

Customer Engagement and Experience

FY18

Why this is important to Stockland

Understanding and responding to our customers' changing needs and improving the customer experience is critical to the sustainability of our business and the ongoing relevance and reputation of our brand, products and services.

Our commitment to customer engagement is consistent across our diverse customer base, which includes:

- the people who live in our residential communities
- the people who live in our retirement living communities
- the people who may potentially live in our residential and retirement living communities
- shoppers and retailers in our retail town centres
- office, logistics and business park tenants across our commercial assets.

This Deep Dive document is a component of our FY18 sustainability reporting suite, which is publicly available on our [website](#). Our sustainability reporting is third-party assured and drafted in accordance with the GRI Standards.¹

This Deep Dive is to be read in conjunction with our published approach to customer engagement and experience, available as part of our sustainability reporting suite at [Our Management Approach to Customer Engagement and Experience](#). Please note that investor and broader community engagement activities are detailed in our [Stakeholder Engagement Deep Dive](#).



Our key achievements

- Achieved tenant satisfaction of 90 per cent (target 80 per cent) for our Logistics and Business Parks tenants.
- Surveyed tenant satisfaction in our Workplace portfolio for the first time, receiving a score of 82 per cent satisfaction.
- Achieved resident satisfaction of 93 per cent (target 90 per cent) across our residential communities.
- Achieved residential communities prospective resident satisfaction of 82 per cent (target 75 per cent).
- Enhanced our national Liveability Index survey in response to customer feedback and met our Liveability targets.
- Rolled out our shopper satisfaction program across 34 of our retail town centres.
- Introduced customer immersion workshops earlier into our Residential and Retirement Living development process, enabling customer considerations to inform early design of our projects.

¹ The GRI Standards are global standards for sustainability reporting published by the Global Reporting Initiative (<https://www.globalreporting.org/standards/>)

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FY18 priorities and progress

FY18 PRIORITIES	STATUS	FY18 PROGRESS
Achieve retailer satisfaction score of 77 per cent.	Not achieved	Our retailer satisfaction was 72 per cent this year. In light of difficult retail trading conditions, overall retailer satisfaction with the whole industry is lower this year which has contributed to our result.
Achieve tenant satisfaction amongst Logistics tenants of 80 per cent.	Achieved	Our Logistics tenant satisfaction was 90 per cent.
Extend tenant satisfaction surveys to our Workplace tenants.	Achieved	We extended our tenant satisfaction surveys to our Workplace portfolio, and received a satisfaction rate of 82 per cent.
Achieve prospective resident satisfaction of 75 per cent nationally amongst Lead and Opportunity customers.	Achieved	Our satisfaction rate amongst Lead and Opportunity customers was 82 per cent.
Achieve resident satisfaction across our residential communities of 90 per cent as measured by our annual Liveability survey.	Achieved	Our resident satisfaction rate was 93 per cent across our active residential communities.
Achieve a resident Personal Wellbeing Index score above the Australian national average as measured by Deakin University.	Achieved	Our Personal Wellbeing Index score was 77 per cent which is above the Australian National average of 74.2 - 76.8 per cent as measured by Deakin University.
Achieve an average happiness score amongst our retirement living residents of 8.25 (out of 10).	In progress	We did not survey retirement living residents in FY18 because of changes to the timing of our research program from autumn to spring of each year (as foreshadowed in our FY17 sustainability reporting). Resident satisfaction as of March 2017 was 8.44, and we anticipate surveying again in September 2018 according to the new research timing.
Achieve overall satisfaction of 75 per cent amongst our prospective retirement living customers (Leads and Reservations).	Not achieved	Overall satisfaction amongst our prospective retirement living customers was 73 per cent.

Future priorities

- Achieve retailer satisfaction of 75 per cent in FY19 (based on a new calculation metric described later in this report).
- Achieve shopper satisfaction of 80 per cent in FY19.
- Achieve tenant satisfaction amongst Logistics, Business Parks and Workplace tenants of 80 per cent in FY19.
- Achieve prospective resident satisfaction of 80 per cent nationally amongst Lead and Opportunity customers in FY19.
- Achieve a Liveability score of 80 per cent across our residential communities by FY19.
- Maintain a resident Personal Wellbeing Index score above the Australian National average in FY22.
- Achieve an average happiness score amongst our retirement living residents of 8.25 (out of 10) in FY19.
- Achieve overall satisfaction of 75 per cent amongst our prospective retirement living customers (Leads and Reservations).



FY18 performance and case studies

Commercial Property

Retail tenant satisfaction

Our FY18 retail tenant satisfaction score was 72 per cent, 5 percentage points below our 77 per cent target (described in the table below). The weighted customer satisfaction score, developed by Stockland using data sourced from two different surveys conducted by Monash University, measures performance against five key metrics:

- proportion of highly satisfied customers
- proportion of dissatisfied customers
- satisfaction ranking relative to competitors
- proportion of retailers likely to renew with us
- our ranking on intention to renew relative to our peers (newly introduced metric).

Our retail tenant satisfaction performance over the years is provided in the table below. Our FY18 result was impacted by a number of factors including lower retailer satisfaction with the industry overall (most likely as a consequence of difficult retail conditions) as well as a decline in some of the underlying metrics. In particular, the results show greater dissatisfaction amongst our independent retailers and centre-based retailers responsible for leasing. We are using these results to inform our future priority to improve retailer satisfaction through trade marketing and relationship building initiatives.

RETAIL TENANT CUSTOMER SATISFACTION

	FY18	FY17	FY16	FY15	FY14
Weighted customer satisfaction score ²	72%	75%	76%	79%	80%
Relative customer position amongst Head Office based retailers (Monash University's TenSAT survey)	2nd	2nd	1st	1st	1st

It is worth noting that we still lead the industry on satisfaction amongst all retailers (as opposed to subgroups of retailers such as only those responsible for leasing).

Our existing methodology to calculate retailer satisfaction is based in part on how we rank relative to our peers on both satisfaction and intention to renew leases. Over the last couple of years, we have increasingly found that there is little difference between landlords and as such, we have decided to simplify the calculation and base retailer satisfaction on our performance relative to the industry average rather than based on a ranking. The new methodology will consist of two metrics:

- satisfaction metric: our performance compared with the industry average amongst all retailers and all retailers responsible for leasing
- intention to continue relationship metric: our performance compared with the industry average amongst all retailers and all retailers responsible for leasing

Our retail tenant satisfaction target for FY19 using the new approach will be 75 per cent. Historical performance on this metric is provided in the table below.

PERFORMANCE ON NEW RETAILER SATISFACTION TARGET

	FY18	FY17	FY16
Weighted customer satisfaction score (revised)	72.5%	75%	77.5%

Shopper satisfaction research

We have been measuring shopper satisfaction across our largest ten retail town centres since mid-2016. From January 2018, we expanded the research to cover 34 of our centres. This research collects shopper assessments each quarter on a range of different metrics including satisfaction and centre performance. The research is conducted by Monash University and results are benchmarked against an industry average.

² Weighted based on performance against five key metrics: the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors, incidence of intending to renew and intention to renew relative to our peers. Sample is all those retailers responsible for leasing.



Across the centres covered by our research, we achieved a shopper satisfaction target of 76 per cent in FY18 and have set a target to achieve 80 per cent in FY19.

SHOPPER SATISFACTION METRICS

	FY18
Shopper satisfaction across the Stockland portfolio ³	76%
Weighted Industry Average (reflective of Stockland's main centre type) as measured by Monash	77%

Workplace and Logistics tenant satisfaction

In FY18, 90 per cent of our Logistics tenants rated their satisfaction with Stockland as high compared to a target of 80 per cent. This year we also surveyed our Workplace tenants, where 82 per cent of tenants were highly satisfied. The FY19 target will remain at 80 per cent and will apply to Workplace and Logistics tenants altogether.

WORKPLACE AND LOGISTICS TENANT SATISFACTION

	FY18	FY17	FY16
Logistics tenant satisfaction	90%	89%	87%
Workplace tenant satisfaction	82%	NA	NA
Combined Workplace and Logistics tenant satisfaction	89%	NA	NA

Communities

Residential

We completed our annual proprietary Liveability Index survey and in FY18 we received almost 2,500 survey responses from residents across over 40 residential communities.⁴ This research tells us how satisfied our residents are once they have moved into our residential communities, what we are doing well, and learnings that we can take forward for future developments. Insights from this research are used to inform strategic planning of each community and our national community design guidelines. For further information on how we use this insight to inform community development, please refer to the [Community Deep Dive](#).

Our liveability research has been an important focus of our customer engagement activities since its inception. Our Liveability Index survey began in 2011 as a paper and pen survey containing 30 metrics and using an 11-point scale, and from FY13 we allowed for the survey to be completed online. While the metrics and scale allowed for a high degree of accuracy in measuring satisfaction, it was not optimised for completion on mobile devices. In FY18, with over half of residents now completing the survey on a mobile device, we took the opportunity to review the survey and make it more user-friendly. We introduced a five-point scale and restructured the survey into a core survey that could be completed in 10 minutes plus an optional additional section that asks for deeper insights.

As a result of the changes we made to the survey in FY18, it is not feasible to directly compare our FY18 Liveability Index score with historical data. In anticipation of this issue, we used resident satisfaction as our target for FY18, given the strong correlation between the Liveability Index score and resident satisfaction. The below table provides historical Liveability Index and resident satisfaction scores for comparison purposes.

³ Based on percentage rating satisfaction as 6-10 out of 10.

⁴ We targeted and received sufficient responses from 23 communities to look at these results in depth.



CASE STUDY

Early amenity delivers liveability at Aura

Moving into a brand new community is an exciting time for our residents, many of whom have just purchased their first home. This experience is enhanced even further when we are able to bring forward the delivery of key community infrastructure for the benefit of the community's initial residents.

Our \$5 billion Aura (Qld) residential community on the Sunshine Coast is the largest project ever undertaken by Stockland and will continue to develop for at least the next 25 years. We have made a concerted effort to provide open space, community facilities, and other programs early in the development lifecycle, so that residents that move in during the first stages do not have to wait for years to enjoy everything that this 6 Star Green Star community has to offer.

Aura residents were included in our annual Liveability Index survey for the first time in 2018. Aura's Liveability Index score was 78 per cent, a strong result for a new community. Aura residents' average wellbeing score is at 81 per cent, above the national average of 74-76 per cent (according to the Personal Wellbeing Index measured by Deakin University). Residents also feel that their standard of living has improved since moving to Aura (85 per cent).

Satisfaction with public spaces and amenity is at 86 per cent, which is one of the highest results across our portfolio. Residents said that they enjoyed "the cleanliness of park facilities and family friendly orientation", they remarked how "the public landscaping and design makes Aura feel well-built and well thought-out", and they were "proud" to tell people they lived at Aura.

In fact, 60 per cent of Aura residents say they have recommended the community to others, which is substantially higher than the average across all communities. These results are a testament to the strong efforts by our Communities business to deliver early amenity at Aura and actively address any issues as they arise.

As Australia's largest residential developer, we understand both the excitement and the challenges that come with living in a new community. Through the insights gained from our Liveability Index, we remain committed to investing in what matters most to our residents as we develop our new communities.



Early delivery of community amenity has helped Aura achieve a strong liveability score for a new community.

LIVEABILITY AND RESIDENT SATISFACTION

	FY18	FY17	FY16	FY15
Average Liveability Index ⁵ score across our communities	78% (using new methodology – not comparable to previous years)	83%	84%	84%
Average resident satisfaction across our communities ³	93%	93%	93%	93%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	77%	79%	80%	80%

In FY18, we scored 78 per cent on our new Liveability Index modelling which is calculated using regression modelling.

We also introduced a new question this year which asks residents if the community has met or exceeded their expectations, and 88 per cent of residents responded positively on this metric. The proportion of residents agreeing they are likely to recommend Stockland has also increased, which is an important metric because referrals are a key source of new business.

⁵ Liveability score is a single number that measures resident satisfaction on a range of attributes calculated using regression analysis.



We have now reset Liveability Index targets to be achieved by the end of FY19.

LIVEABILITY NEW TARGETS

	FY19 TARGET
Average Liveability Index score across our communities	80%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	Above Australian average (average at August 2017 is 74.2 – 76.8 per cent)

CASE STUDY

Enhancing our customer centricity

We are committed to enhancing customer centricity and considering our customers' needs at all stages of their engagement with us. Three engagement methods that underpin our customer focus include:

- development of our own research community, Stockland Exchange
- incorporating customer immersion workshops early in our development process
- launch of Stockland Listens customer immersion program.

We set up Stockland Exchange almost five years ago and today we have over 5,500 members who are residents, prospective residents and shoppers. We use this community to reach out to customers and get their feedback on a range of different issues. This provides us with a quick and cost-effective means of engaging with our customers and acting on their feedback.

Some examples of how we have used the Stockland Exchange include:

- testing new ideas and initiatives
- voting on community names
- feedback on future parks
- input into future town centres
- positioning of and communication about our communities.

We are increasing our use of customer immersion workshops in our development planning. The workshops involve engaging prospective customers for feedback on our initial design plans, floor plans and marketing which inform early planning and development of our new communities. Different functions across our business interact directly with customers and share insights with the whole project team. In this way, we are better able to identify potential issues early on and put the customer at the heart of our project team's decision-making, ultimately leading to a better outcome.

Stockland Listens was launched this year to make it easy for staff within our Residential business to connect with, listen to, and learn from our customers. Customers attend staff meetings in each state and share their home buying stories. Listening to their feedback generates ideas from staff on improving the customer experience, which are collected and prioritised by team leaders for implementation. Staff also listen in with our contact centre to hear phone calls and discuss improvement opportunities with front line staff. We are already actioning two major initiatives as a result of Stockland Listens, and have a pipeline of ideas under consideration by our Customer Experience team.

Over 250 of our people have engaged with Stockland Listens to date, and the program will be extended to all business units in FY19 and become part of our normal operating rhythm.



Enhancing customer experience at Newport (Qld) using virtual reality.



Satisfaction with the residential purchasing experience

We introduced a new metric to measure prospective resident satisfaction FY18, consisting of three components that drive customer engagement and conversion:

- satisfaction with overall experience of dealing with Stockland
- likelihood of recommending Stockland if asked and
- sentiment on the effort required in engaging with Stockland through the process.

Our FY18 prospective resident satisfaction score was 82 per cent, which is a significant improvement on our FY17 performance against the metric and exceeds our FY18 target of 75 per cent. Our performance can in part be explained by the fact that we were able to better meet demand which had been a major cause of frustration for customers in previous years, particularly in New South Wales and Victoria. We also introduced initiatives, such as Stockland Listens, to raise the importance of focusing on the customer and addressing customer concerns.

Other customer-focused enhancements include:

- establishing national guidelines for setting accurate settlement timing expectations (in response to frustrations regarding settlement delays)
- key performance indicators for our development teams to deliver projects on time
- increased frequency and personalisation of our customer communications.

PROSPECTIVE RESIDENT SATISFACTION – RESIDENTIAL

	FY18	FY17
Weighted customer satisfaction score ⁶	82%	76%

CASE STUDY

Enhancing referrals through community development activities

Investment in community development is a cornerstone of how we focus on liveability in our residential communities across Australia. At our Elara (NSW) residential community, for example, residents have enjoyed programs from Jamie's Ministry of Food and Live Life Get Active, as well as Walk Your Lot events where purchasers can connect with neighbours prior to completion of their homes.

Community development initiatives at Elara have focused on building community connection through diversity and inclusion. Residents can mingle at night markets and seasonal events such as Diwali and Australia Day movie nights. At the Elara community garden, residents can come together for gardening workshops specialising in small-space planting and run in conjunction with a 'paddock to plate' food supplier.

Over the past year, as community development at Elara continues to strengthen, our marketing and sales teams have noticed that inquiries at Elara based on referrals from existing residents have increased. In fact, referrals leading directly to sales were the largest proportion of sales at Elara from January through June 2018, accounting for over 38 per cent of all sales (as opposed to sales where inquiry originated through our website or radio/television advertising, for example).

Buying a home is one of the most important decisions that most people make in their lifetimes, and so it is unsurprising that recommendations from friends and family play a strong role in these decisions. At Elara, we have noticed that its increase in referrals has coincided with targeted investment in community development. While there are many reasons why a resident may refer friends and family to live in one of our residential communities, it is encouraging from a shared value perspective to observe that our commitment to shape thriving communities may also benefit the business through increased and more streamlined sales.

Enjoying the community garden at Elara (NSW).

⁶ Calculated based on total volume of surveys (historically 70% being from Leads and 30% from Deposits).



Retirement Living

As indicated in our FY17 Customer Engagement and Experience Deep Dive, we have changed the timing of our Residents Voice survey to better align with business planning. Survey results will be available in October 2018 and the target remains unchanged at 8.25/10 mean resident satisfaction. In FY18 we participated in an industry-wide survey of Australia’s retirement communities conducted by McCrindle Baynes.

We have been measuring prospective resident satisfaction amongst our retirement living customers since FY15. We survey Lead and Reservation customers on their experience and satisfaction with Stockland and in FY18 the prospective resident satisfaction was 73 per cent (target is 75 per cent).

PROSPECTIVE RESIDENT SATISFACTION – RETIREMENT LIVING

	FY18	FY17	FY16	FY15
Prospective resident satisfaction (Leads & Reservations)	73%	79%	68%	71%

Stockland Exchange

Stockland Exchange is our own research community made up of shoppers, residents and prospective residents across both our residential and retirement living communities. The research community has over 5,500 members aged from 18 to over 90. In FY18, members have collectively engaged in almost 50 research projects and provided over 17,000 survey responses on a range of initiatives. In the last year we have welcomed just under 1,000 new members and used community feedback to help:

- inform our innovation projects and assumptions
- evaluate communication concepts
- identify gaps and opportunities to better meet shopper needs
- inform our food catering strategy across a number of centres
- understand play area needs and evaluate play area designs.

Having our own research community enables us to gather insight from our customers quickly and cost effectively. Since 2014, we estimate that we have received over \$2 million in value from our research community. Stockland Exchange makes it easier and quicker for us to engage with our customers; listen to their feedback and ultimately help build communities that better meet the needs of our customers.



To access the complete list of documents in Stockland’s Sustainability Deep Dive Series, [click here](#).