

**Brand Trust: Elements and Influences on Industrial
Landlord/Tenant Relationships**

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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Brigid Sullivan

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ABSTRACT

There is a lot of research into the concept of brand trust amongst numerous industries but it has not been researched in relation to the real estate industry and in particular industrial property developments. The elements and influences on brand trust are numerous and disparate dependant on the industry within which the concept is researched. However, the literature did identify certain common elements and influences amongst the industries researched.

The existing literature on commercial and industrial property developments identifies there are many aspects of a property that tenants take into consideration when leasing including location of a building or site, rent incentives, lease terms, operating expenses and management of the property. There are also many intangible influences on the decision making process that are not as easily identifiable but can primarily be recognised from the relationship between landlords and their tenants in terms of trust, balance of power and overall satisfaction. The existing literature identifies that the tangible aspects of the relationship are considered more significant than the relationship in commercial leasing.

There is a clear gap in the research between the concept of brand trust and its value in landlord/tenant relationships in industrial property developments. This dissertation proposes to answer the following questions:

What are the elements of brand trust in landlord/tenant relationships in industrial property developments?

What are the influences on brand trust in landlord/tenant relationships in industrial property developments?

What is the influence of brand trust in comparison to other aspects of commercial leasing on tenant retentions in industrial developments?

This dissertation primarily reviews the existing literature on the concept of brand trust as well as the literature on landlord/tenant relationships in industrial property developments and the influences on tenant retentions. An exploratory research method is utilized to collect data. Semi structured interviews were conducted with 6 respondents who were tenants of medium-large sized industrial property developments with multiple tenants and managed directly by the landlord.

This study identifies that the predominant elements of brand trust in landlord/tenant relationships in industrial property developments include accessibility, benevolence, communication, competence, conflict resolution techniques, cooperation, coordination, credibility, equality, flexibility and professionalism. The primary influences on brand trust are the level of landlord power, the level of tenant power, the economic environment, the tenant mix in a development, the power balance in the landlord/tenant relationship, word of mouth and experience.

Subsequently this dissertation identifies that the influences on tenant retentions in industrial property developments include switching costs, alternative attractiveness, the tangible aspects of the relationship including lease, location and building, the economic environment, the power balance in the relationship, brand loyalty and brand trust.

The elements and influences on brand trust that are identified in this dissertation are generally consistent with the existing literature. However, although the dissertation identifies that brand trust is influential on tenant retentions, it is of less importance than the tangible aspects of the relationships including the location, building and lease. This only partially supports the existing literature on the influence of brand trust on commitment.

In conclusion, the implications for management are that, provided landlords are able to meet tenant's needs in relation to the tangible aspects of the development, then they should focus on the level of brand trust in the relationship to gain an advantage over other landlords in retaining their tenants.

SECTION 1: INTRODUCTION

This dissertation investigates the elements of and influences on brand trust that landlords need to consider in their strategy to retain their existing tenants in industrial property developments and increase the potential to gain new tenants. Elements are considered to be the components that comprise brand trust while the influences are factors that determine whether or not the elements of brand trust are present.

Due to the current economic climate in New Zealand, and in particular the commercial property industry, there has recently been a shift in the power balance from landlords to tenants. This shift in the power balance has affected the tangible variables of the landlord/tenant relationships including rent decreases, tenants expect higher rent incentives when entering leases, interest rates are expected to increase and due to the liquidation or downsizing of many companies there is an overabundant supply of commercial and industrial properties for lease.

Subsequently, the intangible variables of the relationship, in particular brand trust, are increasingly of more importance due to the fact that all landlords attempt to offer similar or competitive rents and/or incentives. It is this “additional” factor in a relationship that can determine whether or not a landlord is able to retain an existing tenant or has a competitive advantage over other landlords to gain new tenants.

There are many aspects of a property that tenants take into consideration when leasing in industrial property developments including location of a building or site, rent incentives,

lease terms, operating expenses and management of the property. These are the predominant tangible concepts that influence the decision to tenant a specific property. There are also many intangible influences on the decision making process that are not as easily identifiable. These intangible influences can primarily be recognised from the relationship between landlords and their tenants in terms of trust, balance of power and overall satisfaction.

A lot of research has been conducted into brand trust in relationships within different industries between suppliers and purchasers. Previous research in commercial leasing refers to the concept of mutual trust that parties have in each other in comparison to brand trust which is specific to the trust the tenant has in the “landlord management brand”. The elements of brand trust have not been identified or previously researched specifically in relation to the real estate industry. There is clearly a gap in the research into brand trust and landlord/tenant relationships in commercial property developments. This research focuses specifically on the level of brand trust in landlord/tenant relationships within industrial property developments rather than property developments in general.

The literature review has recognised that the common elements of brand trust within different industries include benevolence, competence, an equal balance of benefits and sacrifices and overall satisfaction. The elements of brand trust are numerous depending on different industries within which the concept is researched. This includes a broad range of industries not specifically those related to real estate or commercial leasing. These industries include shampoo and beer (Delgado-Ballester & Munuera-Aleman, 2005), apparel, watches and perfume (Sung & Kim, 2010), deodorant and beer (Delgado-Ballester,

2004), computers and electronics (Zboja & Voorhees, 2006), food retailing (Dapiran & Hogarth-Scott, 2003), and grocery retail, coffee, tea, pens and internet retail (Reast, 2005). The research described in this dissertation, in relation to industrial property developments, proposes to primarily identify the elements and influences that determine brand trust in tenant/landlord relationships in industrial property developments taking into consideration the elements and influences recognised in previous research in other property developments including shopping centres and retail complexes, as well as the research conducted in different industries. This will help landlords to ascertain how to improve the level of brand trust in the relationship to ultimately increase tenant retentions, particularly given the increased importance of brand trust in the current difficult economic environment as noted above. A review of the literature is included in the next section of this dissertation.

A largely exploratory research method has been used in this dissertation, with a mix of induction and deduction. This method utilised a structured approach to collecting and analysing data. Data collected from the study was applied to the existing theory for validation and there were new themes developed from the data, specific to the industry, by using induction. Primary data was collected in semi-structured interviews. The methodology is discussed in further detail in the third section of this report, including the procedures followed and ethical issues taken into consideration.

Subsequent sections in this research include the data analysis, results and conclusions and limitations and further research.

The definitions of the predominant concept of brand trust are:

Brand “name, term, sign, symbol, design or any combination that identifies a product or service from its competitors” Kotler (1991).

Trust “is the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri & Holbrook, 2001, p. 82).

This dissertation focuses on the concept of brand trust in landlord/tenant relationships in industrial property developments. Using these definitions identified for the individual components of brand and trust from the existing literature the following definition has been derived for the purpose of this research. Brand trust is “the willingness of the average tenant in an industrial property development to rely on the ability of the landlord to perform their obligations”.

The literature review starts by identifying the primary aspects that tenants take into consideration when leasing a commercial/industrial property in particular those tangible aspects that influence the decision making process. The review then looks to identify how relationships are assessed and measured, recognising the balance of power in relationships and defining the concepts of branding and brand trust and recognising the common elements and influences on brand trust from existing literature. It then looks at the concept of brand trust specifically in relation to service industries before distinguishing the importance of brand communities. As previously identified the landlord/tenant relationship in industrial property developments is considered a service industry in terms of the service provided by the management of the landlord to the tenant. Xingyuan, Li & Wei (2010) and Alam & Yasin (2010a) have identified that word of mouth is an influence on brand trust. Furthermore, Mc Alexander, Schouten & Koenig (2002) have identified that brand

communities are influential on word of mouth. Considering that previous research identifies that brand communities are influential on word of mouth which is subsequently influential on brand trust the existing literature on this has been included in the review to identify its relevance to industrial property developments.

SECTION 2: LITERATURE REVIEW

The introduction outlined the main purposes of this dissertation and noted that there is a gap in the existing literature concerning the elements and influences of brand trust in landlord/tenant relationships specific to industrial property developments and the influence of brand trust in comparison to other elements of commercial leasing in tenant retentions. This section provides a detailed review of the existing literature.

The following review starts by identifying the primary aspects that tenants take into consideration when leasing a commercial/industrial property in particular those tangible aspects that influence the decision making process. Although this dissertation focuses on brand trust the literature identifies that the predominant aspects of landlord/tenant relationships in industrial property developments are the tangible aspects including lease, location and building. For that reason it is important to recognise these influences in relation to the concept of brand trust.

Furthermore, the literature review identifies how relationships across different industries are assessed and measured including recognising the balance of power in relationships and defining the concepts of branding and brand trust. This section of the literature is of importance as it sets the common elements of relationships across industries. This sets the basis for a good relationship according to literature without acknowledging the presence or importance of brand trust. Subsequently, the literature reviews the concept of branding and specifically brand trust in relationships in other industries. The literature further reviews the

concept of brand trust in service industries. Industrial property developments are partially a service industry in terms of the management service that landlords provide tenants.

2.1 COMMERCIAL LEASING

As identified in the introduction brand trust has not been researched in terms of landlord/tenant relationships in industrial property developments so this section identifies the basis on which these relationships have previously been evaluated prior to reviewing the concept of brand trust. By reviewing the existing literature on the pertinent aspects of landlord/tenant relationships in industrial developments, this sets the framework in which the concept of brand trust can be assessed in terms of the elements and influences on brand trust as well as its subsequent influence on tenant retentions in relation to the tangible aspects including rent, location, building and lease terms.

The introduction identified that there are many aspects of a property that tenants take into consideration when leasing including location of a building or site, rent incentives, lease terms, operating expenses and management of the property. According to Rasila (2010), the path to success in renting business premises was traditionally by building the right premises in the right location and renting to whoever came along first. With limited options tenants were lining up for new buildings, however, with more developers and buildings emerging this has changed. In a competitive environment with numerous premises being available and businesses having alternative options, landlords need to differentiate themselves. For this reason, this dissertation looks at the elements and influences of brand trust in landlord/tenant relationships and its subsequent value on tenant retentions.

According to Sympson (2011) all retail tenants and similarly commercial and industrial tenants are subject to the “whims of the economy” (p.14). In a weak economy tenants have difficulty paying rents or rent increases and this reduces the quality of the landlord/tenant relationship. In this same weak economy finding a suitable replacement tenant can also be very strenuous and it is an intricate process considering the availability of premises and the level of potential tenants. Dismukes (2002) argues that a poor economy is not usually the main reason that tenants leave but other factors include quality of leasing, property management and construction management.

Appel-Meulenbroek (2008) supports the notion of the economy being influential on tenant retentions by identifying that the commercial leasing market is demand driven and in a weak economy the landlord’s focus shifts from attracting tenants to retaining their existing tenants, as there are few replacement tenants available because demand is low. Anticipated changes in demand contribute to the changes of trust levels in relationships. Specifically, trust declines in anticipation of considerable increases in demand (Young & Wilkinson, 1989). For this reason tenants should be treated as high priority customers and their specific needs met even in a weak economy, which can be particularly challenging if a tenant is not fulfilling their obligations. Retaining tenants aids landlords in increasing profits by reducing the cost of vacancies between tenancies and acquisition costs of gaining new tenants (Appel-Meulenbroek, 2008). For this reason both parties rely on the quality of the existing landlord/tenant relationship in order to renew the existing lease in these circumstances.

According to Pinder (2003) it is also important for landlords to constantly evaluate the service they are providing tenants. The importance of this, as identified in the previous paragraph is that when the lease is due for renewal the tenant relies on the quality of the existing landlord/tenant relationship as to whether or not they will renew the existing lease. Pinder's research focuses on evaluating workplace utility in relation to office buildings and the research identifies a 22 scale item that can be used by any facility manager to evaluate the "appearance, configuration, environment and functionality" of buildings. The importance of Pinder's (2003) research is that a building is only considered useful if it meets the expectations of a tenant. If a building meets the tenant's expectations this increases the level of brand trust and vice versa and furthermore increases tenant retentions. Therefore, it is important to evaluate this concept of utility which is defined as the "usefulness or a potential capacity to provide a service" (Salway, 1986, p.50).

The literature identifies that the quality of the landlord/tenant relationship is important to the tenant for renewing leases and subsequently it is important to recognise how the tenant evaluates the value of the relationship. Appel-Meulenbroek (2008) identifies three elements of value that landlords need to deliver to tenants including value equity, brand equity and retention equity. Brand equity can be acquired by creating it, borrowing it or buying it. Borrowing equity is when organisations borrow equity from their brand names through product/category extension and buying it is through acquiring brands or working together with other brands in situations like joint ventures (Farquhar, 1990). The landlord/tenant relationship is about the combination of the price/quality ratio of the tenanted property, the subjective value of the brand and the value of the relationship itself. In relation to

commercial property the influencing factors are the building, the landlord company and external factors.

Appel-Meulenbroek (2008) identifies that the landlord/tenant relationship is strengthened by the physical aspects of the building rather than on the intangible assets of the relationship. Therefore, in relation to the three elements of value equity, brand equity and retention equity the research identifies that value equity, particularly in terms of building features, has the most influence on the value that landlords can deliver to tenants to improve the relationship. Appel-Meulenbroek's research does not support the theory that brand trust is influential on tenant retentions to the same extent that the tangible aspects of the tenant/landlord lease are. Overall the influence of brand trust on tenant retentions is weaker than these other aspects.

However, it was also noted by Appel-Meulenbroek (2008) that landlords with older buildings or premises in less desirable locations that are competing against new buildings which are also technically more attractive need to compete through quality customer relationships. Therefore, these landlords need to convey to the tenant the value the tenant gets from the relationship. If a property is less desirable, whether it is due to the physical features of the building or the availability of higher quality alternatives, then brand trust and the overall quality of the relationship can be of more importance.

The primary purpose of this dissertation is to identify the elements and influences on brand trust in landlord/tenant relationships in industrial property developments. The secondary purpose of this dissertation is to identify the influence of brand trust in comparison to other

aspects of the relationship on tenant retentions in industrial property developments. For that reason the argument identified by Appel-Meulenbroek (2008) is important to this study to identify whether or not the physical attributes of a property are more influential on tenant retentions or whether this is only relevant in certain circumstances.

The value of the relationship cannot be determined when tenants initially commit, considering that tenants are not always fully aware of market conditions and the property market, they tend to make decisions initially based on location and incentives. In comparison, when leases are due for renewal, the retention of tenants is strongly influenced by the quality of the relationship, which in turn is partially determined by the level of satisfaction. When tenants initially commit to the tenant/landlord relationship the influence of brand trust and the quality of the relationship is of less importance than during renewals. Pinder (2003) finds that if tenant's expectations are not met this can negatively influence the landlord's company, for example by way of reduced productivity and higher employee turnover. The level of expectation a tenant has in a building changes over time due to "shifting political, economic, social and technological conditions" (p.219). This identifies the constant need for landlords to evaluate their buildings in terms of their workplace utility for the tenants.

Rasila (2010) identifies that tenants are generally more committed to the premises than to the landlord. However, renting commercial premises generally means a long term relationship between the landlord and the tenant and consequently a committed landlord is a major advantage for the tenant. A committed landlord is more inclined to invest in

maintenance and improvements on the building and life cycle. The premises are also developed to suit the long term needs of both the landlord and the tenant.

Relational bonds in particular legal bonds are highly associated with the concept of commitment or tenant retentions in landlord/tenant relationships (Rasila, 2010). The legal bond primarily consists of the lease. Most commercial leases tie the landlord and tenant into an agreed set of terms for a long time period which may even be decades. According to Rasila (2010) these leases will also affect trust over the period of the lease, as the benevolence of the landlord becomes apparent through the tenant's obligations under the lease, especially if the lease is specifically designed by the landlord.

The literature suggests that, in relation to the real estate industry, the benefits or physical features of a property as well as the terms of the lease have always been the main concern for tenants and have been researched extensively (Appel-Meulenbroek, 2008). The majority of research has been on the tangible assets of the management brand or the specific property but not on the intangible assets, such as the relationship, between the landlord and tenant and more specifically the concept of brand trust. The quality of the relationship has increasingly become of more importance relative to tenant retentions. There has been limited research into the concept of trust in relation to landlord/tenant relationships in retail complexes or shopping centres but not specifically brand trust in the real estate industry. Tenants in industrial property developments also differ from those in shopping centres or other property developments as the tenants are in business to business markets and therefore they have different needs.

Because industrial property developments are demand driven, when supply is higher than demand landlords need to treat their tenants even more as high priority customers and be willing to meet their needs. This is also a consequence when there is a shift in the economy as landlord/tenant relationships are subject to changes in the economic environment. As has been identified by Pinder (2003) and Appel-Meulenbroek (2008) landlords need to focus on the physical features of the buildings that are being tenanted and the tangible aspects of the landlord/tenant relationship as well as in the intangible aspects which primarily focus on maintaining and improving the landlord/tenant relationship. The next part of this literature review focuses on how to assess good relationships and maintain a balance between both parties that are in the relationship.

2.2 ASSESSING RELATIONSHIPS & MAINTAINING A BALANCE

It is difficult to assess what makes a good relationship according to Naude and Buttle (2000). This is supported by Ambler (1997) in that relationships are “even hard to value financially” (p. 283). Although companies are aware of the intangible asset of the relationship, they are not sure how to measure it. The research of Naude and Buttle (2000) indicates that trust is a factor that is built up over time depending on customer satisfaction in sales. In relation to this research the fact that trust is built up depending on customer satisfaction in sales would be comparable to trust being built up over the period of the lease in relation to tenant satisfaction. This relates to the level of tenant satisfaction with the landlord which is evaluated through experience.

Naude and Buttle's (2000) research identifies that trust can be simply be an ambiguous term that either exists or doesn't exist in a relationship and that in certain circumstances there are no identifiable variables that influence whether or not it is present in a relationship. The idea that trust is an ambiguous term without identifiable influences or elements is supported by Li, Zhou, Kashyap and Yang (2008) in that trust may not be affected by other aspects of the brand and trust as a singular aspect may vary independently of other aspects. In relation to this dissertation, a tenant may simply trust or distrust the landlord management brand without being able to identify why brand trust is or isn't present in the landlord/tenant relationship. Li et al (2008) note that if overall trust increases in the brand, which is the concept of "brand trust", then as a consequence the level of trust in other aspects of the relationship should also increase, such as confidence.

Furthermore, the research by Li et al (2008) identifies that the dimensions of trust should be "formative indicators" of the overall trust concept in comparison to these dimensions being considered "reflective" of brand trust. However, Ambler (1997) argues that the elements of trust should not be described as antecedents, or formative indicators as described by Li et al (2008), as the term antecedent refers to the fact that these elements occur prior to trust being established. Ambler argues it is more likely that the build up or obliteration of trust happens simultaneously, which is detailed further in this section. This dissertation is looking at the components or elements of brand trust as well as the influences on brand trust, which are more likely to be considered formative indicators rather than reflective indicators of brand trust.

There are multiple approaches to determining the quality of a relationship, but, generally it is a balance of benefits and sacrifices that are equal to both parties and influence the level of trust and satisfaction within the relationship as identified by Rokkan and Haugland (2002). Each party needs to feel that the other party is contributing just as much to the relationship and there is not an imbalance where one party receives all the benefits while the other makes all the sacrifices. There is generally a misconception when assessing relationships that satisfaction leads to commitment. This is not necessarily the case especially when there are various alternatives available and satisfaction is only one antecedent of trust which can lead to commitment according to Delgado-Ballester and Munuera-Aleman (2001) and Garbarino & Johnson (1999). "To be an effective *competitor* (in the global economy) requires one to be a trusted *co-operator* (in some network)" (Morgan & Hunt, 1994, p.20). Both parties in a relationship may be satisfied but without trust there is not likely to be commitment or a future relationship. A higher level of trust within a relationship generally leads to a higher quality relationship, which in turn influences commitment. Applying the concept to this dissertation it is assumed that a higher level of brand trust increases the propensity for tenant retentions in industrial property developments.

According to Appel-Meulenbroek (2008) satisfaction is a result of value which leads to loyalty. Chiou and Droge (2006) argue against this logic and identify that the roles are reversed and that the benefits of loyalty or being in a long-term relationship result in increased satisfaction. There needs to be a balance for both parties of push (negative), pull (positive) and keep (retention) factors. Push factors are those that drive tenants away and look for another development and landlord. In contrast, pull factors are those that attract

tenants and are above and beyond “normal” factors. Pull factors are what draw tenants to developments and initiate lease discussions between landlords and tenants. Keep factors are those which retain existing tenants. They are the factors that keep the tenant happy and are suitable for their specific circumstances. In comparison to being negative or positive factors keep factors are those that suit the individual tenant.

In any industry, and with any products, from the moment of purchase the tenant starts to compare the “expected and actual performance of the product” (Appel-Meulenbroek, 2008, p. 45). In relation to this dissertation, it is from the time the lease commences or lease negotiations commence. It has been identified that if expected factors are met this does not generally increase the level of satisfaction but when the expected factors are not met this can cause a significant reduction in the level of satisfaction. Gurviez and Korchia (2002) support the notion that a brand is credible if it meets the performance expectations of the consumer, takes into account the consumer’s interests and in a broad sense if the brand can be perceived as honest. Trust is “slow to build and fast to destroy” (Ambler, 1997, p. 289). Bainbridge (1997) identifies that brand values should be based and built around trust values so that consumers believe what they purchase will meet their expectations.

Some of the most influential variables that affect landlord/tenant relationships in industrial property developments include accessibility, professionalism, flexibility, friendliness and cooperation. The influence of these variables on landlord-tenant relationships is supported by the research of Prendergast, Marr and Jarratt (1996) in the retail environment. As an example, for a lot of tenants in industrial property developments their business is not usually impacted by the amount of traffic that comes through the area as their customers are

generally sought through other means. As a result, their needs differ from those of tenants in retail complexes. Consequently, the role of management is relative to the differences in their needs. Using the previous example, in a retail complex the management role includes increasing foot traffic and creating an environment that is user friendly for purchasers, whereas, in industrial property developments this aspect is not crucial to the management role.

It is also important for landlords and tenants to have congruent goals and if both partners in a relationship work in conjunction to achieve these similar goals there is a higher tendency to succeed (Morgan & Hunt, 1994). Overall, for a development to be successful there needs to be a balance between the management of industrial developments, the combination of tenants within that development and the overall maintenance of the development and the buildings as identified by Prendergast et al (1996) and supported by Calhoun (1995).

Rokkan and Haugland (2002) identify the importance of maintaining and establishing a balanced structure in the landlord/tenant relationship. As previously identified, equality is crucial to the level of brand trust and overall quality of the relationship. Furthermore, according to Rokkan and Haugland (2002) one of the most important influencing factors on this balance is co-ordination. Through co-ordination both parties are contributing to making decisions regarding the property which ultimately reflects in the relationship. The need for a balanced structure also helps to ensure that neither party are taking advantage of the other as they are both equally involved and valued. Other factors that contribute to this balance structure in the relationship are good communication and conflict resolution techniques (Roberts, Merrilees, Herington & Miller, 2010). Theron, Terblanche and Boshoff (2011)

identify that effective communication is required to instil confidence and reduce risk perceptions. Selnes (1998) also recognizes that good communication has a positive effect on trust and satisfaction. Aside from communication, landlords also need to encourage feedback from tenants, nurture the relationship and provide ongoing assistance. When these factors are present in a relationship the result is a working partnership where joint activities and decision making strategies are implemented which achieve superior outcomes.

Dorsch, Swanson and Kelley (1998) support the importance of communication and note that suppliers or in this study landlords need to listen to customers, be open to concerns, provide accurate information and keep promises in order to maintain good customer relationships. Selnes (1998) also recognises that exchange of information is critical to manage processes in the relationship and to handle unforeseen problems and conflicts in a responsible way.

There is often an imbalance in relation to the perception of the relationship and according to Prendergast et al. (1996) managers or landlords generally have a higher perception of the quality of the relationship than tenants. However, it is essential in any relationship for both parties to feel equal. Both parties need to believe that there is an economic advantage to the relationship and that they are being treated fairly (Rokkan & Haugland, 2002). The disparity between the different sides in these relationships is the root of many conflicts.

Switching costs, alternative attractiveness and product norm experiences are all variables that impact relationship commitment, the antecedents of trust and satisfaction and the overall quality of the landlord/tenant relationship (Sharma & Patterson, 2000). Switching

costs are a major influence on relationship commitment in that even if one party is not satisfied in a relationship or there is a lack of trust, the relationship may continue due to high alternative costs. Another difficulty is that consumers cannot evaluate an alternative service before switching suppliers or, in relation to this dissertation, the tenant cannot evaluate the service another landlord will provide. "It is sometimes a case of the 'devil you know is better than the devil you don't'" (Sharma & Patterson, 2000, p.474). Chiou & Droge (2006) argue that trust is important in high involvement or premium product industries because of the high costs resulting from adverse selections. It is important for suppliers or in relation to this dissertation landlords, to realise that client retention is not always due to loyalty, satisfaction or commitment but because clients feel hostage to the relationship because of high switching costs and low attractive alternatives. This may work in the short term but if a relationship is formed from forced circumstances then the tenant is likely to abscond when an opportunity presents itself.

To summarise, the existing literature identifies that relationships are difficult to assess as well as the numerous elements of value in a relationship. It is important for there to be a balance in the relationship between the benefits gained and sacrifices made for both parties. For most relationships tenants or consumers compare expected and actual performances of the landlord or supplier which influences their overall perception of the relationship. Several elements of importance in a relationship include satisfaction, trust, commitment, communication and a balanced structure. The presence of high switching costs of changing suppliers/landlords can influence the tenant's decision to renew the existing lease even if the existing landlord/tenant relationship is not good or beneficial.

An aspect of the relationship that requires specific attention is the power balance between the parties. As landlord/tenant relationships are economy and demand driven when there are changes in the economy, or in the level of demand, there is a shift in the power balance of the relationship which ultimately affects the overall quality as well as the individual components of that relationship.

2.3 THE POWER BALANCE IN RELATIONSHIPS

Research often concentrates on who has the power in a relationship rather than how they use it. The component of power in the relationship is not only reflective of the relationship itself but can help to identify more widespread changes in social or economic climates. In certain economic environments or social situations the balance of power is reversed. This does not necessarily imply that if 50% of the power is decreased that the other party is empowered by that same 50%. The components of the relationship have different weightings that influence the balance of power and therefore, whichever component influences this power change also determines the ratio of power transferred. Reducing the level of power of one party does not automatically empower the other party in the relationship (Roberts et al 2010).

Dapiran and Hogarth-Scott (2003) advise that power does not necessarily need to be implemented to have an influence on the other party in a relationship as this can be achieved simply through the potential of perceived power. Power, or more specifically misuse of power, influences the relationship between landlords and tenants which subsequently influences brand trust. If a tenant feels that a landlord has abused their power

and that they have possibly been exploited this influences the level of brand trust.

According to Elliot (2009) tenants can perceive that landlords abuse their power in situations such as landlords choosing unsuitable tenants, increasing rents unscrupulously or disrupting the tenants when properties are refurbished. The landlord is considered to abuse their power as they perform these things at their own discretion without taking into consideration the tenant.

Ganesan (1994) identifies that the party in a relationship that has more power is in a position to create more favourable terms of trade and increased benefits to themselves than to the other party. Young and Wilkinson (1989) identified that more powerful firms are more trusting than less powerful firms. This links to the concept that trust is a source of power. It can also be argued vice versa that power allows a party to be more trustworthy. This influences the level of brand trust in a relationship as if a landlord is perceived to have more power this can cause the tenant to believe that they may have increased benefits and decrease the level of brand trust.

Rokkan and Haugland (2002) note that it is not enough to simply recognize the balance of power in a relationship but that it is necessary to look closer into the components of that power and how it is used, how much is used and how it will affect or influence the relationship. As supported by Pinder (2003), in a booming market landlords have more power in the relationship over the tenants, whereas, in a weaker market with an abundant supply of properties the tenants are empowered. However, the degree to which they are empowered is dependent on how easily the landlord can find substitute tenants and the availability of replacement properties that meet the tenant's needs in regards to the features

of the property itself as well as lease terms according to Prendergast et al (1996). Tenants also need to consider the economic costs of moving against the rent incentives they are gaining from a new landlord. In an economy or situation where the landlord holds the power, the tenant may have a lower level of trust but they may not be able to act on this due to limited options. In comparison, in a weaker economy or when there is a change in the existing situation and consequently tenants are empowered they may be able to act on this mistrust of the landlord. This is likely to occur if the tenants perceive that the landlords have been misusing their power.

The differences in the level of power in a relationship can also be a result of one party in the landlord/tenant relationship having a higher level of confidence in the other where they rely on the expertise of that party to make decisions (Roberts et al, 2010). This is considered to be an advantage to landlords, as in most situations they are considered to have more expertise in the industrial property development market and commercial leasing and therefore are perceived by tenants to have a higher level of power. However, if landlords are able to employ a strategy that encourages tenant empowerment or the perceived level of empowerment this will help to increase the quality of the relationship by levelling the power or perceived power imbalance. This strategy can be implemented by allowing tenants to actively participate in decision making and streamlining tenant request processes can ensure that landlords more proactively address concerns, which increases the level of landlord responsiveness (Giordanella, 2003). The notion of empowerment relies on a party feeling that they are making a valuable contribution towards the decision making process surrounding the aspects of the landlord/tenant relationship (Roberts et al, 2010). If strategies are implemented to increase tenant empowerment but the tenant is unaware of the

intention, then they are not being empowered and this is of no benefit to the landlord or the tenant.

It is also noted that tenants in smaller complexes or developments expect higher levels of customisation or adaptation from landlords in terms of the way in which their property is managed. "Customisation exerts a positive influence on trust" (Theron et al, 2011). The reason for this is that customisation shows the extent to which a supplier will accommodate a consumer's needs or in relation to this dissertation the extent to which a landlord accommodates a tenant. By meeting the needs of their tenants, landlords increase the value of the landlord/tenant relationship and subsequently the level of brand trust.

Transaction specific investments (TSI's), which are comparable to customisation, have also been considered to be influential on trust in a relationship as identified by (Ganesan, 1994). TSI's prove to the other party in the relationship that they are considered to be trustworthy and committed to a future relationship. TSIs are considered to affect the perception of credibility but not necessarily benevolence which research indicates are both elements of brand trust (Ganesan, 1994). Therefore, if landlords are prepared to customise lease terms and tenant requirements prior to commitment, this will aid in influencing the level of brand trust in the relationship.

To summarise this section, the concept of power is somewhat complex as it is not simply about recognising and understanding which party has the power in a relationship but identifying what elements constitute the notion of power and how it is used within a relationship. It is not necessarily about who has the power but who is perceived to have the

power and how they use it to their own advantage. Firms that are considered to be more powerful are more trusting than less powerful firms and firms are considered to be more trustworthy if there is a higher level of confidence in them. Sometimes it is only the perception of perceived power that influences the relationship and/or if one party considers that the other party in the relationship is abusing their power. The more powerful party in the relationship, or the party that is perceived to have more power in the relationship, has more influence over the terms of the relationship including more benefits.

The level of power or perceived power in landlord/tenant relationships influences the overall quality of that relationship as well as the level of brand trust. If one party is abusing their power then the level of brand trust is reduced. The next part of the literature review identifies the definitions of brands and specifically brand trust and the influence it has on the landlord/tenant relationship.

2.4 BRANDING & BRAND TRUST

Branding is an important marketing aspect in any business. A brand identifies or distinguishes a particular product or service. According to Kotler (1991) a brand can be thought of as a “name, term, sign, symbol, design or any combination that identifies a product or service from its competitors”. The connotations of a brand are the level of expectations that a consumer can expect from the brand’s products or services as identified by Zboja and Voorhees (2006). In terms of real estate, specifically industrial property developments, branding has two different roles. Primarily, there is the role of the landlord’s external brand which is to provide the marketing power that the brand has to attract tenants.

The secondary role of the landlord's brand is the internal marketing influence it has with its tenants and what they can expect from the ongoing management of the development. This dissertation focuses primarily on the internal brand of the landlord and more specifically the level of brand trust that tenants have in relation to the role of the landlord's management brand. Consequently, the external brand attracts tenants and the internal brand retains tenants. In relation to properties, whether retail, commercial or industrial, the importance of the brand depends on how the tenants identify the specific or unique characteristics of the landlord brand and consequently how they feel the brand performs in relation to expectations (Roberts et al, 2010). "The strongest brands find the appropriate balance between functional and emotional attributes" (Bergstrom, 2000, p. 12).

Aaker (1996) identifies 8 key factors that make it difficult to build brands including pressures to compete on price, proliferation of competitors, fragmenting markets & media, complex branding strategies and brand relations, the temptation to change identity, organizational bias against innovation, pressure to invest elsewhere and pressure for short term results.

Brand trust is a much researched concept but not specifically in relation to industrial property developments or the real estate industry. The elements of trust identified in the literature in relation to other property developments include the level of management power, the level of tenant power, the responsiveness and accessibility of management, the level of tenant satisfaction, the degree of cooperation and the benevolence of management.

There are numerous definitions and concepts related to the notion of trust in all academic literature. Economists view trust as institutional or calculative (Williamson, 1993), psychologists focus on internal cognitions and identify trustees and trustors (Deutsch, 1962; Rotter, 1967), sociologists identify trust in terms of social relationship or institutions (Granovetter, 1985; Lewis & Weigert, 1985) and social psychologists recognise trust in relation to an expectation in relation to a specific transaction and the specific person involved (Drawbaugh, 2001). Delgado-Ballester, Munuera-Aleman and Yague Guillen (2003) classify the concept of trust as two dimensional with a technical or competence-based nature and an intentional nature in relation to meeting consumers' interests and welfare. According to Thomas (2009, p. 346) "trust is a psychological state of having positive expectations and intentions and behavioural outcomes (like loyalty behaviour) are consequences of trust". Similarly Bhattacharya, Devinney and Pillutla (1998, p. 462) identify trust as "an expectancy of positive outcomes (or non-negative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty". Ganesan (1994) and Doney and Cannon (1997) identify further that the concept of trust has two components including credibility and benevolence. The trust construct can also include degrees of honesty/integrity, reliability/dependability, responsibility & positive motives/intentions (Chiou & Droge, 2006). Young-Ybarra and Wiersema (1999) further identify three characteristics of trust include dependability, predictability and reliability.

Delgado-Ballester (2004) defines brand trust in relation to two dimensions including brand reliability and brand intentions. Brand reliability is essential to brand trust as it fulfils the expectations of a consumer, in terms of what the brand represents, and influences

consumers to be confident that the brand will perform satisfactorily in the future. In comparison, brand intentions reflect an aspect of belief that goes beyond the physical evidence that there are positive intentions towards the consumer's interest. Brand reliability focuses on functional aspects whereas brand intentions relate to emotional aspects (Delgado-Ballester, 2004). Brand reliability, in industrial property developments, refers to the landlord performing as per the terms of the lease. Brand intentions refer to their attitude towards performing these obligations and their attitude towards the tenant and the relationship in general.

According to Selnes (1998) trust is developed through safety, credibility and security by reducing buyer or tenant sacrifices. Trust itself is of value to the relationship. Trust can also be a consequence of a lack of information and resources available to one party therefore it is a necessity to the relationship but doesn't necessarily eventuate from previous positive experience in the relationship. Trust can therefore be considered the only option available. Young & Wilkinson (1989) argue that trust arises from positive past experiences, recognition of greater knowledge and specialisation, personal contact and similarity of objectives. At the beginning of a lease the tenant may have limited or no information on the landlord and are therefore placing their "trust" in the landlord brand that they have made the right decision and will not be exploited.

Within the marketing literature the study of trust predominantly concentrates on understanding consumer-brand relationships in terms of brand loyalty (Aaker, 1996; Dawar & Pillutla, 2000) brand equity (Fournier, 1998; Ambler, 1997) and relationship marketing (Morgan & Hunt, 1994). For the purpose of this dissertation, the relevant definition of

brand trust “is the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri & Holbrook, 2001, p. 82). As previously identified for this dissertation, the brand refers to the landlord’s management brand and that it meet’s the tenant’s expectations, which is why Chaudhuri & Holbrook’s definition of brand trust is relevant. In relation to this dissertation, the consumer is the tenant in an industrial property development and the brand is that of the landlord company. The tenants are business to business companies that do not supply products/services to the end consumer. In regards to landlord/tenant relationships, brand trust from the tenant’s perspective assists in reducing the risk of leasing a property and increases confidence that they will not be exploited by the landlord. Brand trust from the management perspective is important for several reasons including potential expansion opportunities, competitive advantage, the predisposition to increase prices or rents to increase profit margins and enables landlords to increase their market share through brand equity. This relates back to the concept of power and that if there is an unequal balance the tenant can feel they are being exploited or alternatively landlords are bound by trying to keep the tenants at whatever cost. For there to be a positive level of brand trust there needs to be an equal balance between the tenants and landlords. “The ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of the bond is trust” Hiscock (2001, p.32).

The definition and the benefits of brand trust are generally consistent across industries but the elements of brand trust are extensive and dependent on the particular industry. Although there are common elements of brand trust identified across different industries there are also differences noted among the existing literature. Although the concept of brand trust has not been specifically researched in the real estate industry, the aspect of trust, in terms of

the relationship between landlords and tenants in property developments, focuses on the level of management power, the level of tenant power, the responsiveness and accessibility of management, the level of tenant satisfaction, the degree of cooperation and the benevolence of management. This is supported by Li et al (2008) who determine the two prevalent antecedents of brand trust are competence and benevolence. Competence can be effective independently but it can also be important in the sense of improving communication (Selnes, 1998).

Ambler (1997) argues that the elements of trust should not be described as antecedents. The term antecedent refers to the fact that these elements occur prior to trust being established. However, it is more likely that the build up or obliteration of trust happens simultaneously due to the fact that the brain works in a parallel paradigm and due to neuroscience research a serial process as indicated by antecedents of trust is unlikely. By using this theory the elements of brand trust can both be seen to be antecedents and consequences of trust (Ambler, 1997). Gustafsson (2006) supports this theory that there is a “dialectical relationship between branding activities and consumption practices” (p. 523). As previously identified this contradicts the research by Li et al (2008) that the dimensions of trust should be considered as formative indicators of brand trust rather than reflective indicators. This dissertation focuses on the elements of brand trust neither as antecedents or consequences of trust but as the components that comprise the concept of brand trust.

Matzler, Grabner-Krauter & Bidmon (2008) identify that brand trust is considered to be an antecedent of brand loyalty. In relation to this dissertation, it would suggest that brand trust may be an influencing factor on tenant retentions through brand loyalty but not as a direct

influence. Both brand trust and brand affect are mediating rather than moderating variables. Matzler et al's (2008) research focuses on the role of consumer risk aversion as another variable in relation to brand loyalty. Risk aversion is the amount of risk consumer's are willing to take in situations. There are two components of risk including the ambiguity of an outcome and the uncertainty of negative consequences as a result of a decision. Research indicates that "trust only exists in an uncertain and risky environment" (Matzler et al, p. 155, 2008). Trust is only relevant or important in situations where the outcome is ambiguous and there are alternative outcomes. Trust is applicable to tenants when signing a lease as they have not experienced the landlord brand and are unsure of the quality of the relationship or whether the landlord will perform as expected. This is supported by Hu, Chang, Hsieh & Chen (2010) that "trust was inhering in an uncertainty and risky atmosphere" (p. 94). Through the concept of trust, consumers are able to reduce the level of uncertainty in situations and respectively the possibility of negative consequences. This is of more importance when the risk of a decision is high or has a high level of consumer involvement. Therefore, in situations where the risk of a decision is high and in relation to consumers with high levels of risk aversion, the consumers rely on brand trust. This is supported by Ganesan (1994) in that trust affects long term relationships through reducing perceived risk, increasing confidence and reducing transaction costs.

The research of Matzler et al (2008) identifies that brand loyalty is the most risk reducing strategy for certain products and situations and that brand trust is a mediating variable between risk aversion and brand loyalty. There is also a correlation between the importance of brand relationships and decision making with high levels of consumer involvement. It is important to note that for some consumers they prefer to avoid making mistakes rather than

maximising the opportunities for purchase decisions. This is particularly of relevance to this study as in industrial developments tenants are signing leases for long term periods and therefore they want to avoid making a mistake with a landlord in the event that they are tied into a lease for a long period of time that may be detrimental to their business. “Trust might be more important when products are characterized primarily by experience and/or credence qualities and less important in buying processes dominated by search qualities” (Matzler et al, p. 159, 2008). This indicates that in relation to this dissertation study brand trust is of less importance when tenants initially commit to the lease but is of more importance during renewals when tenants evaluate the lease based on experience.

Brand experience significantly affects brand trust (Delgado-Ballester et al 2003). A strong brand is developed through positive brand experiences – it essentially provides a free demo. Alam and Yasin (2010a) support the concept that brand experience is essential in developing trust. Customer satisfaction also has significant impact on brand trust. In tenant/landlord relationships this may be relevant to renewals and tenant retentions but isn’t relevant to initial commitment as tenants are unable to experience the landlord brand. According to Selnes (1998) satisfied consumers are more motivated to continue a relationship as well as enhance the scope of that relationship. Comparatively, trust is a strong antecedent of motivation to enhance the scope of the relationship but is not necessary in deciding whether to continue a relationship. Both trust and satisfaction are important factors in relationship continuity. An increased level of brand trust and satisfaction in the landlord management brand increases the propensity for tenants to renew their existing leases and continue their tenancy.

“A trusting customer is one with a high level of brand preference and there is ultimately a good possibility of converting a trusting customer into a loyal customer” (Ha & Perks, 2005, p. 448-449). Ganesan (1994) supports the concept that satisfaction is important in relationships as satisfaction with past outcomes indicates equity in the exchange. This then generates confidence that each party in the relationship is concerned with the welfare of the other. “It takes longer to build trust than satisfaction” (Hur, Ahn & Kim, 2011). Consequently, for consumers, trust has more effect than satisfaction as an antecedent of commitment.

A crucial aspect to be taken into consideration, in relation to brand trust, is the general level of mistrust among consumers or more specifically tenants. Due to the recessionary market there are a lot of landlords that have gone into liquidation, which increases tenant’s scepticism as to the level of trust they place in the management brand. In contrast, in a booming market the economic costs for tenants moving are high and, therefore, there are a lot of landlords that have abused that power in negotiating lease terms and the stance they have taken in determining the quality of the relationship with their tenants. Tenants have a lower level of brand trust if they perceive they have been exploited in terms of the lease. With the shift in power tenants may now be able to act on their mistrust of the landlord brand where they previously were unable to do so.

According to Lantieri and Chiagouris (2009) there are general levels of mistrust in all consumers due to the cynicism of customers as a whole, the reduction in quality of products to satisfy shareholders rather than customers, the decline in service quality, the copious supply of alternative options and pseudo relationships. Some of these aspects are beyond

the control of the company or the brand but those within the realms of control need to be overcome to increase, or at least maintain, brand trust so that future negotiations remain positive and tenants do not try to get reprisal for perceived exploitations that may have previously occurred. These exploitations do not actually need to occur for tenants to be sceptical that there is the possibility that landlords have abused their power within the relationship. This decreases the level of brand trust if tenants believe they have possibly been exploited by the landlord.

Three information sources that influence brand trust have been identified in different literature and include experience, advertising and word of mouth (WOM) (Xingyuan et al 2010, Alam & Yasin, 2010a). As identified in the introduction the influences of brand trust are considered to determine whether or not the elements of brand trust are present in the relationship. The literature identifies that these three primary information sources influence brand trust either directly or indirectly through other concepts. Xingyuan et al (2010) identifies that user experience has significant effects on brand knowledge and brand awareness, WOM has a significant impact on perceived value and advertising has a significant impact on company knowledge, brand awareness and product knowledge. Brand knowledge, brand awareness, perceived value, company knowledge and product knowledge are all factors that influence brand trust. WOM has been identified as more influential on consumer behaviour than other forms of marketing through awareness, expectations, perceptions, attitudes, behavioural intentions and behaviour (Alam & Yasin, 2010a; Alam, Yasin, 2010b).

This section identifies that trust, and specifically brand trust, is an ambiguous and extensive concept. It is generally accepted that tenants are commonly sceptical and mistrusting, therefore, it is important for landlords to overcome the levels of tenant mistrust. Branding is important in marketing to identify a product or service, and in relation to landlord/tenant relationships the brand has an external dimension that attracts tenants and an internal dimension that retains tenants which is the primary notion of this dissertation. Common elements of brand trust include reliability, credibility, satisfaction, commitment and security. Ambler (1997) argues whether or not commitment and satisfaction can be considered as antecedents or consequences of trust. This is due to the fact that trust is usually developed through experience when expectations are met and intentions are clear. This relates back to the power balance in relationships in that mistrust occurs if either party feels the other is taking advantage of the relationship and/or misleading the other party and that their intentions are not apparent or honourable. It has also been identified that trust may be a concept that cannot be defined or the elements classified and that if we try to interpret the concept of trust it is not believed to be trust.

It is important to investigate the notion of brand trust in relation to service industries as although the industrial building is a product supplied by the landlord this dissertation focuses on the management service provided by the landlord.

2.5 BRAND TRUST, BRAND COMMUNITIES & SERVICE INDUSTRIES

A recent concept that has been introduced in marketing literature in particular to e-commerce is that of brand communities. Matzler, Pichler, Fuller & Mooradian (2011)

define a brand community as a “specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand”. Although e-commerce is not of relevance to this dissertation, as identified in the previous section Xingyuan et al (2010) identify that WOM is an influence on brand trust which is applicable to the concept of brand communities. In relation to this dissertation study, if tenants are getting information from other colleagues or tenants considered to be a community, this influences the level of brand trust they have in the landlord.

There are differing definitions of brand community identified by Hur et al (2011) including communities that are based online and/or offline, communities that have long-term associations with brands and those who just have possession of a brand. Although the definitions of a brand community are disperse the influence of these communities on brands and specifically brand trust are similar. Within brand communities consumers influence each other, as well as other consumers, through sharing information which relates to their experiences and also supports the concept of WOM influencing brand trust. Doney and Cannon (1997) identify that trust through transference can occur when one party trusts another party and then transfers this trust to a third party on the basis of the trust they have in the second party. According to Hur et al (2011) there is an importance for brand community managers to ensure accuracy and trustworthiness of information and to help consumers or members of a community to develop a bond with a particular brand.

Matzler et al (2011) identify that if consumers trust other people within the community then their trust can be transferred to the brands that the other consumers support. McAlexander, Schouten and Koenig (2002) identify a community as a group of people sharing a

commonality or identification whether part of a neighbourhood, occupation, leisure pursuit or devotion to a brand. Although the definition of this concept is not particularly relevant to this dissertation the concept of a brand community does influence landlord/tenant relationships as well as the level of brand trust. In a broad sense the concept of a community can be a group of people of any size that share common characteristics of interest. In this sense brand communities do exist in industrial property developments and are applicable within this dissertation. All tenants within a development are essentially a community although they may not be a structured community or use computer support. It can therefore be deducted that, other tenants, and their relationship or trust with the landlord brand, are influential on the other tenants and will influence the level of brand trust in each specific relationship.

Literature on the role of trust in financial services identifies that trust plays an important role in service industries. This is particularly relevant to services that “are high in credence and search qualities, and whose outcomes, being largely, and sometimes wholly, experiential, are difficult to measure in terms of service quality and added value” (Tyler & Stanley, 2007, p. 335). Although this study does not focus on financial services, the role of the landlord management brand in industrial developments has similar characteristics and therefore some of the research by Tyler and Stanley (2007) is applicable to this dissertation study. Tyler and Stanley (2007) consider trust is a foundational factor in service relationships and predominantly is established from the experiences and knowledge of the client. This is supported by Chiou and Droge (2006) in that trust is important in high involvement relationships because of the costs associated with unfavourable choices. This is applicable to landlord/tenant relationships in that the tenants are contracted by long-term

leases and therefore tenants need to trust the landlord in order to commit to that relationship. According to Ndubisi (2007) trustworthiness can be enhanced in service relationships through keeping promises, securing transactions, providing quality services, respect for the other party, fulfilling obligations and endeavouring to improve consumer confidence.

The concept of trust is developed further through the tenant's experience during the lease term as to whether or not to maintain the relationship past the initial lease term. Chiou and Droge (2006) further identify that there are three main benefits for consumers in long-term service relationships including confidence, social and special-treatment benefits. When these benefits are associated to trust then this increases the level of satisfaction in the tenant/landlord relationship.

This section recognises the notion of brand communities is relevant to industrial development relationships as there are generally numerous tenants within a development with one landlord. Therefore, it is important for landlords to maintain a level of consistency in their relationships as tenants feed off each other and their specific relationships with the landlord. Consequently, if there is a problem with a bad tenant/landlord relationship this can affect the other relationships within a development. In service relationships, the concept of trust is comprised of the landlords keeping their promises, providing consistent high quality service, fulfilling their obligations and improving consumer confidence. Specifically to industrial property developments, this would include the landlord fulfilling their obligations of the lease as well as maintaining a good relationship.

The literature identifies there are many aspects of a property that tenants take into consideration when leasing including location of a building or site, rent incentives, lease terms, operating expenses and management of the property. There are also many intangible influences on the decision making process that are not as easily identifiable. These intangible influences can be primarily be recognised from the relationship between landlords and their tenants in terms of trust, balance of power and overall satisfaction.

A lot of previous research has been conducted into brand trust in relationships within different industries between suppliers and purchasers. The concept of trust has been researched in certain property developments, including shopping centres, but not specifically the concept of brand trust in the real estate industry. There is clearly a gap in the literature into brand trust and landlord/tenant relationships in the real estate industry and specifically to industrial property developments. The literature recognises that the common elements of brand trust within different industries include benevolence, competence, an equal balance of benefits and sacrifices and overall satisfaction. The elements of brand trust are numerous and disparate depending on different industries within which the concept is researched. This dissertation proposes to primarily identify the elements and influences on brand trust in landlord/tenant relationships in industrial property developments taking into consideration the research conducted in different industries. It also looks to identify the primary influences on brand trust in landlord/tenant relationships and how these determine whether or not elements of brand trust are present. This will help landlords to ascertain how to improve the level of brand trust in the relationship to ultimately increase tenant retentions, particularly given the proposed increased importance of brand trust in the current difficult economic environment as noted above.

The literature further identifies that the most important aspects of commercial leasing are location, rent and building. These aspects are considered of more significance than the relationship or any other aspects in terms of commercial leasing. Subsequently, the research also acknowledges that brand trust is a considerable influence on brand loyalty and commitment in other industries, which is comparable to tenant retentions in industrial developments. There is a further disparity in the existing literature as to the influence of tangible aspects in comparison to brand trust in relation to industrial developments.

From the literature there are three predominant research questions that are identified as interesting:

“What are the elements of brand trust in landlord/tenant relationships in industrial property developments?”

“What are the influences on brand trust in landlord/tenant relationships in industrial property developments?”

“What is the influence of brand trust in comparison to other aspects of commercial leasing on tenant retentions in industrial developments?”

The following section outlines in detail the methodology processes used including sampling procedures, data coding processes and ethical considerations.

SECTION 3: METHODOLOGY

The literature review identifies three primary questions to be answered in this dissertation;

“What are the elements of brand trust in landlord/tenant relationships in industrial property developments?”

“What are the influences on brand trust in landlord/tenant relationships in industrial property developments?”

“What is the influence of brand trust in comparison to other aspects of commercial leasing on tenant retentions in industrial developments?”

This methodology section provides a description of the methodology used in this dissertation to collect and analyse data to investigate the applicability of the existing literature in the context of this dissertation. This section aims to build on the introduction to the methodology used and provide assurance that appropriate processes have been put in place. The section is organised into the type of methodology used in this dissertation, ethical considerations, sampling procedures and data coding processes.

3.1 METHODOLOGY USED IN DISSERTATION

A largely exploratory research approach was used, with a mix of induction and deduction. The research followed a structured approach to collecting and analysing data. From the analysis of existing literature above, there are consistent themes in terms of common brand trust elements that influence the framework for this research. The existing theory was

applied to the data collected for validation and there were new themes developed from the data, specific to the industry, by induction.

Grounded theory was applicable in analysing this data as this approach focuses on developing theory from data at the same time as collecting data for analysing, so that you are constantly referring between the data and the analysis as the research is conducted (Glaser & Strauss, 1988). This approach is suitable because the research is exploratory. Further qualitative and quantitative research would need to be conducted to further validate the existing theories (Bartos, 1986). It is essential in this grounded theory approach that the respondents answered with their ideas and opinions on the topic and for the researcher to see what they concluded as the relevant and important factors contributing to the relationship, rather than identifying the important factors and limiting the scope of interviews to validate the existing theories (Bryman & Bell, 2003). The analysis of the data helped to provide ideas and theories to include or look for in the analysis of subsequent interviews as well as theories or ideas for future research (Bryman & Bell, 2003).

The primary data collection was semi-structured interviews with tenants of industrial property developments. Interviews were not completely structured as it was assumed that there would be new elements introduced by respondents in interviews. These elements were then used in the collection and data analysis of the other interviews. It was also assumed that there would be some elements of the landlord/tenant relationship that were specific to individual situations and couldn't be predicted, therefore, they would not fit into a set of structured interview questions. The interviews were audio taped and then transcribed. Data

was analysed using an open coding approach and a manual approach to text coding by highlighting text in MS Word.

Theoretical saturation was not possible given the time and nature of the dissertation but research was conducted at least until common themes were identified. This was achieved with 6 interviews, and the number of codes was limited, so using fairly simple coding in Microsoft Word and then Microsoft Excel was sufficient for the purposes of this dissertation.

Participants for the interviews were tenants in industrial developments. The dissertation focussed on developments that have numerous tenants but only one landlord/manager involved within the development. The industrial developments targeted were medium-large sized with more than 3 tenants and the buildings are comprised of both warehouse/factory and office space combined.

These sample frame criteria were set in order to get responses from participants in a restricted range of types and sizes of developments. This is because the factors that affect the level of trust in landlord/tenant relationships include the attributes of the property development itself, therefore, it is important that these boundaries were set for this project, which has limited scope due to time and resource availability. For the same reason, it was important to have a restricted range of tenants in the sample.

The tenants were companies rather than individuals. Tenants were also companies whose products or services are predominantly provided in a business to business context and are

not targeted at final consumers. The representative of the tenant was the individual who is the first point of contact in the landlord/tenant relationship and is primarily responsible for the lease negotiations. To reduce the risk of emotions influencing the responses, participants were recruited from companies rather than individual operators, who have a more personal vested interest in their landlord/tenant relationship. By targeting companies it was more likely they would have had prior experiences in landlord/tenant relationships and their responses would have more credibility and validity. Similarly, the representatives of the companies chosen to participate were those involved directly in the lease negotiations, which have the hands-on experience of landlord/tenant relationships.

Potential participants that were excluded were individual tenants that were not a company. It was also important to get responses from participants in a direct landlord/tenant relationship so their responses were based on actual experiences, rather than a third party being involved that can confuse the relationship or introduce another element or other influences.

3.2 ETHICAL CONSIDERATIONS

There was a potential ethical issue as the researcher works for a property development company, so there could be a conflict of interest if respondents had an existing or potential business relationship with the researcher or the researcher's company. In order to mitigate this potential conflict of interest the following steps were taken in selecting respondents. Firstly, the applicant made it very clear that she worked in a property management company, but that the questions were general in nature. Secondly, the researcher's

employer only has an industrial development in South Auckland. Therefore, the tenant respondents were selected from developments other than in South Auckland, where there are no competitive issues between the researcher's company and the potential respondents' companies. The tenants therefore should not have felt a conflict of interest or felt that their responses may be used by, or would influence, the researcher's employer to gain a competitive advantage in their own industrial development. They would know that the researcher's employer was not a direct competitor and operates in a different market, situated in a different part of Auckland.

Similarly, if the landlords of the tenant participants knew about the research being conducted within their developments they would not be threatened by concerns that the researcher's employer would use the information for their own gain, because they are in a different market. Furthermore, interview questions were of a general nature and not specific to the relationship the interviewee had with other organisations or people.

3.3 SAMPLING PROCEDURES

Industrial developments were sourced through well known property developers throughout Auckland. Their developments were either sourced through their websites or through the Quickmap & Property Guru programmes, to establish what areas of land were owned by these developers and then to identify that the land that was zoned for industrial developments. Site visits were then made to the developments to confirm that they were industrial zoned developments containing both warehouse and office space as identified in the criteria. From there a list of tenants were either identified through the signage on

buildings, the signage at the entrance to the developments or through the property developer's websites.

Once a suitable range of tenants were identified their contact details were obtained through their individual websites or through other internet sources. It was difficult to obtain the details for the person of contact in regards to leasing. Therefore, letters were sent to the company and noted that they should be forwarded to the person most appropriate to talk to about leasing, or otherwise they were sent to the contact person on their website and noted that if they were not the appropriate person to approach if they could forward the correspondence to the colleague that was most suitable. Where possible, if respondents didn't answer requests, follow up phone calls or emails were made to request interviews.

There were 12 companies approached for interviews. Out of the original 12 companies only 3 responded that they were willing to participate. Therefore another 15 companies were approached and a further 3 participants agreed to participate. This was a total of 6 participants from 27 companies approached.

Interviews were conducted between October and December 2011 as follows:

Date	Interviewee	Location
19 October 2011	Interviewee C	Penrose, Auckland
26 October 2011	Interviewee B	Penrose, Auckland
27 October 2011	Interviewee A	Penrose, Auckland
23 November 2011	Interviewee D	Penrose, Auckland

6 December 2011	Interviewee E	Swanson, Auckland
9 December 2011	Interviewee F	Penrose, Auckland

3.4 DATA CODING PROCESSES

The interviews were conducted at the locations identified and they were audio taped and transcribed by the researcher. From the transcriptions, sentences were highlighted with key words that included phrases that matched the themes identified in the literature review for this dissertation. Rather than highlighting and transferring key words to a schedule, it was more important to include the complete phrases and sentences so that they weren't taken out of context.

From the literature, common themes were identified and the data collected was coded accordingly with these themes. Within these themes common elements and influences were also identified from the literature and the collected data was analysed using the existing elements and influences or identifying new concepts if necessary. There were four main categories for coding data including the elements of brand trust, the influences on brand trust, the influences specific to landlord/tenant relationships in industrial developments and the influences on tenant retentions in industrial developments. Tables 1-4 show examples of the coded data schedules for Interviewee A.

Table 1: Elements of Brand Trust in Landlord/Tenant Relationships in Industrial Developments

If account manager listens to you and gets things done that reflects well on the brand - if they don't then it doesn't	Accessibility	Elements of Brand Trust
If account manager is proactive and when you do have issues they'll act on that then brand gets enhanced	Benevolence	Professionalism
When you deal with landlord you want them to sort out whatever your issues are in a timely basis		
Relationship is very important - they're not a close relationship because you don't deal with them that often	Communication	Credibility
Dealing with landlord direct seems to work fine		
Trust is through account manager as they represent company	Competence	Cooperation
Landlord let you out of lease to find another one		
Prior to signing lease if you have to exit the lease it's not too tricodian on the tenant	Flexibility	Equality
Landlord communicate any issues with you - any changes or issues going on with surroundings and that		
Once you've signed into the lease it's primarily about getting issues sorted as they arise	Flexibility	Equality
Getting issues sorted on a timely basis		
When you deal with landlord you want them to sort out whatever your issues are in a timely basis	Flexibility	Equality
Well maintained property		
Once you've signed into lease it is primarily about preventative maintenance, keeping premises up to a good standard	Flexibility	Equality
Maintenance program in place because tenant is looking to have a good image on their own company so building is kept looking good		
Ongoing and preventative maintenance of building to keep it up to a good standard and make sure everything is working ok	Flexibility	Equality
Proactive response to building maintenance		
Landlord is proactive as it starts to get to the end of the lease as to where tenant is and how well their business is going	Flexibility	Equality
If account manager listens to you and gets things done that reflects well on the brand - if they don't then it doesn't		
Ongoing depends on maintenance program and landlord fulfilling obligations	Flexibility	Equality
Feedback through colleagues		
Transparent and open	Flexibility	Equality
Well known company that had a good reputation would probably be more inclined to run with them		
Account manager is a true agent of the brand	Flexibility	Equality
Having an intermediary that is more objective won't make a huge difference if brand manager is onto his game		
If you've got a landlord that's transparent and open then you're going to be thinking they've looked after us so we'd look to sign again	Flexibility	Equality
Brand trust influences decision who you talk to about a building		
Brand trust has an influence when you come to sign the lease if it's a brand you've heard of	Flexibility	Equality
Brand up front is important and brand precedes what you get into		
Influence at time of signing if renowned brand	Flexibility	Equality
If we can't reach some sort of agreement or sort issues out we'd look elsewhere		
If relationship is adversarial then you're going to look for something else because you've had a bad trot with them	Flexibility	Equality
Brand doesn't matter if it's not a win-win situation		
Landlord being mindful of tenants development/expansion so they've got options	Flexibility	Equality
Flexible attitude should circumstances change		
Dealing with options that possibly come up	Flexibility	Equality
Landlord is proactive as it starts to get to the end of the lease as to where tenant is and how well their business is going		
Any specific requirements where tenant requires alterations, landlord is flexible towards that	Flexibility	Equality

Table 1: Elements of Brand Trust in Landlord/Tenant Relationships in Industrial Developments

Table 1 identifies the elements of brand trust as identified from the data collected. The elements included accessibility, benevolence, communication, competence, cooperation, coordination, credibility, equality, flexibility and professionalism. Interviewee A did not identify conflict resolution techniques and coordination as elements of brand trust which is why they haven't been included in this table however they were identified by other respondents.

Table 2: Influences on Brand Trust in Landlord/Tenant Relationships in Industrial Developments

Table 2 identifies the influences on brand trust including the economic environment, the power balance in the relationship, the level of tenant power, the level of landlord power, the tenant mix, word of mouth and experience.

Table 3: Influences on Landlord/Tenant Relationships in Industrial Developments

Table 3 identifies the influences on landlord/tenant relationships including location, building and lease terms.

Table 4: Influences on Tenant Retentions in Industrial Developments

Table 4 identifies the influences on tenant retentions including lease terms, brand loyalty and brand trust. Interviewee A did not identify switching costs, alternative attractiveness, the economic environment and the power balance in the relationship as influences on tenant retentions however these were identified by other respondents.

Table 2: Influences on Brand Trust in Landlord/Tenant Relationships in Industrial Property Developments

Dependent on market factors	Economy	Influences on Brand Trust
If it's a market where it's easy to find a building and lease space obviously the balance shifts to the tenant		
If it's a market where it's not easy to find a building the balance shifts to the landlord		
Available space and location because there's less and less space works in favour of landlord		
Power balance revolves around relationship	Power Balance	
Power balance effect on brand trust revolves around relationship you have		
If it's a market where it's easy to find a building and lease space obviously the balance shifts to the tenant	Tenant Power	
Difference between individual players in comparison to someone whose in the industry of building and leasing	Landlord Power	
If it's a market where it's not easy to find a building the balance shifts to the landlord		
Available space and location because there's less and less space works in favour of landlord		
If you have a big enterprise and need a decent size building then you're fairly limited as to where you can go - more power to landlord		
Individuals that offer a good product at the same time and it's probably a bit more cost effective		
Don't interact too much with other tenants around the place	Tenant Mix	
Fairly autonomous		
Feedback through colleagues	Word of Mouth	
Brand trust has an influence when you come to sign the lease if it's a brand you've heard of		
If you've got a landlord that's transparent and open then you're going to be thinking they've looked after us so we'd look to sign again	Experience	
If account manager listens to you and gets things done that reflects well on the brand - if they don't then it doesn't		
If account manager is proactive and when you do have issues they'll act on that then brand gets enhanced		

Table 3: Influences on Landlord/Tenant Relationships in Industrial Property

Developments

Good location	Location	Influences on Tenant/ Landlord Relationships in Industrial Developments
Location and rent critical		
If you have a big enterprise and need a decent size building then you're fairly limited as to where you can go - more power to landlord		
Brand trust comes after location and rent		
Standard building	Building	
Easy to move as no specialist requirements just office & warehouse		
Maintenance program in place because tenant is looking to have a good image on their own company so building is kept looking good		
Building is fairly typical and not too specific for us		
Prior to signing lease if you have to exit the lease it's not too tricodian on the tenant	Lease Terms	
Commitment initially on terms of lease		
Deal is done at the start whatever your term is going to be is already established, rents established and set reviews		
Lease terms are more important than the relationship		
Location and rent critical		
Brand trust comes after location and rent		
Brand trust not as important as lease terms		

Table 4: Influences on Tenant Retentions in Industrial Property Developments

Commitment initially on terms of lease	Lease Terms	Influences on Commitment/ Tenant Retentions
Brand trust comes after location and rent		
Brand trust not as important as lease terms		
Location and rent critical		
If you've got a landlord that's transparent and open then you're going to be thinking they've looked after us so we'd look to sign again	Brand Loyalty	
Brand trust influences decision who you talk to about a building	Brand Trust	
Brand trust has an influence when you come to sign the lease if it's a brand you've heard of		
Brand up front is important and brand precedes what you get into		
Brand trust important at start of lease		
Influence at time of signing if renowned brand		
Well known company that had a good reputation would probably be more inclined to run with them		
Brand trust probably not so critical during lease as you do homework prior to getting into it		

Coding the data required an iterative process where there was repetitive referral back to the data to clarify themes and codes during the analysis of transcripts. This relates to Glaser and Strauss' (1988) grounded theory approach which requires constant referral between the data and the analysis for the duration of the dissertation. There were also specific raw data statements that were relevant to multiple categories and for this reason have been included in multiple subcategories. It was also important to take into consideration the "intent" of statements or comments. The difficulty with this is that interpretation relies on the individual interpreting the data and any misrepresentation of what the statement was actually intended to say or identify.

The elements of brand trust are distinguished as components that must be present in order for brand trust to exist. An example of this as identified in Table 1 is that the landlord has to be available for tenants to contact in order for there to be brand trust present in the relationship. In comparison, the influences on brand trust are factors that manipulate whether or not there is brand trust in the relationship but these don't have to be present and often contribute to whether or not elements are present in the relationship. As an example, in Table 2 the power balance can influence the level of brand trust to the extent that it can determine the level of the flexibility element in the relationship.

The next section provides the analysis of the data, as summarised in the tables 1 to 4, which was collected using the data coding processes as outlined in this section.

SECTION 4: DATA ANALYSIS

The previous section outlined in detail the methodology processes used in collecting data and subsequent coding of the data. This section provides a detailed analysis of the data. In the following section, the findings of this section will be discussed within the context of the existing literature.

The respondents interviewed were as follows:

INTERVIEWEE A:

Company located in Penrose, Auckland that sells office products. The interviewee was the General Manager of Operations. They only have the one site in Penrose, Auckland.

INTERVIEWEE B:

Company located in Penrose, Auckland that manufactures drywall, building and installation products. The interviewee was the Company Accountant. The company has sites in Auckland, Wellington and Christchurch.

INTERVIEWEE C:

Company located in Penrose, Auckland that specializes in document and records storage and management. The interviewee was the Finance Manager for the company. The company has sites in Auckland, Wellington and Christchurch.

INTERVIEWEE D:

Company located in Mt Wellington, Auckland that offer nationwide freight forwarding, transportation, couriers and bulk distribution services. The interviewee was the Auckland Group Branch Manager. They have 11 sites in the North Island and 9 sites in the South Island.

INTERVIEWEE E:

Company located in Swanson, Auckland that specializes in Hiab and general freight. The interviewee was the Managing Director of the company. They only have one site in Auckland.

INTERVIEWEE F:

Company located in Penrose, Auckland that auction a range of products. The interviewee was the General Manager. They have a few sites in Auckland and nationwide.

The four main themes identified in relation to this dissertation include the elements of brand trust, the influences on brand trust, the influences on industrial development relationships and the influences on tenant retentions.

4.1 ELEMENTS OF BRAND TRUST

The elements of brand trust are the actual components that comprise the concept. The primary elements of brand trust identified in this dissertation and supported by the literature review include accessibility, benevolence, communication, competence, cooperation, credibility, conflict resolution techniques, equality, flexibility and professionalism. One

respondent identified professionalism, one respondent identified conflict resolution techniques and another identified coordination as antecedents of brand trust. There were further elements of brand trust identified in the literature that were not identified in this research. Table 5 shows the elements of brand trust according to respondents.

TABLE 5: ELEMENTS OF BRAND TRUST

	Accessibility	Benevolence	Communication	Competence	Conflict Resolution Techniques	Cooperation	Coordination	Credibility	Equality	Flexibility	Professionalism
Interviewee A	X	X	X	X		X		X	X	X	
Interviewee B	X	X	X	X	X	X		X			X
Interviewee C	X	X	X	X		X		X		X	
Interviewee D	X	X		X		X	X	X			
Interviewee E	X	X		X		X		X	X		
Interviewee F	X	X	X	X		X		X	X	X	

Accessibility

The most important aspect of accessibility is that the landlord is able to be contacted whenever necessary and “if something happens you can just email them or get hold of them (landlord) and they answer and they are onto it” (Interviewee D) and the tenant has the “means to contact them (landlord) at any time you (tenant) need to” (Interviewee E). It is also important that information is relayed correctly and that the account manager takes responsibility when they are contacted as “trust is developed through the account manager

as they represent the company” (Interviewee A) and sometimes “you (tenant) negotiate something with the account manager and then it changes story” (Interviewee D).

Benevolence

“Attitude is important” (Interviewee D) and the “landlord’s nature towards performing is important” (Interviewee B). It is not only important to tenants that the landlord fulfils their obligations but also their attitude towards completing remedial work and towards the relationship. Benevolence relates to the landlord’s goodwill to go above and beyond what is legally required and that the “landlord has stuck to the spirit as well as legal clauses of lease” (Interviewee B). Overall it is important that the landlord “has an appreciation and respect for the tenant’s situation” (Interviewee E) and their “attitude is a big thing” (Interviewee F).

Communication

As with any relationship “communication and regular dialogue” are important (Interviewee C). It is important that the “landlord communicates any issues with the tenant – any issues or changes going on with surroundings” (Interviewee A) and for the tenant “to discuss with landlord how things are going and where areas of improvement could be made” (Interviewee C). However, it is also noted that landlord/tenant relationships are “arms length relationships” and do not require “tight day to day landlord/tenant communication” (Interviewee B). The landlord and tenant only need to communicate when there are any issues or at rent reviews or renewals of the lease.

Competence

Competence was one of the most important aspects of brand trust identified by respondents, particularly in relation to management performance of completing maintenance work and resolving issues. This aspect differs from other brand trust elements in that “specific outcomes of maintenance can be measured if they were good or bad” (Interviewee B). It is important that “things are dealt with adequately” (Interviewee C), the “landlord has a regular maintenance program in place” (Interviewee C), the “landlord gets the job done” (Interviewee D) and the “landlord gets issues sorted on a timely basis” (Interviewee A).

It comes down to the landlord fulfilling their obligations under the lease in a capable manner. “Once you’ve (tenant) signed the lease it is primarily about preventative maintenance, keeping premises up to a good standard” (Interviewee A) as well as being “proactive” (Interviewee C).

Conflict Resolution Techniques

According to Interviewee B it is important that the “landlord is prepared to act when the tenant has a serious gripe”. They also identified that there is a “benefit of a neutral intermediary in a mediating role” when landlords and tenants are unable to resolve issues between themselves. Conflict resolution techniques were also derived through competence elements such as the landlord “getting issues sorted as they arise” (Interviewee A).

Cooperation

All respondents identified cooperation as another important element of brand trust. It is important for an ongoing relationship to cooperate and for the landlord and tenant to “work

together to resolve issues” (Interviewee B). According to Interviewee D the tenant needs to deal with the landlord “as a partner as you’re (tenant) living on their (landlord) property”. Cooperation assists the tenant to “trust that they (tenant) can work with the landlord in the future if similar things happen” (Interviewee B).

Coordination

“With a property like this you (tenant) need to set different people different tasks” and “if you (tenant) start giving someone too many tasks to do it just falls over” (Interviewee D).

Credibility

Credibility is an element of brand trust that is difficult to assess prior to having a relationship. Prior to entering a lease credibility is assessed through “feedback through colleagues (Interviewee A) and by getting “references from what other tenants think of landlord “(Interviewee B). It is important to work with a landlord that “is a reputable well known company” (Interviewee C).

An important aspect within credibility is financial stability and that the landlord has the “financial wherewithal to deal with maintenance issues that arise” and that the “landlord is there for the length of the lease” (Interviewee B).

According to Interviewees A, C & F it is important for the landlord to be transparent, open and honest. Credibility can also be increased through the use of neutral intermediaries to “advise what is logical given state of the market in the area” (Interviewee B).

Equality

“It’s a two way street between landlord and tenant” (Interviewee F) and the relationship “can’t be one sided” (Interviewee E). There needs to be a balance of benefits and sacrifices by both parties in the relationship. “The best relationships are where each other understands one another” (Interviewee E). According to Interviewee A brand trust doesn’t matter if it’s not a “win win situation” for both parties.

Flexibility

Flexibility is a significant element of brand trust prior to entering a relationship and during the course of the relationship. According to Interviewee C prior to entering a lease the “key thing is flexibility around getting it how we want it”. During the period of the relationship the landlord needs to have a “flexible attitude should circumstances change” (Interviewee A).

Professionalism

Professionalism was only identified as an element of brand trust by one respondent in that they need a “serious landlord that recognizes tenant’s needs” (Interviewee B). However, the definition of professional is “the competence or skill expected of a professional” according to www.google.co.nz which is the same concept as competence. Even though only one respondent specifically noted professionalism as an element of brand trust considering the definition of professionalism it is also covered under the competence element and is included as an element in the literature.

4.2 INFLUENCES ON BRAND TRUST

Influences differ from elements in that they manipulate whether or not brand trust is present in the landlord/tenant relationship but are not actually components of the concept of brand trust. Aside from the above mentioned elements of brand trust, the research also identified several influences on brand trust including the level of landlord (management) power, the level of tenant power, the economic environment, the tenant mix, the power balance in the relationship, Word of Mouth and Experience.

Landlord (Management) Power

There was a general consensus among respondents that if properties are scarce then the landlord has more power. There is also a “difference between individual players in comparison to someone who’s in the industry of building and leasing” in relation to landlords (Interviewee A). It is considered that a “larger landlord is less understanding” and “more hard-nosed” if they are dealing with a portfolio of properties compared to a smaller landlord who may have one development as their major investment (Interviewee E). However, according to Interviewee C “generally all landlords play pretty tough” and there’s not a “significant influence” on brand trust or the relationship or dealing with issues whether it’s a large or smaller landlord although there may be a “little more flexibility with smaller landlords” in terms of negotiations.

Tenant Power

Likewise, if there are numerous properties available then the power is more likely to be transferred to the tenant as they have multiple available options. According to Interviewee

B “when it’s nearing the end of the lease then the power balance shifts to the tenants”. This is from the perspective that the landlord obviously wants to keep a tenant rather than trying to find a new one and therefore they are potentially more compelled to accept terms and/or conditions sought by the tenant at renewal. According to Interviewee B as a large tenant company they have “some sort of bargaining power compared to a smaller company”.

Tenant Mix

According to most of the respondents (50 percent), the tenant mix is not significant in relation to brand trust. Tenants in industrial developments are “fairly autonomous” and “don’t interact too much with other tenants around the place” (Interviewee A). This is supported by Interviewee E in that tenants “are not affected by other tenants around you”.

Conversely, Interviewee E notes that it “is important to get a good mix of tenants” and that “tenants respect others in the complex”. This is important on the basis that certain businesses can affect other businesses in the development but should only be of significance if there is an issue.

Economic Environment & Power Balance

According to respondents, the economic environment is influential on the power balance which is subsequently influential on brand trust. According to Interviewees A & B in a strong economic environment where properties are tenanted and options are scarce the power is with the landlord and vice versa in a weak economic environment where there are multiple options available the power is transferred to the tenant.

According to Interviewee F “the power balance may affect negotiations but it doesn’t affect the ongoing relationship”. This is supported by Interviewee D that the “power balance depends on who you negotiate lease with”. However if there is a “power balance then this may affect the relationship” (Interviewees E & F).

Word of Mouth

The respondents considered that word of mouth is an influence on brand trust as prior to experiencing the landlord the tenant evaluates the landlord from “feedback through colleagues” (Interviewee A) and tenants “get references of what other tenants think of landlord” (Interviewee B).

Experience

Respondents identified that experience is influential on brand trust at both the initial commitment stage and at renewals. Initially tenants “get to know what the person is like through negotiation” (Interviewee D). Conversely, according to Interviewee E “initially you (tenant) treat it as you don’t know the landlord so you can’t assume anything”, “brand trust is unknown when you initially commit” and “when you (tenant) sign the lease you have no idea what your landlord is like” (Interviewee F).

According to Interviewee B the “tenant has to make a call when there is a right of renewal if the landlord has performed to tenants expectations” and “if the building works for you and relationship is ok then you renew”.

4.3 INFLUENCES ON INDUSTRIAL DEVELOPMENTS

Aside from the elements and influences of brand trust on landlord/tenant relationships in industrial property developments other influences include the lease, location and physical aspects of the building. As identified in the literature review, there are tangible aspects of landlord/tenant relationships in industrial property developments that are prominent and of more importance than the elements and influences of brand trust or even the overall quality of the relationship. These are identified in further detail in this section.

Lease

According to Interviewee A “the lease terms are more important than the relationship” and “rent is critical”. This is supported by other respondents in that the “lease is the most important thing” (Interviewee F), “its all price related” and that it’s “formatted in your first initial contract and then it all just builds from there” (Interviewee D).

The lease is important as it distinguishes “what you (tenant) can do and how far you can go” (Interviewee D). This is supported by Interviewee F in that it is “important to have a clear lease as to what’s expected as to outgoings and if anything should happen”. As you haven’t experienced the landlord or the relationship “you (tenant) assume you potentially have a landlord from hell so whatever you need or expect is in black and white in the lease” (Interviewee E). Primarily for continuity purposes it is essential for both parties of the lease to know what is expected moving forward and particularly in relation to rent review and renewal structures. Essentially “the tenant wants at least 80% formalized” (Interviewee E).

“The people who don’t have rights of renewal are exposed especially when demand is in favour of the landlord” (Interviewee E).

The lease terms reduce the risk of uncertainty and ambiguity in relation to the obligations of both parties. According to Interviewee B “once you’ve (tenant) already signed there’s not much you can do unless landlord breaches lease with their obligations” and the tenant is “beholden to the landlord to perform their part of the bargain”. This is validated by Interviewee C in that “once the lease is set everything’s pretty much agreed so there are no arguments moving forward”.

Location

The location is imperative to industrial developments for several reasons. “If you (tenant) have a big enterprise and need a decent size building then you’re fairly limited as to where you can go” and there is “no other site in New Zealand suitable” (Interviewee B). There are numerous reasons the “location is critical” (Interviewee A) to tenants including staff, arterial routes and clientele.

“Alternative would have to be within a certain geographical radius” (Interviewee B). The reason for this differs according to Interviewee F as “people come from all over Auckland” for the business, due to consent issues (Interviewee B) and near to major arterial routes for transport reasons according to Interviewees D & E. On the other hand “in terms of exposure it doesn’t make a big difference” (Interviewee C).

Building

For most industrial property development tenants there are no major requirements for their building structure so long as the building includes large warehouse areas and enough office space. This is supported by Interviewee A that the “building is fairly typical and not too specific for us (tenant)”, “landlord can re-lease building easily because it’s basically a warehouse structure” (Interviewee B) and “a big warehouse, office space and good car park requirements” (Interviewee F).

The building is important to the extent that it fulfils tenants requirements but also affects the relationship as recognized by Interviewee B in that the “longer the lease the older the building gets and the more damage and remedial work required”. It also implies that alternative options are readily available as to a certain degree buildings are fairly generic and standard although certain specific requirements might be necessary to adapt the building to another tenant.

4.4 INFLUENCES ON TENANT RETENTIONS

The predominant influences on tenant retentions or commitment in industrial developments are switching costs, alternative attractiveness, the tangible aspects of the relationship including lease, location and building, the economic environment and power balance, brand loyalty and brand trust. These influences were all substantiated through the research although only one respondent specifically referred to brand loyalty.

Switching Costs & Alternative Attractiveness

Most respondents ascertained that there “is a huge cost in moving premises” (Interviewee B) and “financially it wouldn’t make sense” (Interviewee C). There are also certain “logical restrictions” that tenants face when looking at alternative locations (Interviewee B).

“At the end of the lease you’d (tenant) give the relationship a full analysis” but “we (tenant) would have to try and mend the relationship more than move” (Interviewee C). The cost of moving outweighs whether or not brand trust is present in the relationship.

Economic Environment & Power Balance

The economic environment is influential on power balance, which subsequently influences brand trust. However, the economic environment is similarly, or even more, influential on the initial commitment to the lease and secondly to tenant retentions. Prior to entering a lease the economic environment influences the power balance in terms of “bargaining power” (Interviewee B).

In terms of initial commitment, the economic environment determines whether it is a landlord or tenant market and which party has more bargaining power. However, in terms of tenant retentions the power balance has limited influence “because at the end you (tenant) have to face commercial realty” (Interviewee B). The economic environment does influence tenant retentions from the perspective that “change to volumes in business affect renewals” (Interviewee B) or “if business is reduced” (Interviewee E). If business volumes change this can mean that tenants either need to move to a larger or smaller site or consolidate existing sites.

“Even if you’ve (tenant) got good trust your relationship might come to an end because of external factors at the end of the lease” (Interviewee B). This is supported by Interviewee E that sometimes rent reviews are at renewals and you have to consider the “economic conditions”.

Lease, Location and Building

According to respondents, the lease and location are critical and “commitment is initially on the terms of the lease” (Interviewee A). The rights of renewal for continuity are set in the original lease and “the people who don’t have rights of renewal are exposed especially when demand is in favour of the landlord” (Interviewee E). “There is comfort in renewals that you (tenant) don’t lose an opportunity” (Interviewee E).

At renewals tenants need to analyze “has business changed where you (tenant) need to move closer to your market?” (Interviewee E). Also, if there are changes in business volumes due to the economic environment then the location may no longer be suitable for the tenant.

Brand Loyalty

“If you’ve got a landlord that is transparent and open then you’re (tenant) going to be thinking they’ve looked after us so we’d look to sign again” (Interviewee A).

Brand Trust

There are differing views on the influence of brand trust on tenant retentions from respondents. Interviewees A, B & E note that “brand trust is important at the start of the

lease”. Interviewee F argues against this as “when you (tenant) sign lease you have no idea what your landlord is like” and “you (tenant) can only gauge brand trust as you go through your lease period”. This is supported by Interviewee E in that “brand trust is unknown when you initially commit”.

Brand trust can be established prior to entering a relationship through references and feedback from colleagues or other tenants. A common response is that “brand trust has an influence when you come to sign the lease if it’s a brand you’ve heard of” and “brand up front is important and brand precedes what you (tenant) get into” (Interviewee A). The tenant is “influenced at time of signing if a renowned brand” (Interviewee A). “At the beginning we need to be certain about that landlord” (Interviewee C) and it is “dependent on commitment at the beginning and making the right decision” (Interviewee D).

“Once you’ve (tenant) already signed there’s not much you can do unless landlord breaches lease with their obligations” (Interviewee B). The primary aspect of brand trust that affects tenant retentions is competence. “Even if landlord is belligerent and slow, it makes you (tenant) annoyed but if they are fulfilling the lease there is no reason not to continue” (Interviewee B). This is maintained by Interviewee F that “if relationship is ok, you (tenant) renew” and the “tenant has to make a call when there is a right of renewal if the landlord has performed to tenant’s expectations” (Interviewee B).

This section analyses the data collected in this dissertation. The next section evaluates the data in relation to the literature review to identify the components of the literature that are

validated and those that are not relevant to landlord/tenant relationships in industrial developments.

SECTION 5: CONCLUSIONS, LIMITATIONS AND FURTHER RESEARCH

5.1 ELEMENTS OF BRAND TRUST

According to the literature, the definition and the benefits of brand trust are generally consistent but the elements of brand trust are extensive and dependent on the particular industry. Li et al (2008) determine the two prevalent elements determining brand trust are competence and benevolence. Competence can be effective independently but it can also be important in the sense of improving communications (Selnes, 1998). Prendergast et al (1996) also recognize that the elements of trust include accessibility, professionalism, flexibility, friendliness and cooperation.

The dissertation study supports that accessibility, co-operation, competence, flexibility and benevolence are considered to be elements of brand trust in industrial property developments. Professionalism was only ascertained by one respondent as a specific element of brand trust. However, professionalism is a derived element of brand trust from the combined credibility and competence of the landlord. If a landlord is competent and is capable of fulfilling their obligations and they are also considered to be trustworthy, then they are considered to be professional. For that reason professionalism is also considered a significant element of brand trust.

According to Rokkan and Haugland (2002) one of the most important elements of brand trust is co-ordination. It is the degree to which both parties are contributing to making decisions. This was not considered to be a significant element of brand trust according to

respondents in this dissertation. Interviewee D noted that it is important to set people different tasks between the landlord and the tenant so that things don't fall over. This was specifically in relation to any issues that arise and it is important that the parties work together and tasks are allocated appropriately to remedy the situation as best as possible. Although it was noted by respondents that communication is important so that tenants are aware of any changes being made or decisions being enforced, there was no reference to the tenants being part of the decision making process or being considered in any decisions outside of the lease terms.

Good communication and conflict resolution techniques are considered important elements of brand trust and necessary to maintain a good relationship (Roberts et al, 2010). This is supported by Theron et al (2011) that in order to reduce risk and instil confidence communication is required and that good communication has a positive effect on trust and satisfaction Selnes (1998). The dissertation established that communication and conflict resolution techniques are both important element of brand trust. The majority of respondents (67%) noted that communication is important for different reasons including the landlord discussing with tenants where they think there are areas of improvement required, regular communication so any issues are resolved on a timely basis and also for the purpose of the landlord communicating any changes to the development or likewise that will affect the tenant's lease or the relationship. Interviewee B specifically noted conflict resolution techniques as a critical element of trust in that landlord deals with issues effectively and has procedures in place so that the account manager can resolve the issue without it escalating into a larger problem with more people involved. Although other respondents didn't specifically refer to conflict resolution techniques, this was inferred

through competence in that the landlord resolves issues in a timely manner without referring to the procedures they may have in place. Subsequently, conflict resolutions techniques would be considered a significant element of brand trust.

The literature identifies that credibility is an element of brand trust according to Selnes (1998), Ganesan (1994) and Doney and Cannon (1997). The dissertation study identifies that the credibility element of brand trust is established primarily for tenants through feedback and references from colleagues and other tenants of the landlord or through write ups.

A balance of benefits and sacrifices that are equal to both parties are considered to influence the level of trust and satisfaction within the relationship as identified by Rokkan and Haugland (2002). Both parties need to believe that there is an economic advantage to the relationship and that they are being treated fairly (Rokkan & Haugland, 2002). This is supported in the research as 50% of respondents identified equality as an element of brand trust and that it needs to be a “win win situation” for both parties (Interviewee A). Subsequently equality is a significant element of brand trust in tenant/landlord relationships in industrial developments.

In any industry, and with any products, from the moment of purchase, or in relation to this dissertation from the commencement of the lease or lease negotiations, the tenant starts to compare the “expected and actual performance of the product” (Appel-Meulenbroek, 2008, p. 45). It has been identified that if expected factors are met this does not generally increase

the level of satisfaction but when the expected factors are not met this can cause a significant reduction in the level of satisfaction.

The research sustains the concept that tenants compare the expected and actual performance of the landlord. This was confirmed by all respondents in relation to the landlord fulfilling their obligations of the lease particularly in terms of maintenance and resolving issues. In relation to satisfaction, it is also noted that if the landlord is not fulfilling their obligations then the tenant would need to evaluate their overall relationship and this would affect the level of satisfaction.

Overall, the dissertation identified that there are 11 predominant elements of brand trust in landlord/tenant relationships in industrial developments which are accessibility, benevolence, communication, competence, conflict resolution techniques, cooperation, coordination, credibility, equality, flexibility and professionalism.

5.2 INFLUENCES ON BRAND TRUST

According to Prendergast et al (1996) and Calhoun (1995) the combination of tenants within a development influences the relationship in relation to trust, as well as, the overall management and maintenance of the development. According to the majority of respondents in the research, they argue against the importance of the mix of tenants in industrial developments being an influence on trust. Generally, tenants are fairly autonomous and don't interact too much with other tenants in the development. One respondent did note that the tenant mix was important to the extent that there were no

problems with other tenants. In that respect, the research does support the combination of tenants as being important but only to the degree that they do not cause problems for other tenants and respect the other tenants in the development.

The overall management of the development was not considered a significant influence of brand trust by respondents and it was only the management of the landlord in respect to the individual tenant that influences brand trust. Conversely, maintenance of the development is a considerable influence on brand trust. As identified by Interviewee A, it is important that the landlord maintains the tenant's building as well as the surrounding building and areas as the tenant wants to promote a good image of their company which is partially through their building and the overall standard of the development.

The existing literature identifies that there can be a power imbalance and, according to Elliot (2009), landlords are perceived to abuse their power and that this can cause disputes in situations when landlords choose unsuitable tenants, increasing rents unscrupulously or when properties are refurbished. This is further supported by Ganesan (1994) that the party in a relationship that has more power is in a position to create more favourable terms of trade and increased benefits to themselves than to the other party. However, the degree to which they are empowered is dependent on how easily the landlord can find substitute tenants and the availability of replacement properties that meet the tenant's needs in regards to features of the property itself as well as lease terms according to Prendergast et al (1996).

The dissertation notes that there are differing responses to the influence of the power balance on brand trust and subsequently tenant retentions. Primarily, it is recognized by

respondents that the economy is the primary influence on the power balance. The market is more favourable to a landlord in a good economy when there are few properties available and, conversely, in a weak economy where there is an abundance of properties available the power balance shifts to the tenants. The dissertation supports the notion that the power balance can affect negotiations but once the lease is signed the power balance doesn't necessarily affect the ongoing relationship according to Interviewee F.

It is also noted that tenants in smaller complexes or developments expect higher levels of customization or adaptation from landlords in terms of the way in which their property is managed (Theron et al, 2011). Considering that this dissertation was conducted in medium to large sized developments, this notion was not specifically addressed in the research. However, it was noted by several respondents that there may be more flexibility with a smaller landlord. The definition of this being, the landlord of a development in which it is their major investment, rather than just another development in the portfolio of a landlord whose business is building and leasing.

The literature also identifies that there are three information sources that influence brand trust including experience, advertising and word of mouth (Xingyuan et al 2010, Alam & Yasin, 2010a). This is supported by the research of Naude and Buttle (2000) who indicate that trust is a factor that is built up over time depending on customer satisfaction in sales. Furthermore, within brand communities consumers influence each other as well as other consumers through sharing information which relates to their experiences and also supports the concept of word of mouth influencing brand trust. Doney and Cannon (1997) identify that trust through transference can occur when one party trusts another party and then

transfers this trust to a third party on the basis of the trust they have in the second party. According to Selnes (1998), trust can also be a consequence of a lack of information and resources available to one party, therefore, it is a necessity to the relationship but isn't a result of positive experiences. Trust can therefore be considered the only option available. This is supported by Wilson and Jantrania (1994) that trust is indivisible and that if it is analyzed then it ceases to be trust. Trust is an ambiguous term that may not be influenced by specific variables and is a sole concept that either exists or doesn't exist in a relationship.

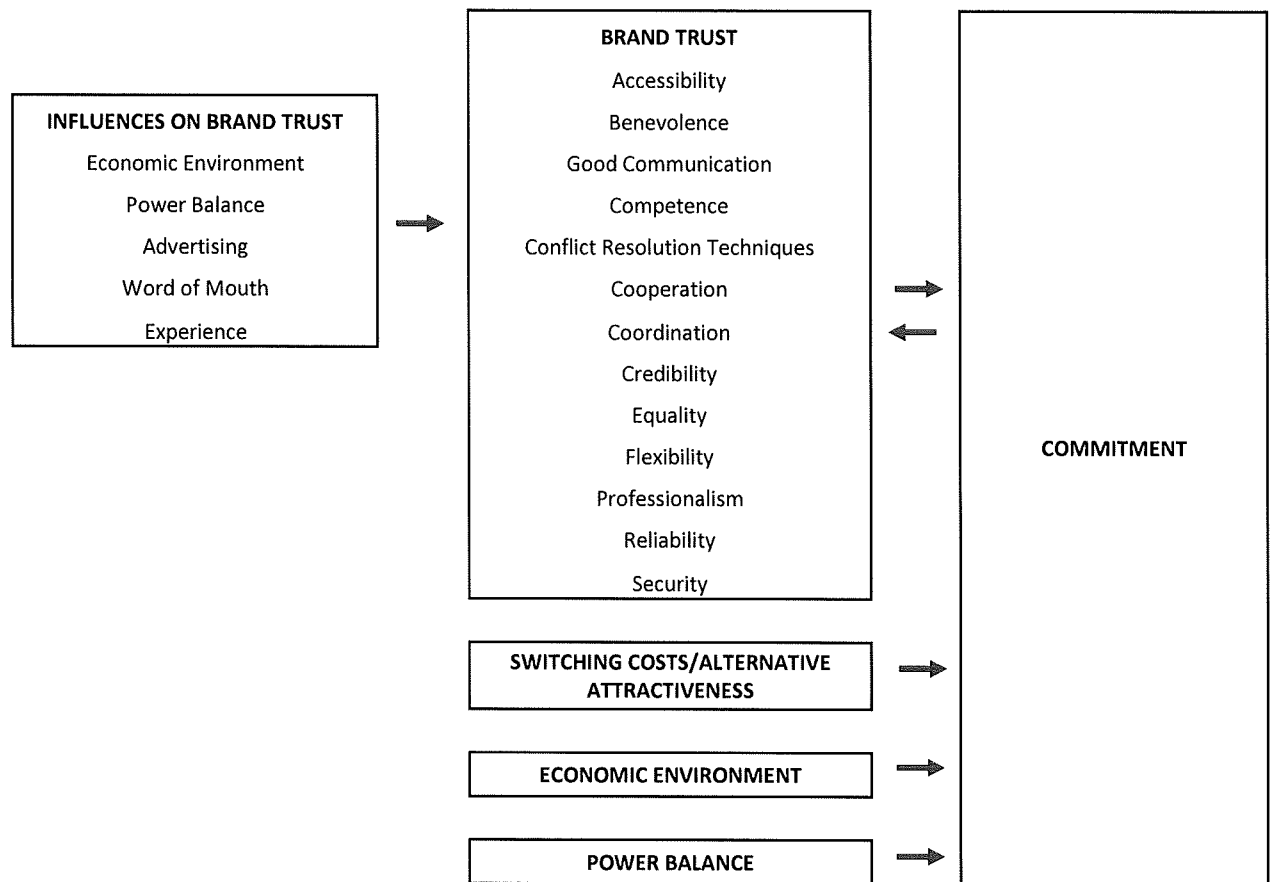
The literature is further supported by the dissertation in that the tenant can only gauge brand trust during the period of the lease through experience. Therefore, the concepts of word of mouth and experience are recognized as influences on brand trust. Advertising is only identified as an influence by one respondent and therefore is considered to have an insignificant influence on brand trust. Similarly, the concept of brand communities was not identified in the dissertation and it is also considered to be insignificant in relation to industrial developments. Tenants do not establish brand trust through transference but their level of brand trust is influenced by word of mouth from associates. The dissertation also confirms that brand trust can be an unknown variable at the commencement of the lease and therefore the landlord needs to trust they have made the right decision. At this point of the relationship (prior to experience) trust can be an ambiguous term in which the elements cannot be determined and it needs to exist in order for there to be a relationship from that point.

Research indicates that “trust only exists in an uncertain and risky environment” (Matzler et al, p. 155, 2008). Trust is only relevant or important in situations where the outcome is ambiguous and there are alternative outcomes. This is supported by Ganesan (1994) in that trust affects long term relationships through reducing perceived risk, increasing confidence and reducing transaction costs. This was enforced by the relationship and, specifically, Interviewee D noted that they need to be 100% certain they are making the right decision when they sign a lease as if not they put a lot of people out of work and the costs are extremely high. This also relates to switching costs in that it is not easy for tenants in industrial developments to pick up and move to another location.

5.3 INFLUENCES ON TENANT RETENTIONS

According to Sympson (2011) all retail tenants and similarly commercial and industrial tenants are subject to the “whims of the economy” (p.14). Dismukes (2002) argues that a poor economy is not usually the main reason that tenants leave but other factors include quality of leasing, property management and construction management. The dissertation confirms that industrial tenants, as with retail tenants, are subject to the economic environment. A weak economy which affects business volumes is one of the primary influences on tenant retentions. Tenants will move premises if they need a larger or smaller site or are required to consolidate existing sites. According to Interviewee B “even if you've got good trust your relationship might come to an end because of external factors at the end of the lease”. The dissertation identifies that regardless of any other factors that contribute to the lease, or relationship, if the economic environment doesn't support the existing landlord/tenant relationship then the relationship will be terminated.

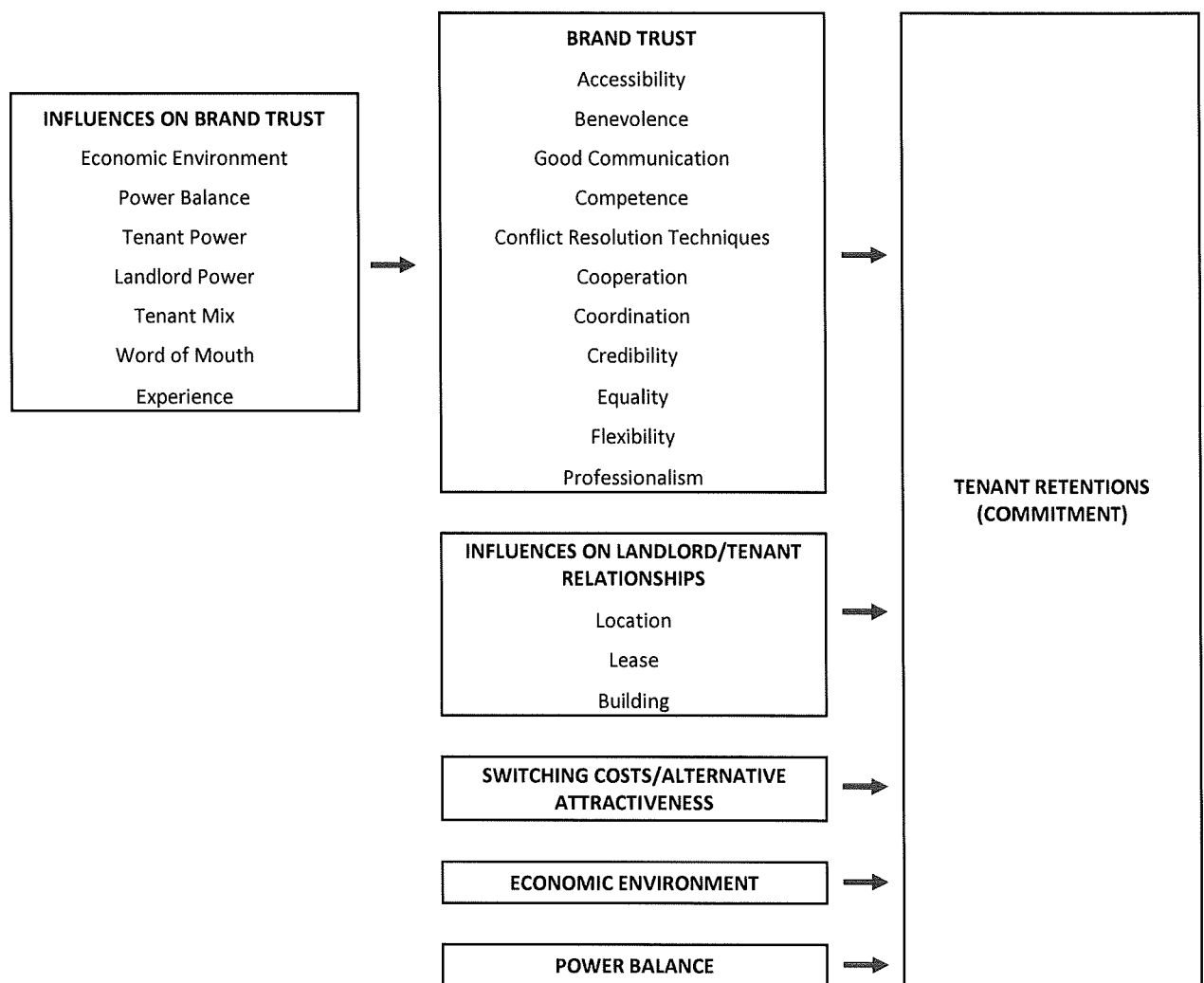
Figure 1: Elements and Influences of Brand Trust in Existing Literature



Ganesan (1994) supports the concept that satisfaction is important in relationships as satisfaction with past outcomes indicates equity in the exchange. This then generates confidence that each party in the relationship is concerned with the welfare of the other. “It takes longer to build trust than satisfaction” (Hur et al 2011). Consequently tenants rely more on trust than satisfaction as an influence on tenant retentions. This is partially supported by the dissertation. Satisfaction is supported as a prevalent element of brand trust in the existing literature according to Naude and Buttle (2000), Ganesan (1994), Rokkan and Haugland (2002), Delgado-Ballester and Munuera Aleman (2001) and Garbarino and Johnson (1999). Satisfaction is considered to be comprised of multiple elements including accessibility, benevolence, competence, cooperation and credibility. These elements were

identified in the dissertation as elements of brand trust rather than satisfaction as this was the focus of the dissertation. The dissertation doesn't expressly support the fact that tenants rely more on trust in comparison to satisfaction as influential on tenant retentions as both concepts are considered to be linked in the existing literature. However, there are no links between the elements of satisfaction and subsequently satisfaction on brand trust identified in this dissertation. If the elements are present this would only suggest or imply that there is a degree of tenant satisfaction which can be considered an element of brand trust and subsequently influence tenants retentions.

Figure 2: The Elements and Influences of Brand Trust on Landlord/Tenant Relationships in Industrial Property Developments



Appel-Meulenbroek (2008) supports the notion that the commercial leasing market is demand driven and that the landlord's focus shifts from attracting tenants to retaining their existing tenants. Their research argues that the tangible building factors are the most important push, pull and keep factors that influence the tenant. This identifies that the landlord/tenant relationship is strengthened on the physical aspects of the building rather than on the intangible assets of the relationship. This is wholly supported by the dissertation. All respondents noted that location and lease terms are critical irrelevant of the quality of the relationship. Provided that the landlord fulfils their obligations, and the tangible aspects including location, building and lease terms are suitable for the tenant, then the relationship will continue. At the end of the day it is more important that the landlord fulfils their obligations rather than their attitude towards it or the level of brand trust.

Rasila (2010) identifies that tenants are generally more committed to the premises than to the landlord. However, renting commercial premises generally means a long term relationship between the landlord and the tenant and consequently a committed landlord is a major advantage. The research also supports this concept. As previously identified, the lease terms, location and building are the pertinent influencing factors on retentions and commitment and, therefore, regardless of who the landlord is provided they are fulfilling the lease then this is what is most important to the tenant. In the same manner, it also beneficial to tenants to have a committed landlord. The reason for this being that the landlord is then more likely to complete preventative maintenance and look after the development to a higher level. A committed landlord is more likely to go above and beyond the legal requirements as provided in the lease, which is better long term for the tenant as

they are looking at the longer term use of the premises and subsequent renewals rather than just keeping the tenant for the existing term of the lease.

The literature considers that often at the beginning of the lease tenants make decisions purely based on location and incentives but that at renewals the quality of the relationship is more influential on tenant retentions. Pinder (2003) supports the theory that if tenant's expectations are not met during the lease, this can negatively influence their company including reduced productivity and higher employee turnover among other negative consequences and, subsequently, their propensity to renew the lease. This is partially supported by the research. At the initial commitment to the lease the tenant does focus on the location, incentives and lease terms however, the importance of these factors doesn't diminish at renewals. The quality of the relationship is only minimally influential on renewals and is more significant only if the landlord is not fulfilling obligations. If the tenant was constantly having problems with a landlord they may assess the relationship, in comparison with the tangible aspects of the lease, but all things being equal they would work with a landlord that was difficult, or one they didn't have a good relationship with, provided all other aspects were still beneficial or as required by the tenant. Ultimately if the rent and location were advantageous to the tenant they would renew the lease even if they have a bad relationship. Conversely, if they had a really good relationship with the landlord but the rent and location were not suitable then the tenant would not renew their lease and the level of tenant retentions would be reduced.

Roberts et al (2010) identify that one of the main performance consequences from a higher level of trust within a landlord/tenant relationship is lease renewals. The research

moderately supports this. If brand trust is present in the tenant/landlord relationship then the quality of the relationship is increased and this is a positive enforcement for renewals and is an influencing factor on renewals dependant on other contributing influences. However, brand trust is not sufficient on its own to retain tenants nor is it the primary influence on tenant retentions.

5.4 IMPLICATIONS FOR MANAGEMENT

The dissertation identifies that the elements and influences on brand trust are consistent with the existing literature on brand trust in other industries. Industrial developments are similar to other industries in that most of the elements and influences of brand trust are the same including management performance, credibility, benevolence, cooperation, equality, flexibility and conclusion.

Industrial property developments are subject to the economic environment and influence tenant retentions in the same way that switching costs and alternative attractiveness can influence tenants to stay in a development regardless of whether there is a good tenant/landlord relationship.

The dissertation also recognizes that although brand trust is influential on tenant retentions and has a certain impact on the quality of the relationship, brand trust is not as important as the tangible aspects of the relationship including location, building and lease terms. However, if there is a good tenant/landlord relationship this is advantageous, to a certain degree, to landlords in retaining tenants.

Therefore, managers can deduce from this dissertation that provided they are able to meet tenant's needs in terms of location, lease terms and building it is important to focus on the level of brand trust in the relationship as this provides the landlord with an advantage over other landlords and aids in tenant retentions. In an economic environment that is more favourable to the landlord, brand trust is of less importance as costs and options are not beneficial to the tenant and, therefore, discourage them looking at alternative options. However, in a tenant favourable economic environment, it is of more importance to the landlord to focus on the relationship, particularly in terms of brand trust, so that tenants don't have a reason to seek or look at alternative options.

5.5 LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

The criteria for respondents to be interviewed were tenants in industrial property developments that were managed directly by the landlords themselves and where there were more than three tenants in the development. There are several limitations to the research including location of respondents, respondents were only from large industrial developments and respondents were only tenants.

All of the respondents were in the wider Auckland area excluding South Auckland. For this reason any industrial property developments situated in South Auckland including the Auckland Airport were excluded. There are numerous developments that have recently been launched near the Auckland Airport, which is establishing itself as a predominant industrial area. Future research should include respondents from the South Auckland area

as this is an upcoming and developing industrial location with a lot of different mixes of tenants and landlords that would provide good insight into the research. It would also be important to interview respondents from different areas in New Zealand to see if respondents from different locations would influence the research such as North Island versus South Island. In addition, Auckland is one of the largest cities in New Zealand and respondents opinions from smaller towns or cities, where perhaps there are fewer developments and options, would most likely differ. In smaller communities, the relationships may be a lot more personal rather than commercial and this would affect brand trust and ultimately the overall relationship and tenant retentions. It may also be that different areas in New Zealand focus on different industries and this may affect the research in terms of tenant's expectations of the landlord/tenant relationship in industrial property developments.

Another limitation is that the only respondents included in the interviews were those that are tenants in industrial property developments, specifically large industrial property developments. It would also be important to compare the respondents of industrial property developments to those in other property developments including retail, shopping centres, smaller industrial developments and commercial office space. This would put the responses from interviews into perspective with other developments and highlight differences between the different commercial and industrial properties and relationships. It would also highlight the different needs of tenants in developments where businesses sell to the end consumers rather than business to business companies. The reason being that in other developments aside from industrial, other tenants within the development influence other landlord/tenant relationships as the landlord is responsible for promoting the development,

such as a shopping centre, or where the landlord is responsible for maintaining a lot of common area space with multiple tenancies sharing facilities.

Another important aspect that should be considered in this research is the opinion of the landlord. By conducting interviews with landlords this would also emphasize the differences between both parties and indicate any discrepancies of how each party views the relationship. Landlords would then be able to focus on what the tenant expects and needs in comparison to the landlord only focusing on their needs and expectations from the relationship. This would help landlords in retaining tenants by being better equipped to meet the expectations of the tenants and identifying where their opinions differ in terms of the quality of the relationship and the importance of brand trust on the overall relationship.

One of the criteria for respondents was tenants that were in industrial developments with three or more tenants. It would also be beneficial to interview tenants that are the sole tenant in a development provided all other criteria are equal. This may add insight into whether developments with a singular tenant differ from those with multiple tenants. It may be that landlords put more energy or focus into a sole relationship, rather than a development with multiple tenants where they are trying to cater to a range of different needs.

This research would also be enhanced by researching and conducting interviews in developments that are managed by an independent management company and compare responses from directly versus indirectly managed developments. All of the respondents in this research were tenants of developments managed directly by the landlord. It is likely

that tenants would have different opinions on the landlord depending on whether they dealt with them directly or whether there was a neutral intermediary. The research has indicated that account managers are perceived as true representatives of the landlord brand and yet it would be interesting to find out perceptions if the account manager was not an employee of the landlord and whether they would be held accountable and influence brand trust or tenant retentions.

It would also be beneficial to interview other parties that are involved in landlord/tenant relationships in industrial property developments. These parties could include valuers and real estate agents. These parties are involved in some relationships in terms of rent reviews, disputes, the apportionment of operating expenses, renewal negotiations and getting new tenants. It is important to compare the responses from an objective party to the relationship to get an un-bias opinion and third party perspective on the relationship. This would also help determine where there are discrepancies between the landlord and tenant opinions of the relationship and provide a neutral intermediary opinion on an “average” or “market” relationship that is standard within an industrial property development. It may be that some tenants expect too much or some landlords are not prepared to give enough or put enough emphasis on the relationship. Each party considers the relationship from opposite sides without considering where the “norm” or middle ground might be.

It was identified in the research that there is a difference between a landlord that has one or two developments as investments compared to a landlord who owns and manages development as their business. Therefore, it would be beneficial to interview both landlords and tenants in developments that are not for “business” purposes to see if there is a

difference in the elements of brand trust and the quality of relationships. As per the situation where there is a sole tenant, if the landlord has only a singular development there is a possibility that they focus more on the relationships in comparison to the tangible components of the relationship and the lease. They may prefer something that is hassle free compared to the commercial approach of the relationship.

The predominant limitation on this research is that due to the lack of resources and time the research was unable to reach theoretical saturation. The research was only conducted with 6 respondents and although similar themes were apparent from the data collected if there had been more respondents in the research unique concepts may have been identified.

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APPENDIX A: PARTICIPANT INFORMATION SHEET

Participant Information Sheet



Date Information Sheet Produced:

15 February 2011

Project Title

The influence of Brand Trust on tenant retentions in industrial developments

An Invitation

My name is Brigid Sullivan and I am conducting the above research for my Masters of Business dissertation project. I would like to invite you to participate in the research as a tenant within an industrial development. Your participation in this research is solely voluntary and should you choose to participate you may withdraw at any time prior to the completion of the data collection through the interview process without any adverse consequences.

The interviews and responses will remain confidential. The questions and answers will be of a general nature and only in relation to the research topic. They will not be specific to your company or any specific relationships that you have with other organisations or people that may relate to the research topic.

Whether or not you choose to participate in this research is at your discretion and will not advantage or disadvantage you.

What is the purpose of this research?

The purpose of this research is primarily to identify the elements of brand trust in the landlord/tenant relationship within industrial developments. This will help to identify how best to initiate, develop or maintain these landlord/tenant relationships.

This research is part of a dissertation to achieve my Masters of Business qualification.

How was I identified and why am I being invited to participate in this research?

Your company is selected on the basis that you are a tenant or landlord within an industrial development that is managed by the landlord directly. The premises included in the industrial development include both warehouse/factory and office space and are part of a medium-large sized industrial development. Your contact details were obtained via the Internet and related sources. You are chosen as the person who is primarily involved in the lease negotiations and are considered to be the first point of contact in the landlord/tenant relationship.

What will happen in this research?

The project involves semi-structured interviews in which you will be asked to respond to a range of questions as well as adding any additional information you think is beneficial to the research. It is intended that the interviews will be conducted during approximately a 30 minute to 1 hour period. The interviews will be conducted at a time and location that is suitable for you.

What are the discomforts and risks?

The questions and answers are intended to be of a general nature in relation to the topic rather than on the specific relationships that you have in the landlord/tenant relationship. As none of the questions are specific to your company the level of discomforts and risks will be minimal. All your responses from will be confidential.

How will these discomforts and risks be alleviated?

The information obtained through the research process is for the purpose of completing a dissertation for the researcher to gain a Masters of Business qualification. All information gathered is taken in a general context and not in relation to any specific relationships the interviewee has with other organisations. Only the researcher, the supervisor and the transcriber have access to the data. The transcriber will be required to sign a confidentiality agreement before processing the interviews. Audio tapes will be cut up once they have been transcribed. The transcripts will be held in an AUT office in a locked cabinet, separately from the consent form, for 6 years after the research has been completed and then shredded.

What are the benefits?

The benefits of this research are to identify the dimensions of brand trust in landlord/tenant relationships. It is important to identify the elements and antecedents of brand trust in the relationship as tools to determine the overall quality of a relationship. This knowledge will be of benefit to researchers and to tenant and landlord companies as an aid to managing their relationships.

How will my privacy be protected?

For confidentiality purposes all consent forms and transcriptions of audio tapes are kept in a locked cabinet, separately from consent forms, on AUT premises for a period of six years. Only the researcher, the researcher's supervisor, and a transcriber will have access to the information provided in interviews.

What are the costs of participating in this research?

The cost involved in participating in this research is approximately 30 minutes to 1 hour of your time.

What opportunity do I have to consider this invitation?

Due to the timeframe of this project we ask that you confirm or decline your participation within 3 weeks of receiving this letter and information sheet.

How do I agree to participate in this research?

We will contact you to check whether or not you are able to participate. If you agree to participate, we will ask you to complete a consent form.

Will I receive feedback on the results of this research?

We will be very pleased to provide you with a brief summary of the study's outcomes.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, *Roger Baxter*, roger.baxter@aut.ac.nz, 09 921 9721.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTC, Madeline Banda, madeline.banda@aut.ac.nz, 921 9999 ext 8044.

Whom do I contact for further information about this research?

Researcher Contact Details:

Brigid Sullivan

Phone: 021 0416 273

Email: sbrigids@hotmail.com

Project Supervisor Contact Details:

Roger Baxter

Phone: 09 921 9721

Email: roger.baxter@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 23 June 2011, AUTC Reference number 11/57.

APPENDIX B: INTERVIEW QUESTIONS

Interviewer to firstly introduce the general concept of brand trust to respondents. The interviewer will also identify that this research proposes to apply the concept of brand trust specifically to landlord/tenant relationships.

What is your understanding of the concept of brand trust?

- Specifically in relation to the landlord component of a landlord/tenant relationship

What are the elements of brand trust and why?

- Satisfaction, commitment, power

What influences brand trust?

- Relationship termination costs, relationship benefits, shared values, communication, opportunistic behaviour
- Management performance – creativity, flexibility, professionalism, cooperation, friendliness, accessibility etc

To what extent does brand trust influence the overall quality of the landlord tenant relationship?

- What are the other significant aspects of the relationship?
- Brand trust versus other components of the relationship
- What influences the power balance in the landlord/tenant relationship?
- What influence does the power balance have on brand trust?
- In what circumstances does the power balance change?
- What is the influence of the power balance on commitment?

What is the level of importance of tangible versus intangible influences on brand trust?

- Rent, lease, building characteristics v satisfaction, communication,
- In what situations do the circumstances change?

Does the role of a neutral intermediary (agent) influence brand trust?

- Mediating role v miscommunication & intentions

Does the level of brand trust influence tenant retentions in industrial developments?

- The level of brand trust influence versus rent, lease etc & other components of the relationship
- Are there circumstances in which parties are more willing to compromise in lease negotiations? Is this influenced by brand trust?

What are the predominant influences on commitment/tenant retentions in landlord/tenant relationships?

- Is brand trust significant?
- Is satisfaction important?