

Customer Engagement and Experience

FY19

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
- Workplace, Logistics and Business Park tenants across our commercial assets.

This Deep Dive document is a component of our FY19 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

- Exceeded residential communities prospective resident satisfaction of 88 per cent (target 80 per cent).
- Achieved the highest level of retirement living resident happiness since 2009 surpassing our target of 8.25 out of 10 to reach 8.56 (mean resident satisfaction).
- Exceeded retailer satisfaction of 82.5 per cent (target 75 per cent).
- Achieved our shopper satisfaction target of 80 per cent.
- Achieved Logistics & Workplace tenant satisfaction of 84 per cent (target 80 per cent).
- Successful roll out of Stockland Listens to retail business and integration of key insights into retailer engagement strategy.
- Launch of our Customer Promise and digital progress tracker for our residential customers.
- Increasing our Stockland Exchange research community membership to 6000 members whilst increasing member engagement (78 per cent of members satisfied with the community).

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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FY19 priorities and progress

FY19 PRIORITIES	STATUS	FY19 PROGRESS
Achieve retailer satisfaction of 75 per cent in FY19.	Achieved	Retailer satisfaction score of 82.5 per cent which is 10 percentage points above the year prior.
Achieve shopper satisfaction of 80 per cent in FY19.	Achieved	Shopper satisfaction of 80 per cent.
Achieve tenant satisfaction amongst Logistics, Business Parks and Workplace tenants of 80 per cent in FY19.	Achieved	Workplace & Logistics tenant satisfaction score of 84 per cent.
Achieve prospective resident satisfaction of 80 per cent nationally amongst Lead and Opportunity customers in FY19.	Achieved	Prospective resident satisfaction of 88 per cent.
Achieve a Liveability score of 80 per cent across our residential communities by FY19.	Not Achieved	Our Liveability score in FY19 was 74 per cent. The lower result was in part due to the removal of a number of high performing communities this year.
Maintain a resident Personal Wellbeing Index score above the Australian National average in FY22.	In Progress	In FY19, our PWI score was 76.3 per cent which is at the higher end of the Australian average of 74.2-76.7 per cent.
Achieve an average happiness score amongst our retirement living residents of 8.25 (out of 10).	Achieved	Resident Satisfaction mean score of 8.56 Nationally. With 91 per cent (circa) of residents rating their overall happiness between 7 and 10.
Achieve overall satisfaction of 75 per cent amongst our prospective retirement living customers (Leads and Reservations).	Not Achieved	Prospective retirement living resident satisfaction of 72 per cent.

Future priorities

- Achieve retailer satisfaction of 77 per cent in FY20.
- Achieve shopper satisfaction of 80 per cent in FY20.
- Achieve tenant satisfaction amongst Workplace & Logistics tenants of 80 per cent in FY20.
- Achieve prospective resident satisfaction of 85 per cent nationally amongst Lead and Opportunity customers in FY20.
- Achieve a Liveability score of 75 per cent across our residential communities by FY20.
- 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 FY20.
- Achieve overall satisfaction of 75 per cent amongst our prospective retirement living customers (Leads and Reservations) in FY20.

FY19 performance and case studies

Commercial Property

Retail tenant satisfaction

Our FY19 retail tenant satisfaction score was 82.5 per cent, 7.5 percentage points above our 75 per cent target and 10 percentage points above our FY18 score. As reported in last year's report, we introduced an amended weighted metric, developed by Stockland, using data sourced from two different surveys conducted by Monash University. The new methodology is simpler and takes into account that differences between individual landlords are generally not statistically significant. The new methodology consists of two metrics:

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

Our FY19 performance increase was led by improved scores amongst retailers responsible for leasing, particularly centre-based retailers. Over the last year, a number of initiatives have been introduced which have likely contributed to the improved scores:

- Workshops with Leasing executives to remind and educate on the optimal leasing experience for smaller retailers which followed qualitative research being undertaken with dissatisfied smaller retailers to better understand their needs
- Stockland Listens programme extended to retailers (see case study)
- Retailer strategy paper developed to respond to key retailer concerns and ensure minimum standards are met

Given ongoing difficult retail trade conditions, it is perhaps not surprising that satisfaction with landlords generally declined in FY19. Against this backdrop, Stockland ranked first for satisfaction amongst Head Office based retailers and was the only landlord to see an increase in satisfaction amongst retailers responsible for leasing. This is something we are proud of particularly because there is a strong correlation between retailer satisfaction and intention to renew.

PERFORMANCE ON NEW RETAILER SATISFACTION TARGET

	FY19	FY18	FY17	FY16
Weighted customer satisfaction score (revised)	82.5%	72.5%	75%	77.5%

Our retail tenant satisfaction target for FY20 has been increased to 77 per cent to ensure continual focus on retailers.

Shopper satisfaction research

We have been measuring shopper satisfaction across our largest 10 retail town centres since mid-2016. From January 2018, we expanded the research which now covers 31 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.

Across the centres covered by our research, we achieved a shopper satisfaction target of 80 per cent in FY19 and have set a target to maintain a score of 80 per cent in FY20.

SHOPPER SATISFACTION METRICS

	FY19	FY18
Shopper satisfaction across the Stockland portfolio ²	80%	76%
Weighted Industry Average (reflective of Stockland's main centre type) as measured by Monash	82%	77%

² Based on percentage rating satisfaction as 6-10 out of 10.



Workplace and Logistics tenant satisfaction

In FY19, 84 per cent of our Workplace and Logistics tenants rated their satisfaction with Stockland as high compared to a target of 80 per cent. The FY20 target will remain at 80 per cent reflecting the volatility in the results given the relatively small sample base (n=99 responses in FY19).

WORKPLACE AND LOGISTICS TENANT SATISFACTION

	FY19	FY18	FY17	FY16
Logistics tenant satisfaction	85%	89%	89%	87%
Workplace tenant satisfaction	84%	88%	NA	NA
Combined Workplace and Logistics tenant satisfaction	84%	89%	NA	NA

CASE STUDIES

Aligning Behind Our Customer Crusader Promise

At Stockland, we have determined priority roles that our employees have in making a contribution to our company, communities, and country. Our 'Customer Crusader' is one of the key priority roles, focusing on customer-centricity to put our customers at the heart of everything we do.

In October 2018, we launched our new Customer Promise, which provides clarity on what it means to be a "Customer Crusader". It encourages everyone to consider our commitment to customers when making everyday decisions. We know that to deliver exceptional customer experiences, we must go above and beyond to improve and focus on our customer needs at every step.

As this is a promise Stockland makes to all its customers, across all of our diversified business lines, a host of examples of excellent delivery of the Promise have been shared (and will continue to be shared) to celebrate our success stories. Here are just three (of many) highlights:

Great

Every day we strive to create a positive impact on our customers experiences and lives. Whenever we can do this whilst also combining multiple facets of our strategy - including sustainability, enhancing our customer experience, and delivering on our purpose of a better way to live - that's 'great'. In this case happy Residents at Stockland North Lakes enjoy using reusable coffee cups.

Easier

We want things to be simple and convenient for our customers, to make doing business with Stockland seamless. Appreciating that customers enjoy visiting the residential site, we hold community events like "Walk Your Lot" where customers can meet their neighbours, ask questions and add to their excitement, making what can be a complicated process that much easier.

Better

Our roving concierge at Stockland Hervey Bay actively helps shoppers – whether it's assistance with finding a store, helping them carry groceries to the car, sitting down for a chat to build strong community relationships or shouting a coffee. This is an example of looking at a traditional way of doing things, and doing it better.

For our customers we will make it...

- great**: Create thriving communities and spaces that customers can proudly call 'their place'.
- easier**: Deliver a personal and enjoyable experience that customers find convenient.
- better**: Listen, empathise and then strive to innovate to create an experience that always gets better.

Stockland | Our Customer Crusader Promise



Communities

Residential

In FY19 we received almost 2000 responses across 29 residential communities to our annual proprietary Liveability Index survey³ 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 in 2011. In FY18, with over half of residents 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 meaning that our Liveability Index results prior to FY18 are not directly comparable to results from FY18 onward although adjustments can be made on the basis that on average, results using the new methodology are 6 percentage points lower than on the old scale. Other metrics such as average resident satisfaction and Personal Wellbeing Index scores have not changed and are directly comparable.

The below table provides historical Liveability Index adjusted scores and resident satisfaction scores for comparison purposes.

LIVEABILITY AND RESIDENT SATISFACTION

	FY19	FY18	FY17	FY16
Average Liveability Index ⁴ score across our communities (results prior to FY18 have been adjusted to provide comparability)	74%	78%	78% ⁵	84% ⁵
Average resident satisfaction across our communities ³	93%	93%	93%	93%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	76%	77%	79%	80%
Proportion of residents agreeing that community has met or exceeded their expectations	87%	88%	NA	NA
Proportion of residents who claim to have recommended the community to others	47%	43%	NA	NA

In FY19, we scored 74 per cent on our new Liveability Index modelling which is calculated using regression modelling. This is slightly lower than in FY18 largely due to the removal of a number of high performing communities (our Liveability Index score is calculated with a 99% weighting towards actively selling communities and there is a strong correlation between more established communities and their respective Liveability scores). Our satisfaction scores remain high and the proportion of residents who claim to have recommended the community to others has increased this year, which is an important metric because referrals are a key source of new business.

In FY20, our Liveability target is 75% which recognises the change in methodology and likely make-up of active communities with the removal of more completed communities and addition of some new communities. In FY20 we also intend to survey completed residential communities to ascertain whether communities continue to maintain a high Liveability score once Stockland is no longer managing the community development.

Satisfaction with the residential purchasing experience

We introduced a new metric to measure prospective resident satisfaction in 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.

In FY19 our prospective resident satisfaction score was 88 per cent. which is a significant improvement on our FY18 performance and exceeds our FY19 target of 80 per cent. Our performance can be explained by greater satisfaction amongst our Lead customers which is largely driven by significant changes in lead management process and increased capability of our

³ We targeted and received sufficient responses from 19 communities to look at these results in depth.

⁴ Liveability score is a single number that measures resident satisfaction on a range of attributes calculated using regression analysis.

⁵ Results prior to FY18 have been adjusted to take into account the change in scale and provide comparability guidance

sales team. Additionally, current market dynamics have had a favourable impact on satisfaction as Sales Professionals are able to dedicate more time to nurture Leads.

Another contributing factor to the high satisfaction score are key customer initiatives, such as Stockland Listens, to raise the importance of focusing on the customer and addressing customer concerns.

Going forward we need to strike the right balance between growing our Lead pool and ensuring sales professionals have sufficient time and resources available to nurture Leads. For this reason, our FY20 target is 85 per cent.

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

	FY19	FY18	FY17
Weighted customer satisfaction score ⁵	88%	82%	76%

Retirement Living

Our retirement living satisfaction or ‘happiness’ target of 8.25/10 is measured via the Residents Voice program, which is equivalent to the Residential Liveability research and measures many of the same aspects of resident satisfaction. In FY19:

- 11,636 Residents invited to take part in a survey to measure satisfaction with various facets of village life
- A total of 6,643 residents participated in the survey which is 57 per cent of all residents

The KPI, measured by asking how happy our residents are with the village where they live, was met in FY19. Please note that due to changes in timing of the survey, no data was collected in FY18.

RETIREMENT LIVING RESIDENTS VOICE SATISFACTION

	FY19	FY17	FY16	FY15	FY14	FY13
Average overall happiness with their village (out of 10)	8.56	8.44	8.48	8.48	8.49	8.51
Proportion of residents rating satisfaction as seven or more	91%	90%	90%	90%	90%	90%
Number of residents completing the survey	6,643	6,813	6,614	5,897	6,668	6,143
Response rate (% of residents responding)	57%	58%	57%	59%	68%	66%

At 8.56, this is the highest level of resident satisfaction achieved since 2009. Additional metrics that provide insights about the experiences of our Retirement Living residents in FY19 included:

- 93 per cent of residents are satisfied with their homes;
- 90 per cent of residents are extremely happy with their social life at the village;
- Home and social life in the village remain the biggest drivers of overall satisfaction amongst residents; and
- 81 per cent of residents would recommend their village to friends and family and 46% have done so in the last year.

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 FY19 the prospective resident satisfaction was 72 per cent (target is 75 per cent).

⁵ Calculated based on total volume of surveys (historically 70% being from Leads and 30% from Deposits).



Various factors have likely contributed to this score:

1. Evidence of growing expectations from our Retirement Living customer. This coupled with negative sentiment within the industry is potentially impacting Leads, causing them to rethink their options and holding Stockland to a higher standard than previous
2. Additionally we recognise the Sales team capability in light of new internal systems is likely playing a role - more time is required for sales teams to adopt new process and implement strategies

PROSPECTIVE RESIDENT SATISFACTION – RETIREMENT LIVING

	FY19	FY18	FY17	FY16	FY15
Prospective resident satisfaction (Leads & Reservations)	72%	73%	79%	68%	71%

CASE STUDY

This land is your land

Stockland Communities set ourselves a challenge of devising a high tech ‘always on’ solution to provide its residential land buying customers with the first national-scale digital progress tracker. The ‘Land Track’ (LT) project would require wholesale changes in management practice, company-wide collaboration and cutting-edge technological integration. Critically, it involved adopting genuinely customer-led thinking.

Previously, customer insights were often held by functional-team groups. Decision-making was curtailed, with a visibility deficit that left Stockland’s vast company-wide knowledge untapped. Expertise from seniors and fresh eyes was diffused, and team and state KPIs promoted a culture that prioritised organisational goals. Additionally, when it came to residential land development data, this was stored in a diverse range of systems. Data collection methods and systems also reflected a state-based focus and hugely variant sources (such as inspectors and trades).

It was evident LT would require a sustained national approach, involving fresh management practices and a wholesale rethink of resourcing and technology integration across platforms, systems and processes. It also called for a focus on design thinking, so we developed a system more oriented around customer needs. It was a huge undertaking, involving two years, four states, 250 expert employees and 10 cross-divisional teams. Building a tracker on firm technological foundations required:

- Nationally uniform and accurate data capture outputted via Salesforce
- Integration of Salesforce Marketing Cloud (emails, SMS’s) and Sitecore (website) to deliver uniform, scalable data and information to customers
- Seamless integration of processes and systems

The scale of management practice change was also significant. With senior management support, company-wide expertise was harnessed from 250 employees and 60 experts. 10 teams were represented: Customer Experience, Customer Relations, Marketing, Development, Project Management, Sales, Conveyancing, IT, Legal and Risk.

From these innovations and cross-business collaboration came an industry-leading solution: the 2019 launch of the first national-scale land tracker, ‘Stockland Communities’ - Land Track’, for customers buying land. Now, our customers have continuous access to accurate and detailed progress status reports for their land. Integrating Salesforce data into the tracker and automatically outputting it to email templates or the residential website has delivered an industry-leading experience for customers buying land from Stockland.

The initial market response has more than justified Stockland’s investment in innovation to create this breakthrough. We will continue to innovate with our customers in mind, utilising customer insights to understand problems, set customer-led KPIs, and develop solutions to deliver better experiences to our customers.



Happy customers in Cloverton (Vic).



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 6,000 members aged from 18 to over 90. In FY19, the platform and/or members have collectively engaged in almost 40 research projects and provided over 9,000 survey responses on a range of initiatives. In the last year we have welcomed over 500 new members and used community feedback to help:

- inform our retail Placemaking strategy
- Inform the development of a number of our residential communities & the community events that we offer
- evaluate communication concepts
- identify gaps and opportunities to better meet shopper needs
- inform our food catering strategy across a number of centres

Having our own research community enables us to gather insight from our customers quickly and cost effectively. 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. A number of key milestones were achieved in FY19 including:

- welcoming our 6000th member
- celebrating the 5th anniversary of our community which we acknowledged by holding an event at Stockland Head Office attended by over 40 members and key Stockland stakeholders to showcase the contribution that the community has in driving customer centricity
- 78 per cent of members satisfied with the community (up 4 per cent from FY18)
- incorporating discussion forums into our Placemaking strategic planning using insights from our community to better understand our shoppers and opportunities to better meet their needs

CASE STUDY

Customer-centricity starts with listening

In many large organisations, the majority of employees, particularly in the back-office, have little to no regular contact with customers. As part of our strategy to enhance our customer-centricity, and to tap into the creative brains of all our employees, we launched “Stockland Listens”, a customer immersion program meant to drive both empathy and innovation.

Giving customers a voice

Throughout the year in each state we invite customers, including tenants, from across every area of our business to a ‘Meet & Greet’ with employees so they can share their experiences first-hand. Employees rave about the sessions and use their creativity based on what they heard to submit innovative ideas to differentiate Stockland.

Staff also “Listen In” our National Contact Centre to live calls to learn what customers are saying and collaborate on ideas for better experiences.

In addition, we celebrated the 5th anniversary of our Stockland Exchange online customer community by inviting these VIPs in our office to say thank you and hear their experiences, with many of our leadership team attending. Regardless of how they learn from customers, employees come away with great ideas and enthusiasm. All the ideas are calibrated with other insights (e.g. survey data, social media sentiment) and prioritised for implementation. In the last year we held 12 of these sessions, with well over 700 staff attending and submitting over 125 actionable ideas.

Outside the office, employees often come in contact with our customers, at social events and gatherings. They can take any feedback or ideas via a specially designed app, fed directly into Salesforce, and the team responsible will reach out to resolve as needed.

We launched a “Stockland Listens” pilot in our shopping centres to make it easy for customers to share feedback and ideas for making their experience better. This is promoted in centre, powered by an app that feeds directly into Salesforce so ideas can be categorised for action. The centre teams connect with the customer to discuss their idea and capture details

Taking action

Initiatives ranging from small (adding the ability for multiple customers in a household to receive email communications) to large (the importance of eliminating land settlement delays) have come from these sessions. A pipeline of ideas is discussed and prioritised with leadership, and annual objectives are in place to implement as many changes as possible.

As Stockland Listens becomes part of our operating rhythm, enhancing our customer-centric culture, starting with listening and understanding our customers, is a long-term initiative that we believe will prove to be a competitive differentiator.



Innovation

Innovation at Stockland is about creating value by changing what we do, or how we do it. Great innovation always starts with the customer. By understanding their pain points, how their needs are being met or not, and emerging trends, we can identify new opportunities to create great customer experiences and grow our business lines. Our commitment to innovation is demonstrated by LAB-52. Named after our founding year, Lab-52 is Stockland's internal innovation hub, a collection of tools and processes that enable us to identify, assess and ultimately deliver value for our customers and shareholders.

Some key achievements of LAB-52 in FY19 include:

- Innovation Portal - Launching our idea and outcome sharing platform, where employees can submit new ideas to explore, share learnings from their experiments to scale, and collaborate. This platform enables teams to identify opportunities for improvement and implement them throughout our business and assets. For example, the opportunity for a wayfinding application to improve accessibility at our Retail Town Centres was highlighted, leading to the pilot of BindiMaps at Stockland Wetherill Park (NSW).
- Chairman's Award for Innovation - The 'Excellence in Customer Experience Innovation' category received multiple entries in our refreshed Chairman's Award for Innovation during FY19. Judged by our Chairman and members of the Board, the aforementioned Land Tracker won the overall prize, celebrating customer-centric innovations.
- Stockland Accelerator - Powered by BlueChilli, the Stockland Accelerator is a program that identified, validates, and builds new PropTech business that can transform our industry and create better connected communities. Of over 240 applications, 10 start-ups were selected for the program, with concepts ranging from modular microgreens farms to a platform to streamline facilities requests. Many of our participating start-ups now have live pilots, improving the experience of various customers across the business.



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