two of the companies interviewed having centralized nationally all real estate strategy functions. This process of creating national real estate strategies has taken place largely within the last five years with further rationalisation continuing. However, only two companies in the sample had started to implement a centralized global real estate strategy.

The case of property investors is somewhat different in this respect. They typically have a more centralised real estate management function, resulting in a more centralised service strategy as well. However, the investors often have very large service provider networks,

consisting of dozens of local service providers. The relationships with these local service providers are often created and managed by the investor's regional management units, giving a certain degree of autonomy to these regional units.

All the companies interviewed devoted significant time and resources to the choice of service provider. While bidding, several companies had found out that even though numerous real estate service firms had been founded in the past few years, there was usually a very limited set of providers offering the full range of services best meeting their requirements. The investor group in the sample tended to be more proactive in continuously considering alternative provider strategies. In the case of companies who had totally outsourced their RES provision the potential to change service providers was considered as more or less impossible.

#### *Attributes Affecting the Selection Process*

The respondents in the sample were asked to rank several attributes on a scale from zero (unimportant) to ten (very important) in their selection of service provider. The majority of the respondents considered that all of the attributes listed in the survey (quality, price, reliability, earlier experiences of co-operation, geographical location of the RES firm, image, range of services, geographical coverage of the RES firm, staff having special knowledge and flexibility) played some importance in the selection process. In addition to these, the size of the provider firm was seen as an important attribute. The larger the provider firm, the wider the range of services offered and the greater the ability to offer the same service contract at new locations as required. Other advantages of larger firms over small which were cited as influencing provider selection include the availability of resources for taking risks, making innovations and human resource flexibility (in case of a sudden increase in the need for RES employees or need to change the individual employee). Also, for investment clients the reputation of the provider as indicated by the client mix already using the providers services was deemed to be an important selection criteria.

Table 1 below sets out the attributes associated with service provider selection ranked in order of importance to the clients in the sample. It should also be noted that the



respondents considered a large number of the attributes to be interdependent – for example, reliability, image and reputation.

**Table 1: The Importance of Various Attributes Affecting the Selection of a RES Provider.**

Average rating	Professional services	Routine services
9 - 10	quality reliability staff with special knowledge	reliability quality
8 - 9	previous experiences of cooperation reputation	reputation flexibility price
6 - 8	flexibility price range of services	previous experiences of cooperation range of services geographical location of the firm
4 - 6	geographical location of the firm geographical coverage of the firm	staff with special knowledge geographical coverage of the firm
1-4	-	-
others	size of the firm service firms' other clients	size of the firm service firms' other clients

For low value-added real estate services, the most important attributes in provider selection were reliability and quality, getting an average rating over nine. Reputation, flexibility and price were the next most important with values over 8. Reputation was very often seen as the basic prerequisite for even considering a service provider in the first instance. Price was more important for low value-added services than for higher order professional services. This reflects the potential to have price differences without remarkable differences in the quality of the service provided. In general for low value-added services the clients were not always trying to find the service with highest quality but rather the optimal combination between price and quality. Very low prices were even seen as a problem in some cases, raising questions about the ability of the service providers to offer the expected quality over the duration of the contract. Earlier experiences of co-operation, the range of services provided and the geographical location of the service firm were also rated as relatively important. Some of the respondents rated the location of the firm as very important, others as totally unimportant as they either understood it as being self-evident or mainly the service provider’s problem. For the

provision of low value-added services the existence of staff with special knowledge and geographical coverage of the firm were assessed to be the least important of this set of attributes. Interestingly, geographical coverage was, according to some comments, relatively unimportant as the quality of the services varies in any case between the various locations, even inside both the UK and Finland. This reflects their willingness to look for the best local partners even though it means the management of an extensive network of agreements and provider relationships.

For high value-added real estate services, quality, the service firm's specialist knowledge and its reliability were ranked as the most important attributes. The next most important attributes were previous experiences of co-operation and reputation. The relative importance of flexibility, price and the range of services provided as selection criteria varied between six and eight. Price was quite unimportant for high-value services. According to the respondents, price was just a question of negotiation if quality and other more important factors were at a satisfactory level. The range of services offered, in turn, was also unimportant as providers of higher value added services were expected to be specialised only in a restricted area of knowledge. The least important attributes appeared to be *geographical location* and *geographical coverage* of the service firms reflecting a desire to always obtain the best local knowledge irrespective of the size and location coverage of the firm involved.

### 3.2 *International vs. Domestic RES Providers*

According to the respondents in the sample, it was not important whether the origins of service firm were international or domestic. Quality and reliability are the most important attributes with the provider's reputation providing the proof. It is worth noting, however, that in selecting a foreign RES firm additional information requirements were needed in particular on the provider's background. Additionally, the respondents in the sample agreed that if there were no differences in the quality and price of the service offered, they would opt for the domestic RES provider.

International client firms in the sample were generally not interested in the emerging global concentration of specialist real estate services in certain firms. The vast majority of

them still tend to diversify real estate service provision strategies nationally and as a result use mainly the most appropriate local provider. Two of the international companies in the sample was, however, constructing a global strategy and wished to obtain a continent-wide consistent level of service quality, but through a strategy of using more than one service company.

Some respondents were not interested at all in obtaining services from global providers. According to their attitudes global firms offered little of what they required in either the UK or Finnish market. Additionally, as company image has such a powerful influence on the decision of using or not using certain service providers, The Finnish RES clients in the sample did not consider that global firms had good chance of penetrating the Finnish RES market. In some cases established international firms had such a strong position that they are considered as domestic. A majority of clients predicted that both the UK and Finnish market shares of global RES firms were likely to increase in the future.

### 3.3 *Benefits of Concentrating or Diversifying*

**Table 2: Benefits of Concentrating and Diversifying RESs.**

<b>Concentration</b>	<b>Diversification</b>
Easy to manage	Price advantages
	One firm cannot be best everywhere
Cost savings - extra work is minimized	Local special advantages are taken into account
Possible to establish tight relationships with service providers	There is only a small number of RES firms with large geographical coverage
	Risk management
	Benchmarking
	Tight cooperation is possible also with more than one firm
	When widening through acquisitions, renewing the service provider network would be difficult

Table 2 summaries the benefits of concentrating or diversifying RES provision as identified by the respondents in the sample. The occupiers in the sample use mainly tens

and in some cases even hundreds of service firms to provide them real estate-related services. Compared with the situation five years ago, the amount of suppliers has decreased remarkably in several companies. Less than half of the companies use either one or mainly one service firm to provide a specific service. A major reason for this was the ease with which the relationship could be managed, the advantages of which more than offset the potential price advantages of diversification given the extra cost of managing several provider relationships. In the case of the companies which had diversified service provision strategies the principal reasons for this were that one company does not always operate in all locations and even if it does, the quality of the service tends to vary regionally. Even international real estate occupiers tend to use local service providers on the grounds that one firm cannot be best in all markets.

For some clients a concentrated service provision strategy was not considered to bring any advantages. Local providers were perceived to have some specific advantages, like an office in the immediate neighbourhood, best knowledge of the local market, remarkably lower prices etc. The use of several service providers is also a means of benchmarking the quality of different firms and keeping up “healthy” competition between the various service providers. Also if very wide geographical coverage is required then it is unlikely to be able to find just the one provider capable of delivering a service at all locations.

Investors in the sample have typically concentrated their property service requirements. Additional service providers were used in distant regions where their main provider did not operate. The use of additional providers was largely a function of portfolio size and its geographical spread. Some investors also avoided being too dependent on one single service provider, as they perceived it being too risky and not in the interests of the firm’s own clients. Generally, investors seem to be more eager to diversify their services requirements driven by a desire for improving quality through the actual experience of engaging a number of perceived best practice service firms.

### 3.4 *Relationship Development*

Interviewees in the sample were asked about the measures they put in place to develop an effective relationship with their service providers. The answers provided highlighted the following actions as important: Presentations and information on the ongoing objectives of the firm; Communication and reporting is kept on a tight formal level: meetings, planning, controlling etc.; Service providers are encouraged to make suggestions and regular planning meetings are arranged; Property professionals working on a secondment basis from the service provider are taken into the team as own employees – team members are treated equally despite the fact that some of them get their salary from other companies.

These actions reflect a significant effort on behalf of client firms in making a mutually profitable relationship possible with their service providers. The goal is to work together to make the relationship as efficient as possible for both parties and to jointly create innovative solutions that can improve the core business of both parties. The primary reason why it is profitable to develop partnering relationship with service providers through secondment is that a large amount of information becomes exchanged resulting in a much better understanding of each parties' objectives and limitations. Also in such cases it is inevitable that some social bonds will develop as the property professionals are often treated the same as host firm employees. While this may be regarded as broadly positive it raises the danger of reducing full objectivity when assessing alternative potential service providers.

Currently several firms in the sample noted that they have just implemented new strategies and the relationship are still developing. Some respondents suggested that it takes about two years before co-operation has evolved sufficiently before an informed judgement can be made on the success or otherwise of the relationship. One particular difficulty reported in developing relationships related to differences in basic IT-systems. Some clients suggested that in their experience almost all real estate service firms had different IT-systems that did not communicate with other systems. As those systems are expensive and require a lot of planning, several interviewees noted that using solely one

RES providers' IT system could result in relationship ties that are not easy to terminate, irrespective of the quality of service provided.

The characteristics of relationship development with low value-added service providers were significantly different even if they are used frequently. Though they may be given information about the firm and are present in meetings, the requirements of their involvements are primarily set by the client and interaction concentrates around checking their success. No involvement in the innovation process is expected from them as compared to the higher value-added service providers. As the companies in the sample each used a large number of such firms to provide routine services, it could be concluded that tight relationships with those firms are impossible to establish.

All respondents in the sample agreed that the issue of confidence or trust was the starting point for their relationships with service providers. In the case of seconded employees of the service provider the trust relationship had developed further. However, despite the development of trust client firms regarded themselves as primarily responsible for service delivery rather than it being shared between the parties. They suggested that control of the process was needed in order to preserve their long-term strategies. Service firms were not regarded as capable of representing the client's best interests in all circumstances. In addition, the respondents seemed to be rather sceptical of the possibilities of making the service provider legally responsible for making wrong decisions.

Devoting resources to attraction and commitment seemed to be important only in the case of high value-added service providers. The difference between commitment and client loyalty was easy to see in this sample of companies. Clients often acted loyally even with low value-added service providers. They are, however, not truly committed to them, as they were willing to change the service provider as soon as they found a better one. Acting loyally only means that they are satisfied with the service at the current point in time in the absence of knowledge about new alternative options.

### 3.5 *Switching*

In the past five years clients have changed RES providers primarily in order to better suit new real estate strategies. Most of the clients surveyed identified the desire to find a service provider network that gives them the highest value added possible as the principal reason for developing new relationships. During any five-year period those service providers who do not meet expectations are likely to be changed. High value-added service providers are not changed if they give satisfactory service. Even if the service level is not considered as being totally satisfactory, the service provider is not changed as long as it is clear that switching can make no improvement.

Ojasalo (1999, 173) suggested there are two issues, which can cause switching behaviour in PBS, The speed the service provider is able to develop quality in the relationship and satisfaction sources in terms of solutions, consultants and image. On the first issue the client firms in the sample continuously stressed their requirements for RES providers to further develop their services and quality. In addition, most companies keep themselves informed of alternative service provision. Therefore it could be concluded that it is possible that providers not capable of keeping up with changes in best practice are in danger of losing their client relationships. On satisfaction sources the ability to deliver solutions was regarded as the most important attribute affecting switching behaviour closely followed by satisfaction with the contact employees of the service providers. However, in the latter case, switching employees was a more likely outcome than switching providers. As the issue of image was regarded as a prerequisite for provider engagement in the first place it did not directly cause switching.

Changing high value-added RES providers, who are given the task to take care of a certain service on a continuous basis, was considered difficult. The more the tasks are outsourced and concentrated on a smaller number of firms, the more difficult switching becomes. Therefore, the idea of switching was almost impossible for some respondents, whereas some of them concluded it could only be achieved through both significant planning and resource commitment. In general, switching such providers was costly, requiring the following issues to be seriously considered. The costs of a significant planning process prior to switching, potential loss of knowledge, human resource disruption spanning both the development of relationships with the new service provider and the termination of relationships with staff from the previous provider and in the case of investors the potential for tenant dissatisfaction with the new provider.

Both real estate occupiers and investors in the sample admitted that switching routine RES providers is easy. Contracts are relatively easy to terminate and special bonds between the parties are rather unusual and often consciously avoided. Especially the investors are very reluctant in building interdependent relationships with their service providers. In addition, to be able to get the best possible combination of price and quality “price-buying” is often used and the service is taken care of by several firms. For these purposes, bidding is done more or less regularly. Therefore, during the past five years changes in this service provider network have occurred and changes are expected to continue in the future.

### *3.6 Satisfaction*

Most occupiers in the sample were in general satisfied with their current service provider network. Especially those clients with secondment arrangements which in most cases had exceeded the client expectations. However, most occupier clients found difficult to assess whether their current providers were somehow better than other service providers in the market. Investors, in contrast stated that their level of satisfaction varied remarkably between service providers. In general, their current service providers were assessed to be better than other potential service providers in two ways: firstly they had met clients requirements in the best way when they were selected and secondly a lot of resources had been invested in the relationship particularly in terms of information exchanged and work practices learnt.

The overall satisfaction towards routine RES service providers varied a lot in the sample. Several respondents mentioned that price competition and low salaries have decreased the attractiveness of the sector and that way good employees are seldom available. In fact, some companies claimed that the quality of such services had decreased during the past five years. For investors this was a considerable cause of concern as it can be a reason for the end-user of their real estate to terminate their client relationship.



Respondents in the sample agreed that it is hard to assess RES quality. One factor cited as contributing to this is that service requirements have been changing at an accelerating rate during the past five years. In addition to that, as more services are outsourced, the more difficult the respondents found it to evaluate service quality as in-house expert knowledge of real estate issues had consequently decreased. Currently there exists very few reliable tools available for benchmarking real estate service quality. As a result some clients were unwilling to outsource all of their in-house activities. Others used several service providers in order to be able to evaluate the differences in the quality of each service provider's service. Clients had no special methods to evaluate the quality of in-house real estate services. In general they were assessed together with outsourced functions.

Real estate occupiers utilised a mixture of employee satisfaction surveys, office visits and active service provider contact to monitor quality. The economic success of the services provided were in turn, assessed through budgeting activities, cost controlling and benchmarking. In some of the more centralized models that clients have recently developed - usually together with their major service providers - different cost measurement tools were used. Investors control the quality of RES by making user satisfaction surveys both of their own employees and their tenants. Service provider requirements are made explicitly clear from the start and continuously checked through a process of regular formal meetings. Tenants were not very active in communicating deficiencies in service provision. In order to overcome this check-up visits and regular meetings between each property's tenants and service providers were organised to reveal possible weaknesses in service provision. Again economic success was evaluated with budgets and timetables, as well as with cost measurement tools. Economic measurement tools have been developed recently together with the service providers. Cost benchmarking seems to be possible only between the investors own real estate assets, as larger benchmarking services do not seem to be available. Generalisations of the investors own properties cost efficiency were hard to make as the costs and incomes depend on several other things such as range of services offered to the tenants.

While large number of respondents mentioned that RES offerings in the market are currently adequate for their needs, the majority required further service development. Therefore, at the same time as better RESs are launched into the market, client requirements for “minimum tolerable” service offerings are probably going to increase. In other words, better services are required to create the same level of satisfaction in future.

#### **4. Concluding Remarks**

This paper has examined the role of clients as a key dynamic of change in real estate service markets. The results reported clearly demonstrate a change in client roles across both occupier and investor groups which service providers must respond to. The key requirement of client groups is very clearly identified as the efficient delivery of high quality real estate services. However, clients reported considerable difficulty in the accurate assessment of quality confirming the issues raised in section two. On the occupiers side evidence of a desire for increasingly centralised real estate service provision strategies was clear, with the currently more centralised investor groups willing to diversify if the benefits are obvious. Both groups have become significantly more proactive in considering and seeking out alternative provision strategies. This change has been largely driven by efficiency concerns but also reflects a higher level of strategic thinking on the firms real estate functions. On the issue of delivery and client provider relationships the results provided strong support for the success of direct secondment arrangements in real estate services.

The results of the survey provide strong support for the notion of an increasingly ‘informed’ real estate service provider client base. It is clear that clients will drive many aspects of future competition and innovation in the sector. This is a significant challenge for all service providers both local and global. However, little evidence emerged that clients had significantly shifted the responsibility of the service to their providers which contrasts with the evidence on the development of service relationships outlined in section two. A key issue here is to what extent these results transcend markets with different service provision traditions. Finally, the results suggest the beginnings of

fundamental change in client-provider relationships stemming from the increased outsourcing of the real estate function. It would be invaluable to examine this relationship in markets like the United States in which such provision models are more advanced.

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