

Taika Salo

# REORGANIZING SHOPPING CENTRE SPECIALTY LEASING OPERATIONS

Master's thesis

International Business Management

2020



South-Eastern Finland  
University of Applied Sciences

Author	Degree title	Time
Taika Salo	Master of Business Administration	May 2020
<b>Thesis title</b>		57 pages
Reorganizing shopping centre specialty leasing operations		3 pages of appendices
<b>Commissioned by</b>		
Company X		
<b>Supervisor</b>		
Satu Peltola		
<b>Abstract</b>		
<p>Shopping centre industry is facing constant demand for change, caused by consumer buying behaviour and retailer activity. Developing the specialty leasing business of the commissioner is a part of the strategy for responding to the changing market conditions as both consumers and retail tenants are adopting new ways of interacting with shopping centres.</p>		
<p>The objective of the thesis was to study alternatives and consequences of reorganizing specialty leasing operations and to design a model for the coordination of these activities at shopping centres owned by the commissioner. The aim of the thesis was to discover the features essential for the reorganization of activities and to design a coordinated business model in order to develop the overall service experience and to fulfil the business potential laying within the specialty leasing sector.</p>		
<p>As a research method, a set of qualitative research tools for reaching in-depth information of the state of specialty leasing operations were used to reveal the need for development. Data from the commissioner's business records and through expert interviews and group interviews of the shopping centre management team employed by the commissioner as well as shopping centre leasing experts working outside the commissioning organization was collected. Service design method as for structuring the group interviews was applied. The group interviews were held in the form of service design workshops.</p>		
<p>The study analysed in detail the elements of the specialty leasing operations to which the development actions are targeted. It revealed the crucial questions and alternative solutions to be considered in order to reach business growth and service improvement. The development measures suggested to the commissioner on the basis of the conclusions are divided into two phases. After initial suggestions for reorganization, measures of phase two provide an additional phase during which coordination model is set to meet the targets of business growth and service improvements through the establishment of a supportive online specialty leasing platform. As such, phase two will be the final test of the degree the thesis has succeeded in discovering the core areas of development of the specialty leasing service and contributed to achieving its business growth potential.</p>		
<b>Keywords</b>		
shopping centres, retail leasing, specialty leasing, service development, business growth		

## TABLE OF CONTENTS

1	INTRODUCTION .....	4
1.1	Research background and motivation .....	4
1.2	Aim, objective and research question .....	5
1.3	Framework and limitations of the study .....	7
1.4	Commissioner of the thesis .....	9
2	BUSINESS MANAGEMENT OF SPECIALTY LEASING .....	10
2.1	Shopping centre industry trends .....	12
2.2	The challenge of business growth .....	15
2.3	Reorganizing the specialty leasing operations.....	18
3	TOWARDS FURTHER SERVICE DEVELOPMENT.....	19
4	RESEARCH DESIGN .....	27
4.1	Research methods.....	27
4.2	Data acquisition and analysis .....	28
5	RESULTS OF THE RESEARCH .....	31
5.1	Results of the group interviews.....	31
5.2	Results of the expert interviews .....	35
5.3	Business model canvas .....	42
6	CONCLUSIONS .....	44
6.1	Key findings and proposals for managerial implications .....	47
6.2	Reliability and validity .....	50
6.3	Recommendations for future research.....	52
	REFERENCES .....	53

### LIST OF FIGURES

### APPENDICES

Appendix 1. Customer journey map

Appendix 2. Expert interview structure

Appendix 3. Business model canvas

## **1 INTRODUCTION**

Specialty leasing is an essential part of the daily life of shopping centres. Property owners appreciate the income that renting of short-term placements generate to a shopping centre and the tenants benefit from the lighter lease commitment to a physical store location. For consumers, specialty leasing offers new discoveries and reasons to enter a shopping centre with faster changing retail and service offer.

This master thesis studies options for reorganizing specialty leasing operations in shopping centres owned by the commissioner and elaborates measures for improving the overall service model in order to reach existing business growth potential. Specialty leasing means renting of short-term placements in a shopping centre including carts and kiosks, vending machines, wall shops and temporary store leases and pop ups, aisle promotion places and advertisement-surfaces. Advertisement surfaces cover for instance escalator railings, elevator doors and walls, floor stickers, various advertisement banners and boards as well as audio advertising (Opportunities for temporary tenants 1995). The shopping centres in question represent altogether five shopping centres located in central areas of the capital and in regional Finland.

### **1.1 Research background and motivation**

In the commissioner's business model, operational responsibility of specialty leasing is currently not coordinated on company level, and it is in practice spread to the shopping centre managers and marketing managers of each of the shopping centres in question. Starting point for studying the options of reorganization arises from their experiences. According to the evaluation of the shopping centre management team, specialty leasing is seen as a set of activities that demand lot of detailed work and accuracy, yet the income received is lower than in long-term leases and therefore the correlation between the time spending and received income are not in balance. At the time of starting this master thesis, establishing a specialty leasing development project proved to be an important act for discovering the possible alternatives and consequences of reorganisation. Even earlier, the commissioner has for several years studied the technical preconditions for establishing an online platform as the main point of specialty

leasing operations. An important aim of the thesis development project is to support the future decisions made regarding the online platform investment.

Parallel to this study, the commissioner has already started to make changes in the leasing organization, and as the development project begun, the commissioner has assigned one of the leasing managers to be responsible for the specialty leasing in all of the five shopping centres. Through this change, important insights to the everyday specialty leasing operations were gained, and these experiences have further strengthened the overall motivation to develop the service and practicalities in concrete terms. The entire shopping centre unit has been motivated to participate in the project expected to make the processes of specialty leasing more efficient and less time-consuming, as well as to contribute to the growth of business volume and income.

## **1.2 Aim, objective and research question**

**The aim** of the thesis development project is to help to fulfil the business potential that lies within the specialty leasing sector and to increase the business volume of specialty leasing both on the domestic and on the international retail market. This target is to be achieved through reorganizing the specialty leasing operations and developing a centrally coordinated model, concentrating the operations to a named specialty leasing manager. The thesis aims to study important features to be included in the reorganized operational model of specialty leasing as well as to consider the role and importance of establishing a supportive online specialty leasing site as a tool in improving the overall service and in reaching the growth targets. Ideally, the specialty leasing site would act as the main platform for the operations as well as have value as a marketing channel. The automated system is estimated to vacate work time of the specialty leasing manager for more proactive sales work, for example making cold calls to potential customers and offering vacating premises during marketing campaigns and other events taking place in the shopping centres or in the surrounding city environment. Moreover, the specialty leasing platform is to attract more international retail operators to the Finnish market through low threshold of leasing opportunities offered with a geographical coverage of the Finnish market including the capital as well as areas of the regional Finland. Through entering the commissioner's shopping centres with

specialty leasing contracts, the international retailers are hoped to receive good experiences of the commissioner's shopping centres as a marketplace – and hopefully the customer relationship can be taken further in a form of a permanent lease of the retail unit.

**The objective** of the study is to identify alternatives and consequences of reorganizing the specialty leasing operations into a centrally coordinated model. Previously, the specialty leasing is coordinated mainly by the shopping centre manager of each shopping centre aside of other work duties, and there is a need to benefit more from their experiences. The considered online service is to ease the manual work and to act as the main point of contact for specialty leasing customers. The online service is to act as the main portal for those searching information about the shopping centres and the products and help making the purchase decision and eventually buying the service. Reaching the customer experience is thus the second objective of the study. Overall, the plan is to collect information and to develop the specialty leasing platform in cooperation with a team from the commissioner's organization, which gathers together the shopping centre managers, marketing managers, leasing managers and lease administration specialists as well as the IT manager and the outsourced company specialized in developing online services and web pages.

**Main research question** of the thesis can be formulated as: **What are the essential features to be included in the reorganized, improved business model for the commissioner's specialty leasing operations in order to reach business growth?**

This study utilizes mainly methods of qualitative research as qualitative approach was considered the most applicable to a study, aiming at in-depth discoveries on attitudes and overall behaviour that help to develop business operations further (Vilkkä 2015, 75). Central source material for forming the conclusions answering the research question is the data, collected from shopping centre leasing experts having worked with specialty leasing for years. This data is accumulated through group interviews held as service design workshops with internal management team and expert interviews. In order to receive a comprehensive view for further implications of the reorganisation, the experts participating in the structured expert interviews are assembled from benchmarking

organizations. In addition, business records and financial statistics of the commissioner are used as background material to the degree that business secret concerns allow. The broader context for answering the research question is pictured through studying earlier literature specialized in market practicalities and trends of shopping centre management and specialty leasing both in the form of a separate literature review and as a benchmarking frame for the conclusions. Theories of business growth and service development are part of forming the theoretical base for the thesis.

### **1.3 Framework and limitations of the study**

The use of qualitative methods sets specific requirements for the overall framework of the study. The framework encourages a research towards principled choices that have consequences to the research practices to be implemented (Gobo et al. 2007, 4). Following this notion, much attention has been paid to disciplined structuring and consistent execution of the study. The **framework** and the overall design of the study are presented in Figure 1 Theoretical framework and structure of master's thesis.



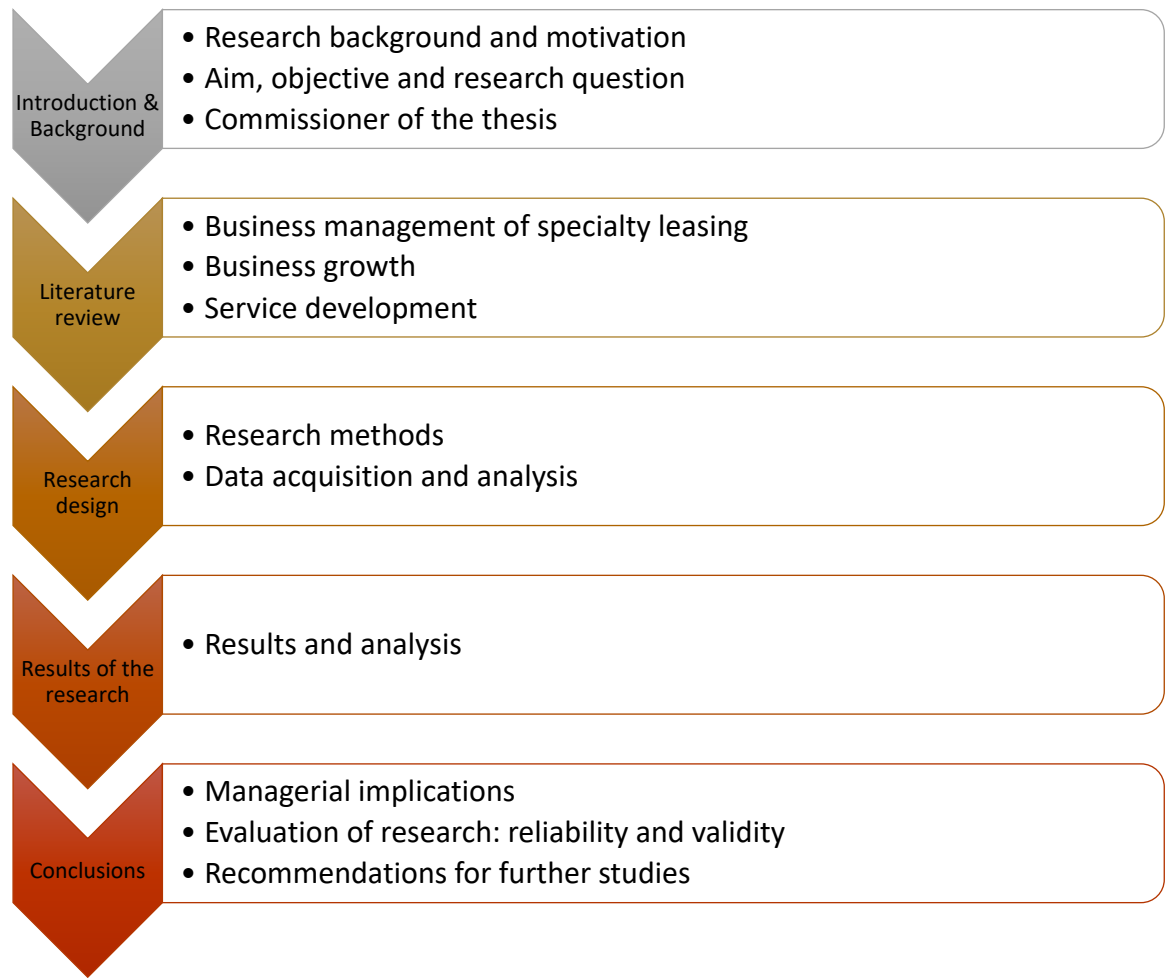


Figure 1 Theoretical framework and structure of master's thesis

Figure 1 gathers the components forming the research structure and acts as the red chord for conducting the research. Introductory elements of the thesis are presented in chapter one. Literature review and findings supporting the research are presented in chapters two, and three, and they are divided under the themes of specialty leasing, shopping centre industry trends, business growth and service development. Methods of research and data collection and analysis are presented in chapter four introducing the research design. Results received with the chosen research methods as well as the analysis of the results is presented in chapter five. Finally, chapter six introduces the outcome of the research: the managerial implications for the commissioner as well as the final conclusions and suggestions for further studies. In addition, chapter six considers the reliability and validity of the research.

**Limitations** of the study relate to the available literature sources and publications as well as to the usability of the research results outside the commissioner's organization.

Existing business literature and scholarly publications on the topic of shopping centre specialty leasing are limited. International publications around the phenomena are rather old and domestic publications are limited to a small number of authors. Therefore, the entity of literature review concentrates mainly on describing the branch and best practices of specialty leasing and shopping centre market trends supporting the need to develop the specialty leasing operations. Corresponding the fact that the thesis is commissioned by a real estate owner having its own organization for the daily management of the shopping centres, the results of the study serve mainly shopping centres that have their own management team working for the owner rather than outsourced shopping centre management companies. Furthermore, the data is collected from the commissioner's employees and the results are somewhat tied to the commissioner's organization and shopping centres in question. This problem is addressed by using conclusions of earlier studies as a benchmarking frame for the suggestions of the thesis with the hope that they will in this way contribute to the broader discussion on the topic.

#### **1.4 Commissioner of the thesis**

The commissioner represents a real estate investment company that specializes in leasing business premises and developing and owning properties in Finland and in Russia. Out of the entire portfolio, 99 percent of the properties are located in Finland. The commissioner's property portfolio consists of office, shopping centre and logistics properties in central locations of biggest cities. The properties are divided between 56 percent of office premises, 26 percent of shopping centres and retail premises and 17 percent of logistics premises. The total leasable area in the commissioner's portfolio is about 1.1 million square meters and the fair value is approximately 3.1 billion. Leasable area of the shopping centres in 2019 was 245 000 square meters. Total turnover in 2019 was 90.8 million euro resulting in net operating income of 67.1 million euro. Strategy of the commissioner in all of its operations is profitable growth, active portfolio development and more focused property ownership. The commissioner aims to promote growth for the office and retail business of the future, while considering the strategic focal points of customer experience and environmental responsibility. With their growing

interest towards specialty leasing operations, the commissioner's shopping centres provide an excellent target for the study of applicable organisational models.

## **2 BUSINESS MANAGEMENT OF SPECIALTY LEASING**

This chapter presents principles and objectives of specialty leasing business within the traditional concept of shopping centre management and maps the alternatives and possibilities of further utilizing specialty leasing in a shopping centre environment. As the Finnish retail market is estimated to be at a culmination point, an introduction is presented on the Finnish shopping centre market trends. Their influence on the development project is evaluated in order to be able to share further recommendations on how to develop the specialty leasing operations in the commissioner's organization in the final part of the thesis. In order to support the aim of business growth and improving the overall service, central theories on business growth and service excellence are applied in the analysis of the development project.

Specialty leasing as a shopping centre business line was first introduced in the 1970's in Boston, in the United States. In that time, the aim of specialty leasing operations was to create new, local offer and element of surprise to the shopping centre common areas and atmosphere, while simultaneously offering the local entrepreneurs a possibility to promote their business. (Yanosick 2003.) Later in the 1980's specialty leasing was to act as a remedy for the diminishing shopping centre cash flow during the 1980's financial crash. Temporary tenants were brought to the shopping centres to quickly make up for the unoccupied premises. (Opportunities for temporary tenants 1995.) By the end of the 20<sup>th</sup> century, specialty leasing business had become a serious line of the shopping centre business, not only a way to minimize vacant space, but a relevant source of leasing revenue and necessary component of net operating income (NOI) growth (Asirvatham 1999).

Today, shopping centre investors aim at maximizing the value of their premises by leasing it to retailers that have the trendiest and most desirable merchandise and products (Yanosick 2003). Quite often, today's shopping centre tenant mix is seen

rather similar to the competitor's tenant mix, and so the temporary tenancing provided by the specialty leasing creates opportunities to personalize the selection of retailers present at the shopping centre. In addition, the store assortment can be put together with respect to the local consumer preferences and produce. (Opportunities for temporary tenants 1995). Temporary tenancing is also a way to generate income from vacant premises when a fixed lease period of a tenant ends and lease negotiations with a new tenant are still ongoing, or the lease agreement of the next user is set to begin only a period of time later.

Through specialty leasing and temporary leases in a shopping centre, the retailers aim at testing new geographic markets, promoting new items, or directly venturing to the market with smaller overall risk. For the existing, permanent tenants, specialty leasing can mean a way to offer a depth of inventory in this case in a seasonal category, without the need to sacrifice shelf space within the permanent store. Also, a second location within one shopping centre can be the solution to reaching the maximum customer potential passing and visiting a large-scale multi-floored or multi-entranced shopping centre. (Asirvatham 1999). In case retailers want to lease smaller retail units, or require more flexible lease terms, the number of temporarily leasable premises is to grow (Anderson 1995).

In addition to the shopping centre owner's motivation for receiving maximum income from the premises, other aim is to see the success of a specialty leasing tenant turning into a permanent lessee. According to Asirvatham (1999), one successful model is to target the independent businesses in freestanding stores for instance in city centres with lease conditions that enable the tenant to test their retail concept within a shopping centre environment with lighter lease commitment. If the try-out is successful, there exists the potential for the tenant to lease a retail premise with a more permanent contract. In addition, in case the retail premise offer in the market exceeds the needs of the nationally operating chains, it will be topical to fill the vacating premises with the temporary specialty leasing tenants (Anderson 1995.) Correspondingly, shorter-term leases often provide the property owner with the options, opportunities and flexibility needed to replace and modify the tenant mix or tenant locations, which is an important way of developing of a shopping centre (Issuu 2018). With the new forms of sales and

marketing in internet and social media, there are new opportunities for temporary campaigns and pop-up shop type of business that remain still unexposed.

Finnish specialty leasing research has operated with a broad definition of activities, which underlines that specialty leasing in shopping centres can cover all premises and surfaces of a shopping centre as well as air space in the form of voice advertising. According to the shopping centre management experts interviewed for a master's thesis by Jokela (2014), specialty leasing possibilities include, in addition to traditional temporary leases in vacant store or aisle premises, the leasing of floors, railings, advertisement banners, boards and digital screens. Furthermore, specialty leasing can cover advertisement surfaces in elevators, parking halls, and on the outer façade of the property.

According to Jokela's research (2014), the specialty leasing business in Finnish shopping centres is growing and shopping centre management are generally willing to invest in the development. The role of specialty leasing operations in a shopping centre is becoming more central as the temporary tenants bring more variation and elements of surprise to the shopping centre. Especially in Finnish shopping centres, the shopping centre managers must carefully choose their specialty leasing operators not to have repulsive operators on the shopping centre corridors driving away their customers with aggressive sales approach (Hakola 2009). Other major factor affecting the development of specialty leasing operations in Finland is the direction of broader retail development in Finland in general.

## **2.1 Shopping centre industry trends**

The following chapter summarizes recent findings of the state of the shopping centre industry both in Finland and on a more international scale with special attention on aspects affecting the needs and ways for developing the specialty leasing operations in shopping centres.

According to the publication Finnish Shopping Centres 2019 by the Finnish Shopping Centre Association, shopping centres as marketplaces have performed well within the

otherwise slowly growing retail market in 2018. The publication states that Finnish consumers possess a strong per-capita purchasing power and, in this respect, Finland is among the top ten countries in Europe level ratings. (Finnish Shopping Centres 2019.) Barometers published in February 2020 by the Finnish Council of Shopping Centres reinforce the vitality of Finnish Shopping centres, as in 2019 the overall sales of Finnish shopping centres reached growth of 2.2 percent (Suomen Kauppakeskushdistys 2020). Finnish consumers are seen as strongly potential buyers. However, the fact that the retail market is at the same time not growing could be an indication for a changing consumer mindset of consuming less regardless of financial possibilities to increase spending of money. A 2019 research barometer by KTI (an independent research organization providing information and benchmarking services for the Finnish real estate industry), reinforces the observation of the Finnish shopping centre industry being confronted by the change in consumer preferences. In addition, the use of online stores is named as the biggest challenges to the business success of shopping centres in the report by KTI. (KTI 2019).

On global level, a survey conducted in 2018 by International Council of Shopping Centres (ICSC) states that physical stores remain an essential part of retailer success. Physical stores improve digital customer engagement and brand health. Brand awareness, consumer perceptions and willingness to recommend a brand are seen more positive through physical store presence. For retailers, a physical store can be seen as the location for communicating with the customer and gaining customer insights unreachable from online communication. Consequently, for retailers, the most successful combination is to see online and physical store operating side by side, maintaining an active presence in both shopping environments. (International Council of Shopping Centres 2018).

Also, the Finnish Shopping Centre Association expects the shopping centre industry to face continuous development requirements to meet changing consumer need. For individual shopping centres, the challenge is to maintain their position as a sustainable service concept. The property owner's path to success is the ability to create relevant spaces for people which can ultimately develop into community hubs. In the Finnish shopping centre market, this is seen to depend on success in bringing in more non-retail

users and increasing the share of leisure operators. (Finnish Shopping Centres 2019.) According to KTI (2019) barometer, different commercial services, entertainment and leisure as well as cafes and restaurants are the categories meeting growing need for leasable premises in the shopping centre environment. Also, health and beauty goods and services without turnover, such as libraries, chapels and schools, are a rising tenant segment in the Finnish shopping centres. On the other hand, the more traditional tenant category, fashion, is expected to have decreasing sales as well as declining need for leasable premises. (KTI 2019.) Nevertheless, indications exist that fashion brands have multiple reasons to open pop up stores, such as building brand awareness, testing and launching new products, building customer relationships as well as testing, adapting and positioning in a new foreign market with lighter economic commitment (Pop-up power 2018).

This section has attempted to provide a brief summary of the state of the shopping centre industry in Finland. To conclude the results of the barometer and set a direction for the development of the Finnish shopping centre industry, an increasing amount of the shopping centre leasable area will be taken to other use such as specialty leasing premises, service areas and shared co-working spaces. Correspondingly, the expectations for traditional rental income and shopping centre vacancy rates are developing in a negative direction. (KTI 2019.) As consumers need new reasons to enter shopping centres, property owners can use specialty leasing opportunities to provide retailers possibilities to innovate and experiment new ways of attracting customers.

As there are indications, that retail income will decrease; property owners need to invent new forms to generate income. The presented findings support the observation that instead of long, permanent leases bringing stable income, property owners need to prepare to obtain the income in smaller amounts and from growing number of customers. Therefore, it is logical to firstly create the best possible functioning model to serve the increasing clientele as well as consider creating professional online channels for making the processes as efficient as possible, with as little non-automated work as possible. Moreover, marketing practicalities for specialty leasing service must be in condition ensuring reaching the right domestic and foreign retail customers and the

income potential that lies in the business segment. These market findings have reinforced the development intentions of the commissioner to reorganize the operational structure of its specialty leasing.

## **2.2 The challenge of business growth**

Growing the business of shopping centre specialty leasing service is one of the key targets of the development project for the commissioner. The aim of business growth is to be reached through targeted development actions and service improvements on the operational model considered beneficial also for the customers. This chapter describes central theories that link business growth with the development of excellent service experience in order to form a knowledge base for the commissioner's specialty leasing business growth and development intentions.

Christensen & Raynor (2003, 278-279) have created a theory called "The disruptive growth engine" that presents the four components ought to be present in an organization aiming for constant growth. According to the theory, an organization should start investing in the growth process when the company is on an overall growth path. Many times, organizations meet the need for growth when it is already too late, resulting in forced growth attempts often including crucial mistakes leading to failure.

Christensen & Raynor (2003, 278-279) state that the CEO or another senior manager having the confidence to lead the growth from the top, should oversee the growth processes especially when it comes to allocating resources and deciding the processes to be developed in the early stages of the growth process. Yet another important component in the growth process by Christensen & Raynor is to establish a corporate-level group of movers and 'shapers', which responsibility is to develop a repeatable system for forming development ideas into disruptive business plans further to be funded and launched. The small group of movers and 'shapers' target is to ensure that each growth action is suitable for the prevailing circumstances by using theory. Finally, the fourth component of the model is to train the employees of the organization to discover the disruptive opportunities in the daily work. Especially the parties working



tightly with the market can be of help when recognizing such ideas and delivering them further to the group of movers and 'shapers'.

Through the development project, the commissioner aims both at creating an excellent customer experience as well as growing the specialty leasing business. The development project follows the commissioner's strategical focal point of concentrating on customer experience. Success in creating an excellent customer experience often goes hand in hand with finding business growth. Customer experience excellence is something for every organization to pursue. Excellent customer experience is defined as a combination of delivering the core business well and sharing occasional delights, so called magic moments to the customers. Further on, those are to transform into customer recommendations, which again are of unmeasurable value for the business. (Reason et al. 2015, 51.)

Many organizations face difficulties in delivering excellent customer experience as the importance of excellence is neither understood, nor emphasized with enough value. Often, organizations do not possess the right data to evaluate their success from the customer point of view. (Reason et al. 2015, 49.) Besides lack of reasonable data on the organization's success, organizations have false understanding of their operations and customer satisfaction. A research indicated that only eight percent of the customers thought that companies are delivering as promised, however, 80 percent of companies by themselves thought that they have been delivering excellent service following their customer promise. (Allen et al. 2005.)

This false understanding or the so-called delivery gap exists for many reasons. Often the business growth initiatives damage the customer base of loyal customers. This can happen by imposing transactional fees or attempts to grow the customer base with the cost of existing customers. Customer relationship management over a long period of time is not enough to keep the existing customers and attempts to understand the customer end up in transforming customers from people and segments to statistics, which are hard to truly understand. (Allen et al. 2005.)

Instead of approaching customer experience through surveys and statistical scores, organizations ought to collect customer feedback with a holistic customer experience perspective. This includes learning what customers experience when they consider your products, buy your service, interact with your organization, receive the competitor's offer, or find an alternative solution. Overall, understanding the customers' motive in the previously mentioned situations and the reasons for customer choices provide the information needed to improve the customer experience whilst improving business performance. (Reason et al. 2015, 49.)

All in all, growing the business through customer experience excellence can be achieved through some key changes in the behavioural pattern of the organization. Keeping focus on the most important customers while ensuring that their needs are understood is vital. (Allen et al. 2005.) Another aspect to reaching excellent customer experience is through focusing on the very basics of the business operations. Rather than changing what is offered, it is recommended to change the ways the existing products or services are being offered and delivered. (Reason et al. 2015, 50.)

The challenge in customer experience excellence as a concept for business growth is that it is often the object of organization's cost control due to its nature of luxury and pampering of customers. In practice, this risk is best avoided by aligning customer experience excellence with business performance and driving both in parallel. By such placement, a success in the analysis of customer experience should reduce costs or grow revenues. (Reason et al. 2015, 50.)

To reach the goal of being a customer-led organization, specific service design methods have been developed that offer organizations a practical approach to understanding customer experiences. As a continuum, service design methods enable the modelling of customer journeys that ensure better services and service experiences to the customers. (Reason et al. 2015, 49.) As service design processes specifically target understanding the development of customer experiences, they are applied in this thesis as the main method for data analysis and practical specialty leasing service improvement. Core features of service design are presented in more detail in chapter three.

### **2.3 Reorganizing the specialty leasing operations**

Business management studies have for a long time emphasized that specialty leasing operations require professional and active management in order to respond to the income expectations and potential. At the end of the 20<sup>th</sup> century, many shopping centre managers have viewed the specialty leasing operations as a just one more added responsibility (Anderson 1995). Similar categorization has been stated by Asirvatham (1999), who observed that specialty leasing has been taken as a purely optional side-line to the shopping centre business.

As the specialty leasing can be considered as a significant growing revenue source, more attention has been paid to its organizational models. Asirvatham (1999) has recommended to have a separate specialty leasing manager to handle all the temporary leases in a shopping centre. His suggestion is to gather a shopping centre leasing organization from the following resources: shopping centre manager, permanent leasing manager and a dedicated specialty leasing manager. According to this model, the team works together and communicates constantly in order to guarantee fluent leasing operations and to ensure prompt reacting to vacating premises and leasing of empty premises. The team targets at having the best possible balance between permanent and temporary tenants. (Asirvatham 1999). In addition, the team must make sure that the products or services the temporary tenants are selling, do not compete with the main offer of the permanent tenants and thereby endanger the permanent leases (Anderson 1995). Especially, the visibility or accessibility to the permanent stores is not to be threatened (Asirvatham 1999).

Another business management matter to be considered is the level of engagement in the specialty leasing tenants' operational success and especially the process of incubating the temporary tenants to eventually sign permanent leases (Asirvatham 1999). On a daily basis, the shopping centre management and specialty leasing manager ought to pay attention to the specialty leasing tenant's success in daily operations as many of them come to the shopping centre environment with little or no retail experience. Communication between the shopping centre management and the temporary tenant is advised to stay active on a weekly basis, whilst ensuring the

possibility to react to possible challenges and improvements in the tenant operations. Specialty leasing experts also advise on creating a checklist to go over the temporary tenants with notions on matters such as following the set opening hours, cleanliness of the unit, friendliness and professional clothing of the staff as well as attractiveness of the product display and signage. Tenants both permanent and temporary, should always remember the importance of their own marketing actions and campaigns. (Anderson 1995.) If required, the level of engagement can in this case include providing support in the form of retail consultants offering help with store or kiosk design and product display (Asirvatham 1999).

The level of outsourcing is to be considered during the reorganization process. In the current operational model of the commissioner, sales coordination of the majority of the digital advertisement surfaces and part of the aisle promotion spaces are outsourced to partnering media companies ClearChannel and JCDecaux. Studies on outsourcing indicate that growth should be built on the core competence of the organization. Furthermore, in search of a successful business model, core business is to operate from inside the company instead of outsourcing. (Christensen & Raynor 2003,125.) Core competence of the commissioner's shopping centre team is management and leasing of shopping centre premises. Therefore, the analysis of the current management model must for instance consider, whether the management of the advertisement surfaces ought to be outsourced in order to have the specialty leasing organization concentrate on its main business of the temporary leasing of vacating or already vacant retail premises.

### **3 TOWARDS FURTHER SERVICE DEVELOPMENT**

As a part of the commissioner's strategy, the aim is to identify the best ways of working from the customer's perspective. Therefore, this chapter discusses service development theories central for the context of this development project which is driven with the aim of business growth and service development.

A customer-centric approach to developing services aligning with the strategy of the commissioner is design thinking. The core idea of the design thinking methodology is to

execute a full spectrum of innovation activities with fully human centred orientation. These innovation activities form from the findings of what people need and want as well as like and dislike in particular products, their packages, marketing, sales process and pre and post-sales support. Design thinking aims at increased customer value and new market opportunities which moreover lead to differentiation and competitive advantage. Results from using the design thinking method are highly appreciated as they increase customer communication and commitment thanks to its human centred approach. Tangible improvements received from the method can be for example new processes, services, IT-powered interactions, entertainments, and ways of communicating and collaborating. (Brown 2008.)

According to Brown, the process itself is usually implemented for a team of staff of the business itself to execute, including many disciplines such as marketing and engineering. The designated design thinkers should possess the following personality features to ensure comprehensive thinking and innovation process: empathy, integrative thinking, optimism, experimentalism, and collaboration. Consultants may be added to the process in order to secure the inspiration and idea flow and to encourage the participants to give their best effort. The innovation team goes through three different phases of inspiration, ideation and implementation.

Inspiration phase searches answers to questions such as 'what is the business problem?', 'where is the opportunity?' and 'what has changed?'. These questions are to be answered through analysing how the surrounding world functions and what people do, how they think and what they need and want. Business constraints are also considered meaning e.g. time, lack of resources or a shrinking market. The team of design thinkers is encouraged to pay close attention to special groups such as children and elderly as well as sharing thoughts and telling stories relating. Answers to the research questions may be lying in using new technology or bringing out expertise from within the company employees itself.

Ideation phase is all about brainstorming. Previously discovered findings and stories are now to be brought to sketches and scenarios for new innovation frameworks. As the design thinking model values the customer greatly, customer is to be put into the middle

of every scenario. Best ideas become prototypes, followed by more discussion and stories to keep the idea flow and development of the sketches ongoing. Before moving to the implementation of the ideas, the best prototypes are to be tested first internally and further with the actual users.

Implementation phase is the third and the final phase of the design thinking method. Implementation process finalizes the previous discoveries into actual reforms in the business. The experience first needs professional engineering towards something usable. Help from the marketing department or service provider is also needed in order the idea to have a proper communication strategy for spreading the word in order to bring the idea alive in practice.

When seeing the entire three-phased process of design thinking, crucial aspects for the process to function as intended are the multi-professional team of workers involved in the process to have a comprehensive view already in the ideation phase followed by developing the ideas in further phases. Also, the personalities of the designers are crucial as each previously listed personality features are critical to have in order to ensure minimum disturbance to the process by the participants. (Brown 2008.)

### **Value co-creation in service development**

Value co-creation is a participative process in which people and organizations together generate and develop meaning for a product or service process. Value creation is governed by the end-beneficiary, the customer, in their own consumption context. This incorporates value through its actual usage rather than through its sales price. (Alves et al. 2016.)

According to a recent study on customer engagement in online channels, customers are more likely to create value when they themselves feel valued. This ought to be considered in all customer communication, with boosting customer's esteem as a base for all customer communication and creating customer delight as the target. Important practicalities that make the customer feel valued are for example possibility for the

customer to impact in the service development process by participating in a service design process.

Another everyday feature in the service would be to give the customer constant possibilities to give feedback. More importantly, the process of handling the given feedback should message the customer that the feedback is considered properly, and it is important and of help to the service provider. If negative feedback does occur, effective problem resolution can lead to value co-creation by the customer. On the other hand, as much weight ought to be given to the behaviour of the personnel in all steps of the service process. Polite, responsive and empathetic way of communicating with customers stimulate the customer's will to co-create value to the service provider. Importance of pleasant employee behaviour ought to be ensured through regular personnel training. (Zhang et al. 2018.)

### **Service design**

According to Forsberg and Säynäjäkangas (2018, 66-67), analytical business thinking, and creative design thinking work together within the concept of service design. The base for development is formed from utilizing existing business knowledge and user understanding. Because of this combination, service design enables value creation to the customer of the developed service as well value capture to the service provider. Combining business knowledge with user understanding makes service design a unique approach which crystallizes in the iterative co-creation process.

Design has many definitions but essentially, it is the process of translating ideas into improved reality. All design projects – for both services and products – have many aspects in common. The critical point is understanding what the customer wants and needs. (Davies & Wilson 2013). Service design is a rather new way of thinking and developing services as it is based on customer-centricity. Service design is described as a concept rather difficult to define precisely due to its interdisciplinary approach combining different methods and tools from various disciplines. (Stickdorn et al. 2011, 22.) The concept of service design is also defined in academic publications, of which two examples follow below:

Copenhagen Institute of Interaction Design has in 2008 defined service design: “Service design is an emerging field focused on the creation of well thought through experiences using a combination of intangible and tangible mediums. It provides numerous benefits to the end user experience when applied to sectors such as retail, banking, transportation and healthcare.”

Stefan Moritz defined service design in 2005: “Service design helps to innovate (create new) or improve (existing) services to make them more useful and desirable for clients and efficient as well as effective for organizations. It is a new holistic multi-disciplinary, integrative field.” (Stickdorn et al. 2011, 23-24.)

Service design is defined through its five core principles, presented as the ways of thinking required to design services:

#### User-centred

Customer participation is essential for the success of service design as services are created through interaction between a service provider and a customer. The customer must be put in the centre of the service design process. Methods and tools positioning the service designer in the customer place enable the process to gain valuable information on the individual service experience, which is where the service design process can continue further. (Stickdorn et al. 2011, 28-29).

#### Co-creative

In addition to customer participation, other stakeholders are essential to include in the process, too. Managers, marketers, engineers, designers and front-line staff each possess individual knowledge and experience of the service and its functionality. This group should be brought together to innovate the creation of the service by using different tools gathering information and ideas from each participant. (Stickdorn et al. 2011, 30-31.)

#### Sequencing



In the service design process, the service is deconstructed into single touchpoints and interactions for further, detailed examining. The service process also follows a three-step transition of pre-service period (getting in touch with a service), the actual service period (when the customer experiences the service) and the subsequent post-service period. (Stickdorn et al. 2011, 32-34.)

### Evidencing

Service design encourages the intangible services to be developed into tangible ones. An example of hotel housekeeping is presented as something that could be brought more tangible in the customers' eyes, as it is essential part of the entire service a hotel offers its customers: pleasant, clean rooms. Making a background service more evident to the customers increases customer appreciation towards the service experience. (Stickdorn et al. 2011, 35-37.)

### Holistic

Service design should consider the big picture meaning the entire environment the service takes place. The Environment should be examined with all senses, trying to catch the things the customers see, hear, smell, touch and taste. Once these features are identified, the process of service design continues towards creating alternative customer journeys. This then provides tangible improvements for the service designer. (Stickdorn et al. 2011, 38-39.)

Later on, in 2018, the list was added with a sixth principle of

### Emphasis on iteration

In service design, failing is allowed. The process can include experimenting with small and cheap development actions, which either will succeed or fail. The key is to learn from failure and make changes in the process as it proceeds. In service design, the traditional decide-plan-do approach may not give the optimal results. (Stickdorn et al. 2018, 25).

During the thesis process, the author attended a master level course on service design and used the thesis project as a case project for the course. With the help of the feedback received from service design specialists Sofia Forsberg and Johanna Säynäjäkangas responsible for the course, the author found the most suitable tools for mapping the specialty leasing service development needs and improvement ideas to take further to action.

### **Double diamond model**

The 'double diamond' model was developed by the British Design Council to illustrate the four phases all design processes go through despite unlike approaches in different design specialisms. The four distinct phases are discover, define, develop and deliver. The double diamond model helps to sequence the design process into four steps, which each comes with specific targets and methods that help the process to be successful. (Davies & Wilson 2013). The double diamond model is presented in Figure 2 Double diamond model.

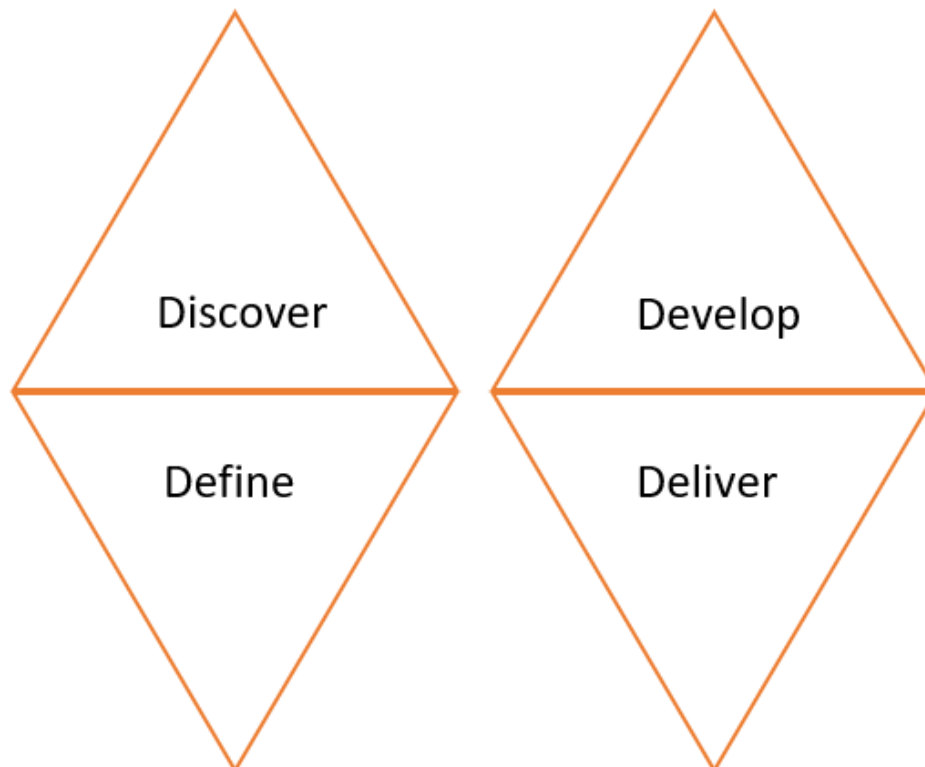


Figure 2 Double diamond model

First section of the double diamond model is the **discover** phase, which involves getting insight, inspiration, identifying user needs and developing initial ideas based on the existing operational model. Specific methods for this phase include for example market research, user research, managing and planning and design research groups. Specific tools for discovering the current service status include, inter alia, service journey mapping, user diaries, service safari and user shadowing. (Davies & Wilson 2013). The core aim of the define phase is to understand the goals and culture of the company providing the service in question (Stickdorn et al. 2011, 120.)

During the **define** section of the double diamond model, the designers try to make sense of all the outcome in discover phase and identify the possibilities for further development of the service. Key methods during the define phase are project development, project management and project sign-off. Tools for defining include, inter alia, user personas, brainstorming and design brief. Ideally, with the during phase, the designers become aware of the organization's fundamental design challenge. (Davies & Wilson 2013).

The **Develop** phase of the double diamond model is when the solutions are created, prototyped, tested and iterated through a process of trial and error. Key activities and objectives during the develop phase are brainstorming, prototyping, multi-disciplinary working, visual management, development methods and testing. Tools for developing include, inter alia, service blueprinting, experience prototyping and business model canvas. (Davies & Wilson 2013).

To finish, the service design process goes through the **deliver** phase of the double diamond model. In this section of the model, the developed service is finalized and launched. Final testing, approval and launch, targets, evaluation and feedback loops are the key activities and objectives during this stage. Tools for developing include, inter alia and scenarios. In addition to actually launching the developed service, it is also important to ensure customer feedback mechanisms are in place as well as sharing the development process and its' lessons in the organization. (Davies & Wilson 2013).

When considering this particular research development project, the double diamond model is a helpful tool for structuring all phases of the development process in order for the project to proceed with logic. All phases of the double diamond model were implemented. The aim of the thesis research was to **discover** the most suitable and necessary features for operating the specialty leasing service in order to reach the targeted growth potential. Discoveries of the research were then **defined** and **developed** in reflection with the recent findings of market status and direction, together with the participation of the commissioner's employees as well as outside organization experts. Once the results of the research were carefully studied, the recommendations for the reorganized business model are to be **delivered** to the commissioner. It is then for the management of the commissioner to consider the recommendations and take responsibility for the implementation and launch of the redesigned service of specialty leasing.

## 4 RESEARCH DESIGN

### 4.1 Research methods

The thesis applies mainly qualitative research methods in the study of specialty leasing management. Qualitative methods were chosen, as the research is related to the business concepts, attitudes and customer behaviour, that are not easily shown in numbers and statistics, which again would have supported the preference of quantitative research methods (Vilkka 2015, 75). The study presents the current operational model for specialty leasing and evaluates options for its reorganization. These two elements and their internal links are analysed through interviews and methods of service design.

Tuomi and Sarajärvi (2018, 62) define interview as a flexible data acquisition method, targeted to receiving as much information on the interview's topic. In addition, interview as a data collection method enables the researcher to specify the answers, correct possible misunderstandings and have the interviewee give broad views on the chosen topic. According to Vilkka (2015, 129), by using a qualitative research method, it is possible to create a storyline in the research findings. This fact emphasizes the

selection of qualitative research methods, as it is important to outline broad views of the current way of operating, in the form of a progressive story, in order to discover the opportunities further to be developed.

In addition to qualitative research methods, the development project has internally within the commissioning organization used also quantitative research methods for studying the numerical facts and the growth potential within the specialty leasing business operations. This part of the thesis development project is to be excluded from the thesis report due to business confidentiality reasons.

## **4.2 Data acquisition and analysis**

Interviews, questionnaires, observation and document analysis are the most often used data acquisition methods for a qualitative research. These methods can be used either separately or as a combination of several methods. (Tuomi & Sarajärvi 2018, 62). The required data for discovering the specific features of the current specialty leasing operational model, its challenges and possible areas of development, is collected mainly through group interviews and individual expert interviews.

According to Hirsjärvi and Hurme (2001, 61), group interview with six to eight participants is a beneficial data collection method for work life development projects, particularly when aiming at promoting understanding on mutual processes as well as to create opportunities and ideas for developing the processes. The group interviews are organized in the form of a specialty leasing workshop, and the participants are the shopping centre managers and marketing managers specialised in working with specialty leasing in the commissioner's organization. The use of service design as a research method is presented in detail in Figure 3 Service design as a research method.

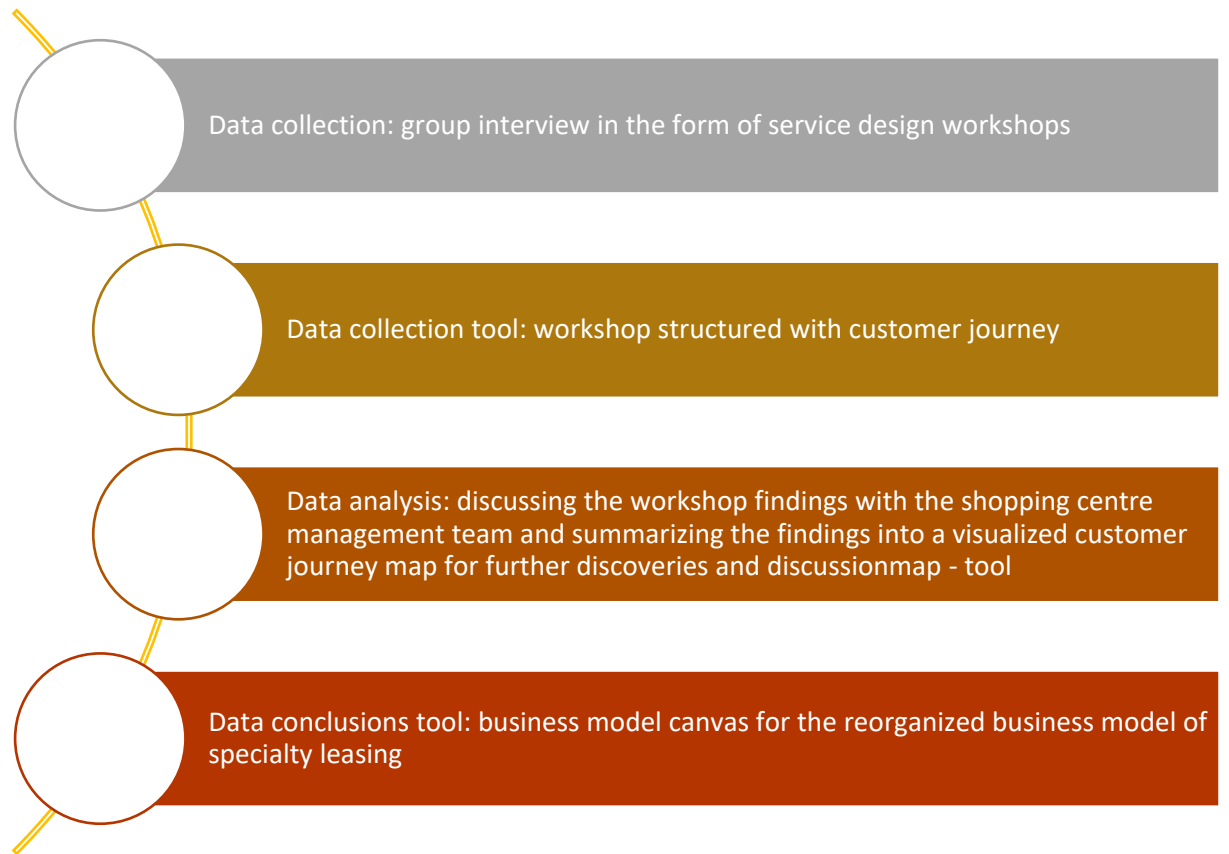


Figure 3 Service design as a research method

The workshops follow the methodology of service design, which is the most applicable to this case in order to map out the current status of the service, to discover the problems and challenges as well as to create solutions to them resulting in a proposal of improved service and business. The service design tool customer journey map was chosen to structure the workshop. The data from the workshop was analysed and visualised with the visualisation of the customer journey map, enabling further discoveries on the topic. Service design as a method emphasizes the importance of understanding the value and nature of relations between people and other people, between people and things, and between people and organizations of in designing any kinds of services (Design methods for developing services 2015).

The concept of design thinking was presented as a part of the theoretical framework for service development. The selection of service design and especially the tool customer journey map used as a central tool for data acquisition was justified partially with the similar usage as data collection tools as what is targeted to be reached in design

thinking methodology. Customer journey map aims to provide answers to similar questions as design thinking as a service development process. Questions, 'what is the business problem?', 'where is the opportunity?' and 'what has changed?' are the key questions for development also in design thinking (Brown 2008). These questions also apply to this particular case of specialty leasing service development and are believed to be answered through the use of customer journey map.

For receiving parallel data outside the commissioning company, data was collected also from sources non-related to the commissioner but mastering the business area of specialty leasing in the context of shopping centres. For broadening the comparative setting, one expert interview is conducted with a specialty leasing expert having previously worked for another shopping centre owner, that mainly operated its specialty leasing service with the assistance of an online service platform. Another expert interview was targeted to the leasing director of the international shopping centre investor Linstow, with the intention of receiving insights on reaching the international retailers through specialty leasing opportunities as well as studying best practices of operating specialty leasing in the benchmarking shopping centres in foreign markets. Discovering best practices of managing specialty leasing at Linstow owned shopping centres can be used as benchmarks for innovations that will be later adopted as a part of the commissioner's specialty leasing management.

The data is both collected and analysed for a specific purpose and therefore needs to be critically examined in order to answer the set research question. The data received from the interviews and workshops is further analysed with the method of content analysis. Content analysis is applied as a method that aims at discovering entireties and meaningful connections between matters (Tuomi & Sarajärvi 2018, 86). When working with large sets of interview material, content analysis can be used to identify a repeating logic within a phenomenon (Vilkkä 2015, 103). In this study, content analysis is expected to highlight the specific features and tangible matters lacking from the commissioner's specialty leasing service. Arguably, this will help to utilize the overall opportunity for service development and growth when added to the existing service model.

## **5 RESULTS OF THE RESEARCH**

This chapter presents the results from the data acquisition phase of the research, received both from group interviews held among the commissioner's shopping centre management team as well as from the expert interviews held with two experts with the background in shopping centre management but from outside the commissioning organization. These expert interviews are to provide benchmarking views for further developing the specialty leasing operations of the commissioner. On the basis of these results, the report further concludes the key findings and practical development proposals to be included in the reorganized specialty leasing business model in chapter six.

In addition to the results presented in this chapter, the entire development project has separately processed numerical data of specialty leasing operations, in an internal development project not published in this thesis report due to business secret consents. The internal project has acquired numerical data from the commissioner's business records classified as confidential information. The data acquired in the internal project has concerned the current status of specialty leasing operations in terms of business volume and its development direction in recent years. Also, the growth potential has been calculated to be able to understand the measures which the development actions could provide in terms of business volume reach. Correspondingly, through defining the exact business potential, the scope of investments to be taken on the development project have been set in scale with the income expectations. Findings of the internal project are to assist the commissioner in the decision making regarding the development actions to be implemented further on.

### **5.1 Results of the group interviews**

As described above in chapter 5.2 Data acquisition and analysis, the group interviews were held among the shopping centre managers and marketing managers of the commissioner, who are experienced in managing the everyday specialty leasing operations at each of the shopping centres owned by the commissioner. In order to have shopping centre managers and marketing managers from all of the commissioner's shopping centres involved in the data acquisition process, two similar



events were held at the end of November 2019. Both events had four participants, thus the total amount of respondents was eight.

The group interview was held in the form of a workshop, following the methodology of service design. The group interview was structured using a service design tool customer journey map, which is constructed through service process touchpoints. Touchpoint means every contact point between a customer and a service provider, where the user interacts with the service in question in the before, during and after phase. The customer journey map gives a thorough understanding of the interaction between the customer and the service provider and defines the critical steps within the journey. Identifying problem areas and opportunities for innovation are enabled through the resulted overview of the service. (Stickdorn et al. 2011,159.) Figure 4 visualizes the workshop in action.

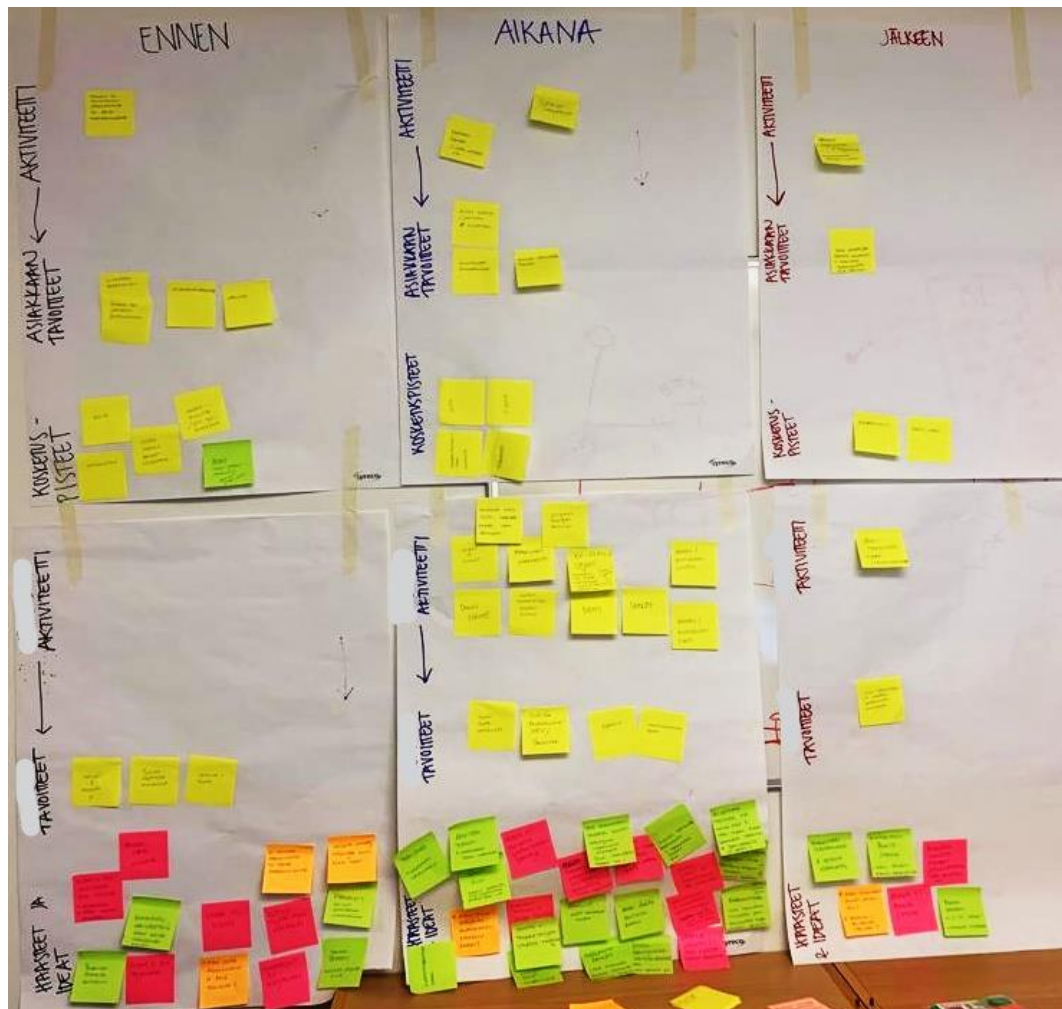


Figure 4 Customer journey map workshop in progress

In practice, the moderator of the workshops (the author), guided the participants through building the customer journey map onto blank paper sheets with sticky notes of different colour and symbol. The customer journey is divided into pre, during and after phase, and all touchpoints are placed on the workshop template according to the sort of activity in question. First, the tool studies the behaviour of the customer in the form of customer activity and the targets of the activity. Touchpoints between the customer and the commissioner regarding the service activities are all defined onto the template. Followingly the behaviour of the commissioner is studied in the form of activities and targets in the same phase of the customer journey in order to form an understanding what is the overall activity in the service journey phase in question. Once understanding the activity on a comprehensive level considering both the customer and the service provider, all areas of the service journey requiring further development are listed with possible ideas on how to improve the service. Finally, all three phases of the customer journey are discussed and mapped with the same procedure, covering both customer and service provider activity, challenges and ideas of development.

As all the participants in the workshop were native Finnish speakers, the language of the workshops was Finnish. The results were later translated to English. The customer journey map created in the workshop was afterwards transformed into an electronic form by using MS excel. The entire customer journey map visualization is presented in Appendix 1. The critical findings requiring consideration and possible further development are presented in the following paragraphs of the report.

The main finding of both workshops was that specialty leasing operations lack sufficient human resources, which leads to a situation where full business and income potential is not reached and the ability to serve the customers is not on a satisfactory scale with respect to the commissioner's service standards. In addition to the lack of sufficient resources, the practicalities related to officially approving the lease with the commissioner's management board as well as agreeing with the customer about the lease, were considered too heavy and time-consuming, which may even lead to losing the customer case to the competitor. As a whole, the processes of specialty leasing were seen too similar with the lease agreement processes developed for the permanent

leasing of shopping centre business units, which have returns to the commissioner in the form of higher level lease income guaranteed for a longer period of time.

Many workshop findings could be explained with the lack of human resources or more precisely put, with the dissatisfaction that resources are used to time-consuming manual tasks reserving the time from the team's main duties of actively planning the operations and promoting the business to high-potential customers. Analysis of the phases of the customer journey map indicated that there are no support activities available from the commissioner in the **before** phase, meaning that there is no active sales process or marketing for the specialty leasing products. The nature of the business is currently reactive, which means that the number of customer cases and the level of income received depend on the customers contacting the commissioner rather than vice versa. Surely, more customer cases would exist, if a specialty leasing manager would contact customers more spontaneously and give them the idea of utilizing specialty leasing opportunities for example for boosting sales, introducing new products to the market or finding new customers through a new or an additional point of market presence. Lack of marketing and an active sales process in the current operational model means that most of the customer potential is not reached. As the specialty leasing service is not advertised with sufficient efforts, an increased risk of losing the customers to the competitors without being able to even negotiate with the customers exists.

According to the group interviews, the **during** phase is not clearly processed on an organization level. Consequently, the operations are organized in a manner that compulsory tasks are taken care of but still seen as a strain to other more central work tasks. Findings regarding the during phase emphasize the need for simplifying the lease negotiation and agreement related practices, in order develop the process towards a more efficient and sales-oriented one. This is to be achieved e.g. through developing a lighter lease agreement template for the specialty leasing customers as well as enabling a possibility to virtually sign the lease agreement. These development actions are to be carried out with the assistance of the commissioner's legal department.

Currently, the **after** phase includes only the obligation of leaving the leased premise clean and empty as it was before the lease period. The customer receives a service

contact from the shopping centre management staff only when not obeying the instructions and for instance leaving their items or trash to the leased premises. This easily leaves a negative atmosphere and a difficult position for the customer to buy more, which of course works against the commissioner's target to grow the business. A simple way of developing the after sales process would be to send each customer an automated electronic feedback form and give the customer a phone call after the lease has ended. Through such attention to the customer, it would be much easier to suggest a new specialty leasing case in future either in the same location or additionally in another market area and shopping centre owned by the commissioner. Moreover, this would also benefit the customer as the possibility of operating their physical store network through one partner would be utilized.

In addition to using the customer journey map results in the actual service development process, the results will also benefit the marketing activities that were similarly proven to be very limited, if at all existing. Establishing a separate marketing clock for annual events in the shopping centres or in the surrounding city environments would provide the specialty leasing manager with more interesting sales arguments to message to the customers once proactively contacting them. All in all, the customer journey map gives the service provider detailed information of the touchpoints through which the customer interacts with the service provider. Ideally, all marketing activities ought to be planned accordingly, in order to interact with the customer all along the service journey. (Forbes 2017.)

## **5.2 Results of the expert interviews**

### **Interview of Business Development and Lease Director at Linstow Center Management**

The author had an exclusive opportunity to interview an international leasing expert for the specialty leasing development project. A Business Development and Lease Director at Linstow Center Management for approximately 20 years was in Helsinki, and a meeting was arranged to discuss how specialty leasing is organized in Linstow operated shopping centres Alfa, Mols, Dole (till 2017), Gallery Centrs (till 2018) and Origo in Riga.

The aim of the interview was to discover how could the specialty leasing operations of the commissioner be developed both in terms of reaching the growth potential as well as simply organizing the operations in a more efficient and customer-oriented manner. Moreover, the target was to learn what are the essential features for forming the specialty leasing operations and what is the potential of creating international customer cases through the business segment of specialty leasing. The discussion was formed as a semi-structured interview as presented in Appendix 2. However, at times the conversation was flowing around additional themes that can be considered beneficial for the results and the development of the commissioner's specialty leasing. In addition, the interviewee was familiarised with the results from the group interview, the customer journey map visualization, enabling exchange of ideas for further developing the group interview results with the consultancy of an international leasing expert.

The recommendations received from the interview for developing the specialty leasing operations were many. Firstly, the commissioner ought to start actively marketing its specialty leasing opportunities as soon as possible. This should not be left to depend on the decision and actual establishing of the online platform and the specialty leasing website, which might take a relatively long time. In order to arise and increase awareness of specialty leasing opportunities at the commissioner owned shopping centres, marketing opportunities for specialty leasing ought to be recognized together with the marketing and leasing team from the commissioner.

The interviewee considered that the commissioner possesses a unique proposition of specialty leasing products to be sold. The shopping centres in question are all different from one another, and therefore the customer can reach different customer groups through partnering with the commissioner's shopping centres. In this connection, it was mentioned that the specialty leasing products can even be tailored for each shopping centre. As a best practice from Linstow shopping centres, it was recommended that the shopping centre management defined two to three retail units with a very good location to be actively sold as pop up premises. In the Linstow shopping centre model, these predefined pop up units were together sold and marketed as a pop up area called 'business escalator', targeted to new businesses opening a store for the first time in a

shopping centre or to businesses that have a product that is very topical and suites for example to a certain season for maximizing sales of the product.

Secondly, the commissioner ought to set practices for the specialty leasing lease agreement terms and the total length of the lease that is acceptable with its pop up customers. It was pointed out that some of the customers might be using the pop up leases to avoid committing to a permanent lease, because it is more favourable for their business to have lower rent level, and smaller risk, as the length of the lease agreement is shorter. A recommendation for agreeing on pop up leases with one customer with a maximum total lease term of 12 months was suggested. As an example, this would mean that once a customer has operated in a shopping centre with a single or multiple renewed pop up contracts, after a total of 12 months of lease term, the lease agreement would need to be negotiated into a permanent lease. In terms of rent structure, the permanent lease agreement would include the basic fees of operating in a shopping centre covering the rent, the maintenance charge and the marketing fee. When considering the monthly rent, the rent level could be set as a stepped rent, meaning that the rent will increase in periodical steps towards a level corresponding the normal rents, making the financial commitment to the customer more acceptable.

The question of an optimal amount of outsourcing to have as a part of the specialty leasing operations and concerning the sales of advertisement space was also emphasized in the interview. The recommendation was to find the best partners and to outsource to third parties as much as possible in order to maximize the activities carried out and correspondingly the income received from the sales of promotion spots and advertisement surfaces. Third party partners would according to the recommendation focus on attracting customers from outside the circles of retail stores and services typically interested in renting premises in a shopping centre. What was also discussed was that in addition to collecting feedback from all specialty leasing customers handled through the commissioner's own organization, similarly the partners would need to be activated in terms of providing the feedback they collect from the customers to the commissioner's shopping centre management for service development purposes.

Other matter discussed in the interview, was to start putting into action a lighter model of a lease agreement that could be used for all the specialty leasing products, particularly in cases when the rental payment is received from the customer in advance. What often challenges the timely collection of the rent before the actual lease period in the shopping centre, is that the specialty leasing case is agreed with the customer a short period of time before the customer is in fact entering the shopping centre. Therefore, it would be beneficial to teach the customers to plan their activities ahead of time in order to avoid last minute ad hoc orders, often meaning signing the agreement, delivering the invoice and receiving the payment only after the lease has actualized. The best way is to simply not allow the customers into the premises until agreement pre-payment is made. Such practice would also minimize the rare cases, in which the customer leaves the rent unpaid and the commissioner is not able to collect it from the customer afterwards.

For making the shopping centre environment accessible also to small scale businesses not able to invest in good looking shop furniture, a recommendation was shared to test already available furniture options for specialty leasing pop ups and aisle promotion spot customers. Such attractive, lockable furniture could be either be bought by the commissioner and further leased to customers or leased to the specialty leasing customer by a third-party company, that the commissioner would be in partnership with. Such addition to the specialty leasing offer could be tested firstly for example in one shopping centre with one sample furniture and if demand would exist and the growth of customer cases could be noticed, the practice could be further expanded to cover all the shopping centres owned by the commissioner.

Another important result from the interview to the commissioner was that according to the interviewees expertise on international leasing and market entry, the potential of receiving new international retail chains to enter Finnish shopping centres as a tenant was considered minimal or non-existent. As for the interviewee's knowledge, pop up leases are not an attractive option for international retailers to make market entries through. Usually, the international chains perform a comprehensive study on a market they are considering entering, after which they choose the shopping centres and specific retail units they are interested in and start negotiating.

Pop ups and lighter lease terms are not considered, as the chain is normally willing to introduce their latest and most attractive store concept representing the brand to a new market, which means the investments for the retailer are high and they make sense only in case if a long-term lease is secured with the property owner. Often, when a retail chain enters into a new market, the property owner participates in the tenant's costs, in this case the costs for renovating and furnishing the store for the brand's concept. The financial equation of operating with international retailers seldom could be acceptable in pop up leases, as the rental income is already lower, the lease term is shorter and therefore the tenant investments are not covered within the time frame of the lease term. The challenge of investments not being covered within a short lease term concerns both the tenant and the property owner. All in all, the international chains entering the market often aim at a full exposure of the brand to the new market, that is hardly possible with a pop-up lease, which forces the tenant to operate with partial store design and limitation of having only part of the articles to be sold present in the store.

### **Interview of a former Specialty Leasing Manager at Citycon**

The second expert interview for the study was held with a former Specialty Leasing Manager from Citycon. The outcome of the interview was particularly interesting for the development project since Citycon operates their specialty leasing with a centrally coordinated model as well as with the assistance of an online specialty leasing platform. The interview concentrated on the online specialty leasing platform, and its significance in running the daily specialty leasing operations. The interview was an open in-depth interview, and only the topic of discussion was determined in advance.

The main outcome of the interview for the commissioner's specialty leasing operations was that in order to reach the targeted business growth, the number of specialty leasing customers would have to grow on such a scale, where it might not be possible to handle all the customer cases manually. Therefore, the overall information received from the interview supported the preconditions of establishing the considered online platform for automating the practicalities related to the sales of specialty leasing products.



Furthermore, the interview gave important insights to the specialty leasing practicalities run by Citycon. These can be read as practical advice for the commissioner in case proceeding towards establishing an online platform for supporting and practicing the specialty leasing operations is considered further. Following paragraphs present the practical advice received from the interview.

The core of the online platform is the products to be sold. The exact products on the site need to be separately defined together with the management team of each shopping centre owned by the commissioner. Furthermore, a clear message from the interview was to define the particular products, that can be freely sold online, for example a part of the corridor promotion spots in each centre. This would also create a buffer for the shopping centre management, to have promotion spots vacant, in case there is need for the shopping centre to use them for their own marketing events or in case of a sudden need for a promotional space for an important customer. Another advice regarding the products on the online platform concerned the advertisement space sold online. As an example, creating standards for the floor stickers will simplify both the sales and the administration of the product. Standardizing the floor sticker would mean defining a partnering producer and installer, defining a few size options as well as defining the locations where the floor stickers can be installed.

For displaying the location-tied products such as the corridor promotion spots, the online site must have comprehensive information of the product. The size, location and available housing technique such as electricity and water must be informed. In addition to floor maps of the shopping centre, the location of the product can be displayed with modern 360 pictures or Matterport pictures, to give the customer the best possible understanding about the micro location within the shopping centre. Often customers are interested in the neighbouring tenants, the proximity of elevators and escalators, and the overall visibility of the specialty leasing location to other parts of the shopping centre, and this information could all be provided through visualisations of the location. Additionally, pictures of previous promotions on a particular promotion spot could help the customer in forming a stronger image of the product and its possibilities.

As an overall information on a single shopping centre, the customers are always interested in shopping centre facts such as the development of total footfall and sales figures, catchment areas, targeted customer segments, and marketing activities. By presenting this information on the online site the customer can form a comprehensive understanding of the nature of each shopping centre. Furthermore, with this information available online, the customer is enabled to an assisted decision of purchasing the product from a particular shopping centre online.

When considering the actual buying process through the online platform, the following details needs to be considered. Each purchase must be separately approved by the specialty leasing manager in the preliminary booking phase. No customer can buy products from the system without the specialty leasing manager approving the customer, the product and the lease terms case by case. This practise will reduce the risk of a competitor of a permanent tenant entering the shopping centre or a customer booking a premise with the intention of promoting e.g. political, religious or racist cause not approved by the shopping centre management. Already in the preliminary booking process, the customer must accept the practical and legal terms of operating in a shopping centre as well as the terms related to the online system buying practices and cancellation policies. Payment is to be charged in advance, preferably online in order to avoid the risk of the customer not paying the rent as well as minimizing the rental payment follow-up work from lease administration

The system must operate so that once the specialty leasing manager has given a final approval for the purchase or the lease, the system automatically sends a confirmation to the customer as well as to the lease administration and invoice system AX, which is automatically linked to the system. The confirmation email is to be attached with a separate information and guideline package for operating a promotion, pop up or an advertisement space in the shopping centres owned by the commissioner. The system requires an administrator's user interface, where all the internal data is available for the use of specialty leasing manager as well as other shopping centre management teams. This is to ensure a smooth handling of operations at times of absence of the specialty leasing manager. It also gives the access to the information to other required parties such as access control, security personnel and marketing team. These notions will be

the key in simplifying the process and removing the need for detailed manual work, which the specialty leasing currently demands.

On the whole, the takeout from the interview was to have patience when launching the online platform as it will take time for the customers to get acquainted with the new way of buying specialty leasing services from the commissioner. Customers need to be encouraged and taught how to use the new system. In the beginning, customers will probably continue to behave as before the launch of the system and contacting the specialty leasing manager in person for booking the premises. This channel has to be kept open, but already upon the first contact by the customer, the specialty leasing manager should guide the customer to start their buying process from the online channel. Gradually, the role of the specialty leasing manager is to change towards a customer support person yet knowing that all the given customer support will eventually be helpful. In the end, it will vacate time from the actual manual work related to the agreement practicalities and create time for selling the service proactively and for contacting customers directly in order to increase the interest towards the service leading to more sales.

### **5.3 Business model canvas**

Business model canvas is a service design tool that describes, analyses and helps designing business models in a simple, yet informative form. The canvas gathers various critical factors of a business model onto nine sections, which all are said to represent blocks of a successful business model. (Stickdorn et al. 2011, 212.) Here, the tool of business model canvas is used to conclude the results of the research and to visualize the targeted, reorganized business model for the specialty leasing operations. On the basis of the outcome from customer journey map workshops and expert interviews, the business model canvas determines the core features and stakeholders of the desired business operation model for specialty leasing. The desired business model for the commissioner's specialty leasing operations is presented in Figure 5 and as the entire document in the Appendix 3.

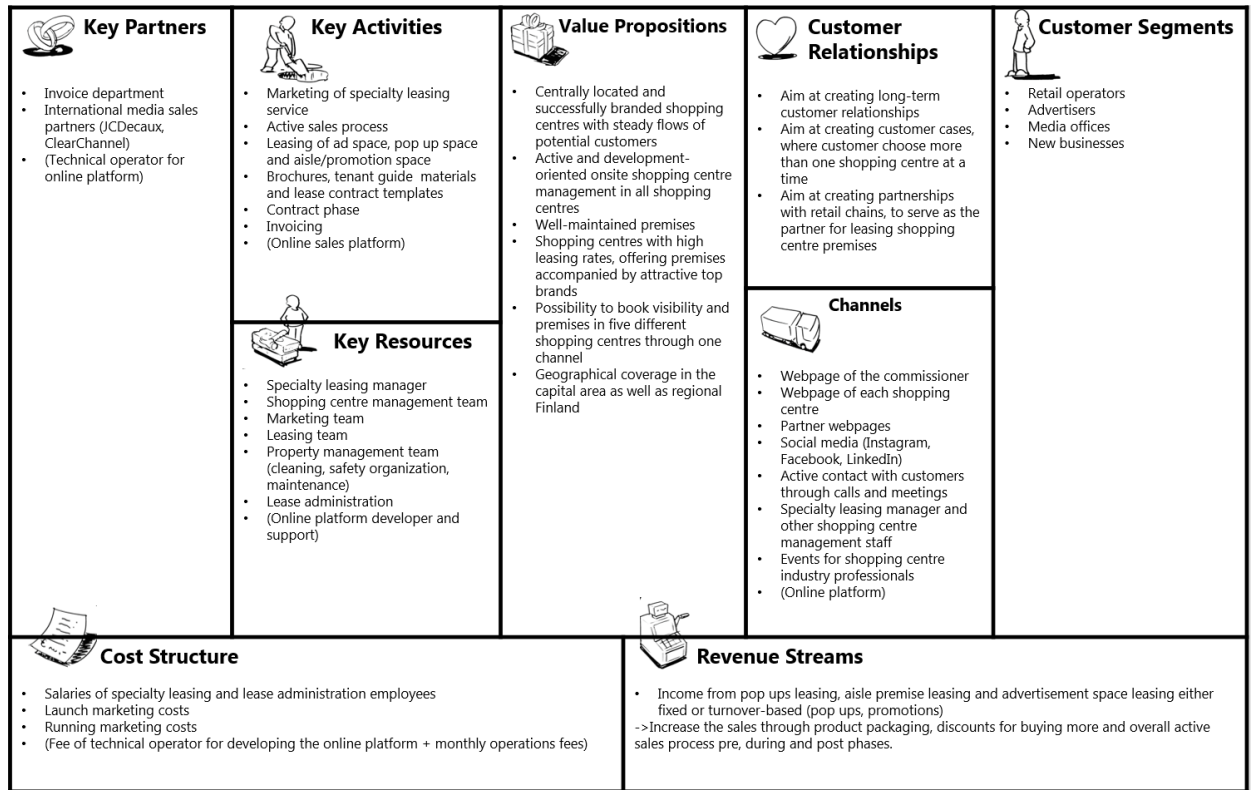


Figure 5 Business model canvas

Business model canvas of reorganized specialty leasing operations presents the core features of the desired business model. **Key partners** to the operations to succeed are the outsourced invoice handling department as well as the outsourced partners recommended to respond for the sales of advertisement surfaces. In case the proposed phase two is to be implemented, the technical operator for the online platform is in a central position in guaranteeing smooth operations also online. **Key activities** are defined as marketing and active sales of specialty leasing service covering advertisement space, pop up space and aisle promotion sales. Marketing and sales activities are supported by creating brochures and improved tenant guide materials as well as creating a lighter lease contract template to be used in the contract approval phase.

**Channels** to be used for promoting the business are different social media channels and webpages of the commissioner, each shopping centre and partners. **Customer segments** such as retail operators, advertisers and media offices are to be contacted actively through phone calls and meetings as well through being present and available in different shopping centre industry events. The establishment of the online platform is

to affect all the previously mentioned key activities. Correspondingly, if executed, the establishment of the online platform is to become one of the **key resources** for the business. Otherwise, key resources are defined as specialty leasing manager, shopping centre management team, marketing team, leasing team, property management team and lease administration.

In the centre of the developed specialty leasing service is the **value propositions**. This area of the business model is to define the entire business success as it includes propositions such as centrally located and successfully branded shopping centres, active and development-oriented onsite management, high visitor numbers and overall leasing rates and possibility for partnership with geographical coverage to the Finnish shopping centre market. The introduced business model aims at improved **customer relationships**, which are to be managed through long-term partnerships.

Finally, **cost structure** of the reorganized specialty leasing is to form from salaries of specialty leasing and lease administration employees, launch marketing and active marketing operations of the service, and fees for the possible online sales platform to be launched in phase two of the development project. **Revenue streams** of the specialty leasing business are to be generated from the rental income of the specialty leasing products. Outsourcing the sales of advertisement surfaces affects both to the cost structure and revenue stream of the specialty leasing business, as the outsourced partners operate with a fixed provision fee from each customer case signed.

## 6 CONCLUSIONS

This thesis was conducted as a development project for the commissioning organization. The study was undertaken to discover the opportunities for development in the business management of specialty leasing in order to reach the desired business growth potential and improve the overall service. Correspondingly, the aim was to discover and evaluate the actions necessary for reorganizing the shopping centre specialty leasing.

The main research question of the thesis was:

What are the essential features to be included in the reorganized, improved business model for the commissioner's specialty leasing operations in order to reach business growth?

In addition, the results of the study were set out to advise the commissioner in the decision making regarding establishing an online service platform supporting and automating the specialty leasing operations. Similarly, the thesis was to clarify the possibilities of international retail operators entering a new market through specialty leasing opportunities.

The literature review of the thesis provided an outlook to the shopping centre management aspect of specialty leasing, which supported the reorganization of the specialty leasing operations with many practical features to be included in the daily operations management. Moreover, the overview on the shopping centre industry state and trends set the conditions and future direction where the commissioner is to operate its specialty leasing service in. The findings on the market conditions were to encourage the commissioner to develop the overall specialty leasing to respond to the prevalent market conditions.

It was discovered, that for following the current retail and shopping centre market conditions and future directions, the commissioner needs to prepare for specialty leasing income to be generated in smaller amounts, but from more customers. The workload required for the same level of income is to grow when the rental income is a result of more customer cases and lease agreements. Therefore, it is vital to develop the specialty leasing processes more efficient, through making a simplified leasing process for the specialty leasing customers. Preferably, this would include automatization of the systems with customers handling their own lease agreements through a supporting online platform. These changes will vacate the time spending of the specialty leasing manager to be used to actively sell the products both to old and new customers of all five shopping centres. Through these improvements and actions of

reorganization, the commissioner can reach the growth potential that lies within the business segment of specialty leasing, both in terms of business and income volume.

The commissioner possesses a unique offering in specialty leasing opportunities throughout the Finnish market. Shopping centres owned by the commissioner are centrally located in their own market position and all have active, on-site management team developing the shopping centres to serve both consumer customers as well as tenants as the commissioner's direct customers the best possible way. Currently the specialty leasing services are neither marketed nor sold actively, and a lot of business potential is missed. Either these business opportunities are missed to the competitors or they simply do not execute due to minimal customer activation by the overall business sector.

The service of specialty leasing is recommended to be launched as a separate service in the first phase of implementing the development actions. At a minimum level, the recommendation is to develop a light conceptualization of the specialty leasing service to be added to the marketing channels of the commissioner and each individual shopping centre, with contact details to the named specialty leasing manager. Such conceptualization is recommended to include renewed pricing practicalities, which encourage the customer towards loyalty for the commissioner's service. In practise this can mean offering partner prices, different product package deals (e.g. pop up space and aisle promotion space) and discounts for agreeing on multiple specialty leasing cases at once.

Even though many of the retail customers repeatedly have contracts with multiple commissioner owned shopping centres, there are no launched partnerships in the specialty leasing operations that could have the customers expanding their retail network through the commissioner as the one single partner, instead of operating through different property owners. This is a good example of a low investment change in the specialty leasing operations leading to improved customer relationship management and targeted business growth. In addition, such partnerships will reduce the need for undergoing separate negotiations and lease agreement related processes

as more customer cases can be created with one responsible party both from the customer's and from the service provider's side.

When considering the potential of international retailers entering the Finnish market through specialty leasing opportunities, the acquired information shows that the potential is low or non-existent. Therefore, the procedure of making a market entry through specialty leasing opportunities into the Finnish market is not considered in the final proposals. In addition to the indications received from the expert interview with the leasing and development director, also other sources reinforce similar leasing strategies of international retailers concentrating their arrival into a new market most likely through permanent leasing of a business location rather than specialty leasing opportunities. According to Scott Abbey, European Leasing Director at international asset management corporation Multi, the opportunity of entering a new market with a physical store is not enabled solely through agreeing on a suitable retail unit location at a market price. Besides agreeing on a lease, retailers consider the legal, fiscal, financial, human resources, and logistics conditions and practicalities. (Issuu 2018). This can be understood to be too heavy of a process to conduct for the sake of a temporary lease.

For applying the changes suggested in the thesis, the commissioner will need to create a team of professionals as a focus group driving the change and development. Specialization in shopping centre management, marketing, leasing, specialty leasing, lease administration and legal expertise are to be required in the process of change. In case the commissioner decides on investing in the online system suggested to the commissioner as the development phase two, the focus group is to be added with a member specializing in IT processes and management of IT service development projects.

## **6.1 Key findings and proposals for managerial implications**

Based on the findings, the commissioner is recommended to reorganize its specialty leasing operations in two development phases. The first phase is recommended to be implemented as soon as possible, in order to improve the service, its effectiveness and financial return based on the results received from this research. The second phase depends on the results received from the implementation of phase one, as it determines



the need for the commissioner to continue the strategical development work regarding the specialty leasing operations to be supported with the online service platform. The reason to suggest such a two-phased reorganizing structure is in the required investments and the level of outsourcing necessary for the development actions suggested. The costs for the action proposals in phase one are significantly lower as they can mainly be conducted in house through renewing division of labour between different experts already employed by the commissioner and through modifying the features of the current specialty leasing operations into more active, efficient and customer satisfying. Implementing the second phase, the online service platform, requires larger investments, further studying the desired service structure and features as well as negotiations concerning tasks to be outsourced to another company mastering the development of digital sales processes.

The findings of this study have a number of practical implications for the reorganized operational practice. These implications are presented in the form of an action plan for the commissioner to implement as features in the reorganized specialty leasing operations model:

- 1) Centralize the responsibility of daily operations to a dedicated specialty leasing manager in charge of the sales of specialty leasing products in all five shopping centres owned and managed by the commissioner.
- 2) Develop a simplified model for operating the specialty leasing in terms of contract approval and simplified lease agreement template. Have the commissioner's board of directors accept regulations according to which the local shopping centre management team operates with specialty leasing. Assure sufficient resources to respond to the increasing amount of customer cases as well as to carry out the developed, proactive sales of specialty leasing service.
- 3) Rearrange the specialty leasing operations from reactive to active in terms of sales processes, including active pre-sales and after-sales. Collecting and handling of customer feedback is to be included in the reorganized operational model for ensuring value co-creation.

- 4) Create a specific service concept for the specialty leasing operations to be implemented as a part of the commissioner's service offer with available information in the commissioner's marketing channels such as webpage and social media channels.
- 5) Create a sales and marketing strategy and a daily marketing plan to grow the business volume of specialty leasing. Reconsider the pricing of specialty leasing and have similar pricing logic applied to all five shopping centres. In the pricing, make special priced package deals as well as last minute offers to be available. Consider launching a partnership program with special conditions for pricing.
- 6) Continue and strengthen the cooperation with the outsourced media space agencies to maximize the profit from the advertisement space and corridor promotion spots. Marketing and sales of advertisement space are the core competence of these partners and they already possess the best functioning strategies and both domestic and international partner and customer networks for reaching the potential customers.
- 7) Consider the need and potential benefits of developing and establishing a supporting online platform, that will further automate the specialty leasing booking and buying processes. The recommendation is to consider the need, once there exists experience of operating the specialty leasing with a business model that is reorganized according to the suggestions on points one to six in this proposals' list.

As described above, there are a number of important features to be considered for the reorganized business model. Investing in the specialty leasing online platform is at the moment not considered as an obligatory development action for the specialty leasing operations to reach growth and service improvements. Most of the discovered areas requiring immediate development can be solved without a need for establishing an entirely new platform to operate the service with. The recommendation is first to evaluate what is the level of growth received through improvements suggested to be

conducted immediately in phase one. After this it is possible to reconsider the growth potential left to be targeted and evaluate it in regard to the investments required for developing and establishing the specialty leasing online platform.

By implementing these proposals for reorganizing the specialty leasing operations, the commissioner is estimated to reach business growth with limited investment costs. The changes are to have positive responses also from the customers', as the specialty leasing process is to be simplified in terms of the lease agreement approval and negotiation process. Customers are expected to be satisfied with the active approach the commissioner has on specialty leasing operations and the improved practicalities of serving the customers in a more comprehensive manner. The reorganized operations are to enable a more flexible handling of customer cases, for example, concerning the pop up leases, as the approval process is simplified, and the decisions can be made by the local shopping centre management without having to wait for a set weekly lease approval meeting.

Another important practical implication is that the reorganized specialty leasing operations model will also be more pleasant for the commissioner's shopping centre team members to manage, which is hopefully to lead to improved employee satisfaction, as the contents of the work are more organized and correspond to the nature of the business.

## **6.2 Reliability and validity**

Reliability and validity of a research evaluate the overall trustworthiness of the research as well as the validity of the results received. In practise, the reliability of a research concerns the degree of consistency in the research. Reliability of a research is evaluated for example by considering whether another researcher could replicate the study and have similar results. Validity as a measure for the trustworthiness of a research is to consider whether the research has studied the exact research problems set for the research and whether the research findings represent the phenomenon and are backed with evidence. (Tuomi & Sarajärvi 2018, 188.)

This research was carried out following specific methods described in the introduction chapter and applied carefully for achieving controlled results. The workshops held in the data collection phase to the commissioner's employees were based on a service design model called the customer journey map. This made the participants of the workshop consider the service journey of the specialty leasing both from the viewpoint of the customers as well as from the personnel involved. If more time and resources would have existed for the development project, the author would have emphasized more on involving the customers, both in the phase of data collection as well as in validating the results to be brought to action. As evaluating the sufficiency of the data collected in the interviews, the researcher could identify by the end of the second group interview, that the data has reached its saturation point, meaning that on behalf of the research problem, no new information was produced and the data begun to repeat itself (Tuomi & Sarajärvi 2018, 73). Therefore, adding a customer perspective could have produced new insights to the development of the operations.

Validation of the research results was also gained from each of the interviews. Concerning the group interviews, the participants, the shopping centre management team employees could have their voice heard and input given for the development project. The outcome of the interview handled the views of the personnel, who are in the centre of expertise on the specialty leasing operations, simultaneously validating the results to the use of the commissioner. In addition to the internal views, the expert interviews validated the results in terms of and an outside benchmark and insights for operating specialty leasing with the assistance of an online service platform. The international leasing expertise gave a validation for the direction of the specialty leasing operations to be developed towards. The interview with a former specialty leasing expert from a benchmarking organization validated the results in terms of how the practical considerations regarding the online platform ought to be carried out in phase two.

Finally, the findings of the research present are supported by the current phenomena of specialty leasing and correspond to the evidence presented in the specialty leasing market overview. The findings consider the existing market conditions on a local level,

which is important for the commissioner to be able to consider them further for possible implementation.

### **6.3 Recommendations for future research**

This research focused on developing the commissioner's specialty leasing operations for reaching business growth and overall service improvements. The results of the research indicated the areas for further development within the business management. As suggested in the managerial implications, specialty leasing operations are suggested to be reorganized according to a two-phase model and specific actions including the service of managing the sales of short one- or two-day long promotions on the defined promotion spots as well the sales of advertisement space, is recommended to be outsourced to experienced partnering companies.

A natural progression of this work is to analyse what the effects of the reorganization of the service are and how the possible outsourcing affects the customer experience, and more particularly how the outsourcing affects the image of the property owner as a premise provider among the promotion customers communicating through the outsourced party? Such research could be conducted on a more general level, in order to receive results not tied to a single commissioner, but useful for the entire shopping centre management branch in Finland. Though such results would benefit the commissioner of this research on a very strategical level, as customer experience is one of the strategic focal points of the commissioner.

## REFERENCES

Allen, J., Reichheld F., Hamilton B. & Markey, R. 2005. Closing the Delivery Gap. PDF Document. Available at:  
<http://www2.bain.com/bainweb/pdfs/cms/hotTopics/closingdeliverygap.pdf> [Accessed 17 November 2019].

Alves, H., Fernandes, C. & Raposo, M. 2016. Value co-creation: Concept and contexts of application and study. WWW Document. Available at: <https://www-sciencedirect-com.ezproxy.xamk.fi/science/article/pii/S014829631500452X?via%3Dihub> [Accessed 1 December 2019].

Anderson, K. 1995. Crazy for carts. *Journal of Property Management* 60, 16-21.

Asirvatham S. 1999. Wagons Ho! Specialty Leasing Rolls Merrily Along. *Journal of Property Management* 64, 52.

Brown, T. 2008. Design Thinking. PDF Document. Available at:  
[http://www.ideo.com/images/uploads/thoughts/IDEO\\_HBR\\_Design\\_Thinking.pdf](http://www.ideo.com/images/uploads/thoughts/IDEO_HBR_Design_Thinking.pdf)  
[Accessed 15 November 2019].

Christensen, C. & Raynor, M. 2003. The Innovator's Solution. Creating and Sustaining Successful Growth. Boston, Massachusetts: Harvard Business School Publishing Corporation.

Davies, U. & Wilson, K. 2013. Design Methods for Developing Services. Introduction to Service Design and a selection of Service Design Tools. PDF Document. Available at:  
<https://www.designcouncil.org.uk/sites/default/files/asset/document/Design%20methods%20for%20developing%20services.pdf> [Accessed: 18 November 2019].

Finnish Shopping Centres. 2019. PDF Document. Available at:  
[https://www.kauppakeskusyhdistys.fi/media/kauppakeskusjulkaisu/2019-kauppakeskusjulkaisu\\_aukeama\\_netti.pdf](https://www.kauppakeskusyhdistys.fi/media/kauppakeskusjulkaisu/2019-kauppakeskusjulkaisu_aukeama_netti.pdf) [Accessed: 19 February 2020].

Forbes. 2017. How Digital Marketing Will Change In 2018: 15 Top Trends. WWW Document. Available at: <https://www.forbes.com/sites/forbesagencycouncil/2017/12/18/how-digital-marketing-will-change-in-2018-15-top-trends/#5e3bad9f2d9a> [Accessed in 4 December 2019].

Forsberg, S. & Säynäjäkangas, J. 2018. Konseptointi uuden palvelun kehittämisessä: Kehittämiskohteenä digitaalisen alustan palvelukonsepti palvelumuotoilun viitekehyksessä. Kaakkois-Suomen ammattikorkeakoulu. Degree programme in Service Design. Master's thesis. PDF Document. Available at: <https://www.theseus.fi/handle/10024/141478> [Accessed 2 December 2019].

Gobo, G., Gubrium, J., Seale, C. & Silverman, D. 2007. Qualitative Research Practice. Ebook. London: SAGE Publications Ltd. Available at: <https://ebookcentral.proquest.com/lib/xamk-ebooks/reader.action?docID=1138447> [Accessed 1 March 2020].

Hakola, E. 2009. Käytäväkisa kovenee. WWW Document. Available at: <https://www.marmai.fi/uutiset/kaytavakisa-kovenee/2f94532f-3693-31c0-b6b6-e355902b0254> [Accessed in 21 March 2020].

International Council of Shopping Centres. 2018. The Halo Effect. How Bricks Impact Clicks. PDF Document.

Issuu. 2018. We provide our retailers with a helpful bridge for their international expansion. *Multi News* 2018, 6. WWW document. Available at: [https://issuu.com/multi/docs/multi\\_news\\_2018-2019](https://issuu.com/multi/docs/multi_news_2018-2019) [Accessed 16 March 2020].

Jokela, L. 2014. Specialty leasing kauppakeskuksissa: Erityisvuokrauksen määritelmä, organisointi ja tulevaisuuden näkymät. Aalto University. Degree programme in Engineering. Bachelor's thesis.

KTI. 2019. Shopping centre barometer 2019. WWW document. Available at: <https://kti.fi/kauppakeskusbarometri-2019-kauppakeskusliiketoiminnan-toimintaympariston-haasteet-kasvattavat-keskusten-valisia-eroja/> [Accessed 3 December 2019]

Opportunities for temporary tenants. 1995. *Chain Store Age May 1995*, 152. WWW document. Available at:  
<http://web.a.ebscohost.com.ezproxy.xamk.fi:2048/ehost/detail/detail?vid=0&sid=b0f9166e-00fa-44ab-ab64-1d86dcb6b2df%40sessionmgr4008&bdata=JnNpdGU9ZWZWhvc3QtbGl2ZQ%3d%3d#AN=9505250715&db=bsh> [Accessed 30 November 2019].

Pop-up power. 2018. How pop-up outlets are changing the landscape of fashion retail. *Strategic Direction* 34, 7-9.

Reason, B., Lovlie, L. & Flu, M. 2015. *Service Design for Business: A Practical Guide to Optimizing the Customer Experience*. Hoboken, NJ: John Wiley & Sons Inc.

Stickdorn, M., Lawrence, A., Hormess, M. E. & Schneider, J. 2018. *This is service design doing: Applying service design thinking in the real world: a practitioners' handbook*. First Edition. Sebastopol, CA: O'Reilly Media, Inc.

Suomen Kauppakeskusyhdistys. 2020. Kauppakeskusten kokonaismyynti kasvoi 2,2 prosenttia vuonna 2019. WWW document. Available at:  
<https://www.kauppakeskusyhdistys.fi/ajankohtaista/kauppakeskusten-kokonaismyynti-kasvoi-22-prosenttia-vuonna-2019.html> [Accessed 1 March 2020].

Tuomi, J. & Sarajärvi, A. 2018. *Laadullinen tutkimus ja sisällönanalyysi*. Ebook. Helsinki: Kustannusosakeyhtiö Tammi. Available at:  
<https://www.ellibslibrary.com/reader/9789520400118> [Accessed 21 March 2020].

Vilkka, H. 2015. *Tutki ja kehitä*. Ebook. Jyväskylä: PS-kustannus. Available at:  
<https://www.ellibslibrary.com/reader/9789524517560> [Accessed 7 March 2020].

Yanosick, G. 2003. Money Grows on Fee\$. *Journal of Property Management* 68, 22. WWW document. Available at: <https://www.questia.com/magazine/1G1-109356204/money-grows-on-fee-mall-managers-can-increase-revenue> [Accessed 15 November 2019].



Zhang T., Lu C., Torres E. & Chen P-J. 2018. Engaging customers in value co-creation or co-destruction online. PDF Document. Available at:  
[https://www.researchgate.net/profile/Tingting\\_Zhang41/publication/322368414\\_Engaging\\_customers\\_in\\_value\\_co-creation\\_or\\_co-destruction\\_online/links/5a5e3de2aca272d4a3dfbb13/Engaging-customers-in-value-co-creation-or-co-destruction-online.pdf](https://www.researchgate.net/profile/Tingting_Zhang41/publication/322368414_Engaging_customers_in_value_co-creation_or_co-destruction_online/links/5a5e3de2aca272d4a3dfbb13/Engaging-customers-in-value-co-creation-or-co-destruction-online.pdf)  
[Accessed 4 December 2019].

## LIST OF FIGURES

Figure 1 Theoretical framework and structure of master's thesis .....	8
Figure 2 Double diamond model .....	25
Figure 3 Service design as a research method .....	29
Figure 4 Customer journey map workshop in progress .....	32
Figure 5 Business model canvas.....	43

# CUSTOMER JOURNEY MAP

		Customer Journey Map: Specialty Leasing		
	Before	During	After	
Customer Activity	Customer's interest towards leasing a pop up or promotion arises	Customer contacts the shopping centre management, shopping centre's entrepreneur, society, or partner (JCO, Clearchannel)	Return keys and check that the leased premises are left in the same condition as they were at the start of the lease period (emptying, cleaning)	
Customer Goals	Testing a business idea Promoting a product or a service to gain visibility Search for new customers	Customer attend the negotiation for leasing opportunities Attractive lease terms for specialty leasing product Advertising own brand and products and gaining visibility (social media), launching a new service / product Test a shopping centre environment as a location for sales / advertising	Contact the commissioner for new leasing opportunities and long-term lease Acting according to the given shopping centre promotion instructions	
Touchpoints	Media agency / partner (JCO/ceaxx, Clearchannel) Shopping centre webpages Word of mouth	Online channels: social media, shopping centre webpages Phone call, email Meeting Word of mouth Shopping centre management team	On location at the shopping centre Phone call, Email	
DEVELOPMENT IDEAS: being present at a fair with the reorganised specialty leasing service and online platform service (e.g. Promo expo 2020)	DEVELOPMENT IDEAS: (electronic) brochure, chat, contact request form on webpages	DEVELOPMENT IDEAS: automated feedback form, short meeting / cup of coffee with the customer		
Company Activity	No activities	Check the availability, present an offer, lease negotiation, presenting the premise on location, checking the customer's company background info, preparing a contract, going through the lease terms with customer, preparing an invoice Informing the shopping centre team and other stakeholders about the new tenant, order and hand-out of keys to the customer, bringing possible furniture to the customer's premises, organizing internet connection for the customer Welcoming the customer to the shopping centre Handing out the instructions on how to operate in a shopping centre: safety, logistics and how to reach, marketing, cleaning and waste management Possible marketing actions e.g. well-known pop up	Check up on the leased premises after the lease has ended	
Company Goals	DEVELOPMENT IDEAS: Reorganizing the specialty leasing operations to ensure smooth operations and sufficient resources, launching an automated online booking system with comprehensive shopping centre and product information, booking calendar and coherent pricing, B2B-Marketing of specialty leasing service and products. Targeting the marketing to brand & promotion agencies with high customer readability rates, Contact information for specialty leasing opportunities presented separately in order to avoid "wrong" contacts to leasing staff. Directly contacting customers for specialty leasing opportunities: from reactive to proactive, sufficient launch marketing for the renewed online specialty leasing service. Deepening the customer relationship for increasing loyalty and sales	DEVELOPMENT IDEAS: Reorganize the specialty leasing operations to a dedicated person in charge for all 5 shopping centres. Create coherent, simplified and visually attractive guidance for specialty leasing customers (include picture, location and measures of each product) using infographic (let keys, waste management, contact details to security). Create unified practicalities on how to respond to inquiries by charity operators or non-profit organizations. Clarify the tenant instructions regarding the marked start date of the lease is the day when the premises is handed to the tenant for concept installation and preparation. Have the shopping centre safety organization / in-house workers take responsibility for meeting the customer at the start of the lease. Have specialty leasing customers pay for the use of electricity and water. Create a fixed marketing fee also for specialty leasing customer for which they receive a basic visibility package to shopping centre media. Have customer deliver a "shop design" layout for approval before agreeing on the lease. Improve internal communication between the shopping centre management, leasing and active property management. Establish a marketing tool/calendar to the use of the specialty leasing staff to be up to date on events at the shopping center/ in town to market specialty leasing opportunities to customers. Have shopping centre staff (safety organization, maintenance, in-house) access to the specialty leasing platform for checking client information, same terms for permanent tenants leasing additionally short term premises in every shopping centre (e.g. FCC 2 times per year). Create a lighter contract template for specialty leasing customers. Consider the possibility of virtually signing the specialty leasing contracts. Make the specialty leasing instructions/rules as an attachment to the main lease agreement to be approved by signing the contract, consider the possibility of adding the street location store premises to the specialty leasing offer, consider the possibility of creating a lease agreement with turnover based rent only	DEVELOPMENT IDEAS: Automated feedback form sent and a call made to the customer after the lease has ended. Create a process for aftermarketing. Have customer report the possible sales in order to enable reporting of sales, statistics -> consider also possibility foregoing on turnover based rent. Deepen the customer relationship and ensure that the customer returns and becomes a loyal customer	Customer has left the premises in the same condition as it was before the lease period, emptied and cleaned
Risks	How to find interesting and desirable specialty leasing tenants?	Customer does not fully understand the contract terms (e.g. builds the store/promotion before the official start date on the contract) Agreement and invoice don't reach the customer before the lease term begins	Customer's operations cause extra work and costs for property/caretaking e.g. case where customer has left their stuff / trash in the leased premise Customer does not pay the invoice	
Challenges	Customers do not reach the commissioner for specialty leasing opportunities due to inactive marketing and lack of information shared e.g. on webpages As of today, the specialty leasing income is small compared to the resources and input it requires	The property maintenance is not taken care of before the lease period starts (cleaning, lighting and other technical preparations for the leased premise is not available for the customer at the beginning of the lease period due to mix-up with a renovation/long-term tenant etc... Customer do not follow the given specialty leasing instructions or shopping centre rules Specialty leasing customer drives away other customers with aggressive sales attempts Recognizing customers that bring added value to the shopping centre Using the pricing for specialty leasing products in all of the commissioner's shopping centres Offering same prices to all customers How to integrate a specialty leasing customer / short-term tenant to the everyday life of a shopping centre? How to recognize the customers that bring a lot of visibility and visitors to the center but are not able to pay monetary compensation for the premise? Who is in charge of welcoming the customer to the shopping centre at the start of the lease?	How to best pay attention to the customer after the lease has ended? Do we want the customer to return? Have we succeeded so that the customer wants to return?	

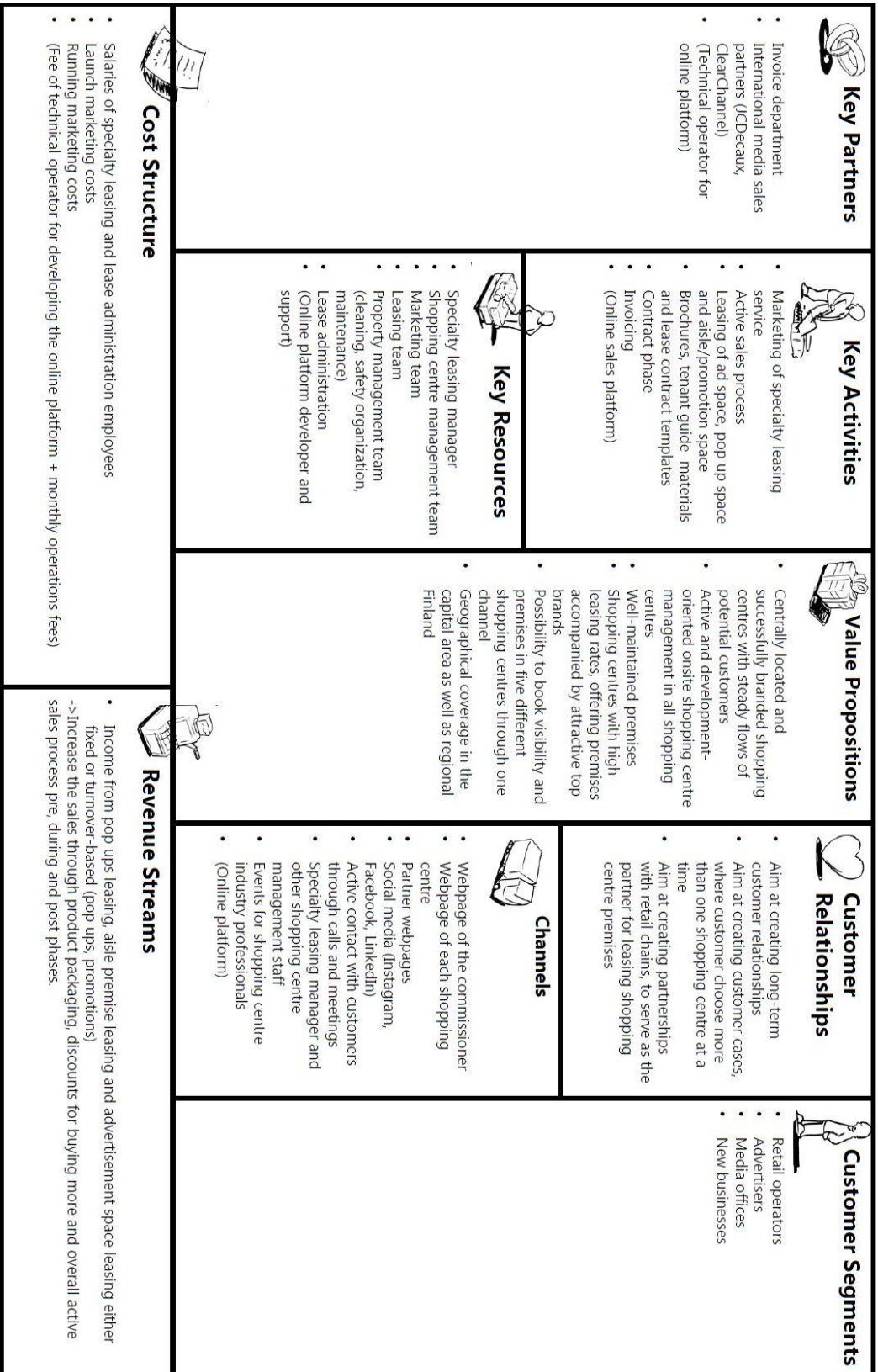
## INTERVIEW STRUCTURE

Expert interview on 11 March 2020

Business Development and Lease Director at Linstow Center Management

1. How is specialty leasing organized in the Linstow Center Management's shopping centres?
2. What are the recognized essential features of operating specialty leasing?
3. What are the recognized best practices in operating specialty leasing?
4. What in your opinion is the most practical / productive / efficient way of organizing specialty leasing?
5. What would you improve in the commissioner's operational model? (Service journey map of specialty leasing attached for discussion / improvement ideas)
6. How can the business segment of specialty leasing reach business growth? What are the daily tasks to be incorporated in the commissioner's specialty leasing operations?
7. What is the nature of cooperation with international brands regarding specialty leasing cases?
8. How do you see the potential in having new international brands entering the Finnish market through specialty leasing opportunities?
9. How would you evaluate the overall specialty leasing market and future development direction?

## Business Model Canvas –shopping centre specialty leasing service



## BUSINESS MODEL CANVAS