

The bottom line effects of Tenant Experience

There are many short-term concrete bottom-line effects when increasing the tenant satisfaction and improving the overall Tenant Experience. These are the values most often overlooked, ignored or simply not understood by the Housing companies lacking a customer satisfaction system. However there are several, and all mentioned in this text can be obtained by any given Housing company regardless of location or market situation. The examples demonstrate the return-on- investment and how it improves the NOI (Net Operating Income) in different ways.

1

Efficiency benefits

A hugely important point to make is that you will save money by actively listening to your customers. With a structured and professional tenant dialogue, you will find out what is most important for your customers. That is, you will find out which investments you need to make (to increase the tenant satisfaction), but you will also find out which investments you can avoid.

And what all Housing companies discover when measuring and analyzing their customer input is that the most sought-after improvements often concern softer and less expensive areas and improvement. Service-oriented areas, such as the cleanliness and tidiness of the indoor and outdoor environment, the treatment of the caretaker / property manager, being able to get hold of an employee and receive help when needed, all matters more for customer satisfaction than other more cost-intensive areas. Correctly implemented, a data-driven way of working will help you to reduce costs while improving the overall tenant experience.

A satisfied tenant costs less than a disgruntled one. Fewer complaints, fewer relocations, fewer tenant adaptations and a stronger brand are some additional positive effects that contribute to higher profitability. And it all starts with the mindset that each tenant is an important customer who should be prioritized.

2

Controlling excellence

Are you representing a Housing company that purchases and uses services from external contractors? Do you know how each of them perform? Are you getting value for your money and are they the best contractor for you?

By asking your tenants to evaluate the services they receive, you will get loads of valuable data enabling you to save money, increase quality and see the number of satisfied customers increase. By ensuring quality and costs in all your agreements, you will be in a much stronger position the next time the contract is up for review.

3

Fewer complaints

Complaints cost time and money. Satisfied tenants complain less and have a greater understanding for needed investments, and it is also easier to negotiate with a happy customer.

4

Raised employee productivity

We previously discussed and explained this specific value in greater depth, but its importance cannot be stressed enough. Throughout history and regardless of industry, every professional organization has aimed to get their employees to be more productive. There are naturally many ways to achieve it (some better than others) but few so effective as when the organization truly believes in the work they do. And when the employees feel that the company and its management do the same. Just ask any successful entrepreneur.

There are examples where company leaders have resisted implementing goal setting and performance management tools, based upon the fear of an employee backlash. "Are we allowed to ask our tenants how well our caretakers or facility managers perform?" Administered correctly with the reasons and benefits explained, the employees will thank you for believing in their work and what they get up every morning to do. If there are employees who object, then maybe a service-related field is not the best fit for them.

5

Lower tenant turnover / vacancies

Satisfied tenants lead to lower tenant turnover. Many Housing companies have low vacancy rates, but a high turnover associated with substantial costs. By reducing turnover with a mere 1-2%, you will experience direct NOI effects. Even though vacancies are not a reality for most Housing companies operating in major cities, balanced markets where you have to fight for your tenants do exist.

And instead of lowering rents, it is better to take good care of the existing customers and make them ambassadors – they will then recommend others to move to area. You will find that ROI calculation easy to make. For commercial Real Estate property adjustments are obviously very cost-intensive and (in most cases) it is more profitable to ensure that you have satisfied tenants who stay.



6

Brand development

Regardless of industry, the benefits of having a strong brand are numerous and customer satisfaction is a prerequisite for success. That is, you can get a famous and known brand without having satisfied customers. That will be achieved by pouring enough money into it.

However, to get a strong brand you need to build true value, be known for the right reasons and stand on a solid base of customer satisfaction. The inside (people, service, culture, beliefs, attitudes) must represent the outside (advertising, marketing efforts, design). If successful, a strong brand will obviously help in many ways. Recruiting, negotiations, market allocations, PR/ media situations are just some of these.

7

M&A processes

Less commonly addressed is the value of customer satisfaction in M&A (mergers & acquisitions) situations. There has been a growing demand from different stakeholders in these processes to see the customer satisfaction level or that a customer satisfaction system is in place.

There are several examples where municipal housing companies selling off properties (to private companies) include requirements surrounding customer satisfaction from the potential buyer. Related to the topic, banks increasingly demand to see proof of ESG and sustainability initiatives in relation to giving out 'green loans', where tenant interaction and involvement are included.

8

Added value – tenant upsell

A growing number of Real Estate and Housing companies have started to offer additional services to tenants through third party collaborations. Examples include delivery companies, insurances, cleaning, groceries etc. These added services are frequently offered via 'Tenant/Housing apps' through collaborations with service providers outside the Real Estate and Housing industry. This provides the Housing company with potential new revenue streams besides rent.

Customer satisfaction naturally plays a major role in the success of such added services. The basics need to be in place before you can upsell and expand offers. The tenant dialogue and feedback will also provide you with the important information as to which services your customer base is interested in.

