

Customer Engagement and Experience

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

This Deep Dive document is a component of our FY20 sustainability reporting suite, which is publicly available on our [website](#). Our sustainability reporting is prepared in adherence to the International Integrated Reporting Framework principles of materiality, stakeholder responsiveness, reliability and completeness; in accordance with the GRI Standards¹(Comprehensive); and is **third party assured**.



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 Management Approach to Stakeholder Engagement**, **Our Management Approach to Community** and our **Community Deep Dive**.

Stockland's Sustainability Strategy



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

Our key achievements

- Delivered ~2% of FFO through 39 customer-orientated innovation initiatives across the business.
- Continued our focus on becoming a customer-centric organisation focused on maximising customer satisfaction across all business units, implementing strategy to exceed customer expectations and maximising commercial outcomes.
- Further unlocked the value of customer experience by better understanding the commercial value of innovative ideas to improve the customer experience.
- Mapped the end-to-end customer journey in our Communities business and overlaid years of survey results and behavioural insights.
- Developed C-Life segmentation, a bespoke segmentation tool allowing the business to better understand customer profiles, needs and values early in the development journey.
- Piloted three PropTech start-ups built during Stockland Accelerator at our residential and commercial assets.
- Invested in two promising PropTech start-ups: Yodel, a communication and workplace management platform; and Bricklet, a platform that makes property investment more accessible by breaking up a property into smaller units called 'bricklets' which can then be bought individually by investors.
- Exceeded performance targets in FY20 across the following customer groups:
 - Achieved an 80 per cent retail tenant satisfaction score
 - Achieved the highest level of Retirement Living resident satisfaction in the last five years with 92 per cent of residents rating their overall happiness between 7 and 10.

Retail tenant satisfaction

80%

Target 77%

Retirement Living satisfaction

92%

Residential communities resident satisfaction

91%

Retail shopper satisfaction

80%

Target 80%

FY20 targets and progress

Shape thriving communities

Focus Area	Target	FY20 progress	Status	Future priorities
Tenant satisfaction	Achieve retail tenant satisfaction of 77 per cent in FY20	80% retailer satisfaction score	Achieved	Achieve retailer satisfaction of 75 per cent in FY21
	Achieve tenant satisfaction amongst Logistics, Business Parks and Workplace tenants of 80 per cent in FY20	In light of COVID-19, we deferred our annual satisfaction survey typically launched in March of the financial year.	N/A	Achieve tenant satisfaction amongst Workplace and Logistics tenants of 80 per cent in FY21
Shopper satisfaction	Achieve retail shopper satisfaction of 80 per cent in FY20	80% shopper satisfaction score	Achieved	Maintain shopper satisfaction score of 80 per cent in FY21
Residential customer satisfaction	Achieve prospective resident satisfaction score (Lead and Opportunity) of 85 per cent in FY20	81% prospective Residential customer satisfaction score.	In progress	Achieve 80 per cent satisfaction score amongst lead and opportunity customers
Residential Liveability	Achieve resident Liveability Index score across our residential communities of 75 per cent in FY20	74% Liveability Index score, marginally below the target of 75 per cent.	In progress	Achieve a Liveability score of 75 per cent across our residential communities
Retirement Living customer satisfaction	Achieve prospective Retirement Living customer satisfaction score of 75 per cent in FY20 (Leads and Reservations)	78% prospective Retirement Living customer satisfaction	Achieved	Achieve 80% per cent satisfaction score amongst Lead and Reservation customers
Retirement Living resident satisfaction	Achieve resident happiness score across our Retirement Living communities of 8.25 (mean score) in FY20	Achieved a Resident satisfaction mean score of 8.57 nationally, with 92 per cent of residents rating their overall happiness between 7 and 10.	Achieved	Achieve an 85% happiness score amongst our retirement living residents
Innovation	Contribute over 1% of FFO due to new innovation	Achieved a ~2% contribution to FFO through 39 initiatives across the business, including C-Life segmentation tools and lead scoring and prediction models.	Achieved	

FY20 performance and case studies

During FY20 we continued our company-wide focus on providing and investing in great customer experiences. Our Customer Insights and Analytics team have developed value drivers behind each of our customer key performance indicators, enabling our customer facing teams to understand which specific components of the customer journey they can influence to generate the highest returns.

We will continue to develop our analytical approach to quantify how much customer satisfaction contributes to Stockland's financial performance, achieved through linking hard financial metrics and commercial value to customer feedback metrics. Our priority to date has been the Communities business, however in FY21 Commercial Property will also adopt this approach.

Lab-52, our internal innovation capability, helps select, support and nurture new initiatives across the business. During FY20, Lab-52 has supported new growth initiatives contributing approximately 2 per cent of FFO. We have accelerated innovation across the business leveraging technology and our digital and data capabilities, including implementation of CORE, our end-to-end enterprise platform, residential product digitisation and retail omni-channel capabilities.

Customer experience

Unlocking the value of the customer experience

As a customer-centric organisation, Stockland is focused on optimising customer experience and satisfaction. We spend much of our time understanding customer needs, behaviours and feedback and then generating innovative ways to improve the customer experience.

While our focus on improving the customer experience has generated a surge in new ideas, it is important for us to prioritise those ideas that can simultaneously exceed customer expectations and maximise commercial outcomes. To focus and prioritise our efforts we apply data science-based methodologies to evaluate the commercial upside of each idea, unlocking the true value of customer experience.

As an example, one of our FY20 initiatives mapped the end-to-end customer journey in our Communities business and overlaid this with years of survey results and behavioural insights. We used our key success metric – customer referrals – to determine the key drivers of an excellent experience. By correlating 'likelihood to recommend' to how we deliver to expectations we can improve the experience, generate more customer referrals and increase sales conversion.

In our residential land business, undertaking this process showed that by reducing customer pain points, setting and delivering to expectations (for example, on land registration timelines and amenity delivery) and eliminating delays, we could unlock upwards of \$12 million annually.

We are also leveraging our data-science capabilities to optimise our retail portfolio and the shopper experience.

Customer centricity made possible with C-Life

At Stockland our passion to simultaneously maximise customer satisfaction and commercial value has led to the development of our C-Life methodology during FY20. C-Life, a first in the property industry, will provide a unique advantage to Stockland by helping us overcome many of the common constraints in designing customer strategies including time, budget and access to the right data.¹ Using leading-edge data science methodologies, C-Life seeks to clarify answers to three questions required to develop a meaningful customer strategy or response.

Who are the most (or potentially the most) valuable customers?

We have developed market-leading dynamic customer segmentation models that help us to pinpoint customers most likely to purchase property, or engage in spending, and their preferences. This provides a whole new level of insight to the business, from determining which segments or shopping missions to target, to the ability to quantify the value of those segments and opportunities.

What do customers value the most in the current or potential value proposition?

Our 'Elements of Value' tool provides data and understanding of what drives relative value for customers. The tool captures rational factors such as accessibility and convenience, as well as emotional factors such as achievement and control. We can now apply this critical data when developing strategies to improve or enhance the overall value proposition.

What are the most important parts of the customer journey or experience?

The third aspect of our C-Life core infrastructure is the ability to map the journey from a customer's perspective and translate that experience at critical points into commercial value gained or lost, based on movements in the journey. This functionality links traditional journey mapping with advanced predictive value driver models that blend both survey and behavioural data.

We are currently embedding the C-Life methodology across the business. C-Life is a natural partner to our existing D-Life² framework and represents a significant lift in our capability to place customer insights and experience at the centre of our strategy.

¹ How do we manage and protect customer data? Stockland only shares appropriately collected encrypted customer data with our third-party information technology services agency, Greater Data, for the purposes of data analytics. Encrypted segment files are shared back with Stockland via secure file share and housed in a data lake to which only limited members of Stockland's Customer Insights team have access. We have a contract in place with Greater Data that adheres to privacy legislation. Importantly, no Personal Protected Information data is stored in the data lake.

² D-Life is Stockland's project development life cycle, which outlines the key steps, forms and approvals required for any asset. In FY20 the Customer Insights team has worked closely with business development, acquisition and development teams to ensure customer insights are represented and utilised early in the development process, ensuring our assets deliver to customer needs.

CASE STUDY OUR VIRTUAL CUSTOMER JOURNEY

The value of community living has never been more apparent. During the COVID-19 pandemic, people have reclaimed surrounding green space and are seeking more comfort and versatility at home.

To capture this demand we accelerated our digital capabilities to deliver safe, efficient and customised experiences for our customers available anytime.

During the year we launched our 360 degree virtual skytours experience for our top residential projects providing customers with an interactive view of our masterplanned communities. Our choose-your-own tours fly above our communities so customers can discover parks, schools, shopping and transport and explore the future plans for the community.

Customers can further immerse themselves in the experience by stepping into virtual display villages and video walk-throughs. The experience is then enhanced by providing detailed house and land pricing and builder availability at the click of a button.

To provide a safe buying experience we offer one-on-one, private sales experiences. Appointments can be made on the website, via our social media channels and enquiries receive quick responses with our Live Chat manned by sales professionals.

Our end-to-end virtual sales process also includes digital contract signing by appointment and the ability to proceed with a deposit. With a focus on continually improving our customers' experience, contracts have been simplified, project process tracking improved and we offer contactless pre-settlement inspections including personalised lot tours.

Explore our **Highlands masterplanned community** in Victoria.



Customer engagement

Stockland Exchange

Stockland Exchange is our own online research community made up of shoppers, residents and prospective residents across both our residential and retirement living communities. The research community has over 5,800 members aged from 18 to over 90.

In FY20 Stockland has undertaken circa 40 research projects via Stockland Exchange and gathered over 9,000 responses on a range of initiatives. During the year Stockland Exchange has also hosted eight different discussion forums and collected over 2,000 responses, allowing for rich, deep and meaningful insights at a fraction of the cost compared with outsourcing to an agency.

We have used community feedback to help us:

- inform Retirement Living value proposition and overarching strategy;
- evaluate communication concepts across business units;
- evaluate and identify optimal positioning and name for various residential assets;
- inform our retail place-making strategy;
- identify gaps and opportunities to better meet shopper needs; and
- inform our food catering strategy across a number of centres.

Another key achievement in FY20 was the launch of the Stockland Exchange Member Hub. The new Stockland Exchange Member Hub platform allows us to share key insights directly back to our members, in particular key findings from a number of our online discussion forums. This helps members to understand the value of their feedback, but equally importantly, it allows fellow members to get to know each other in the community.

During the COVID-19 pandemic, when many traditional qualitative research practices have come to a halt, Stockland Exchange allows the business to continuously gather insights from our customers in a safe manner via online forums and discussion panels.

Accelerating Innovation

During FY20 we delivered ~2% of FFO through 39 innovation initiatives across the business.

LAB-52, Stockland's internal innovation capability, takes a customer-centric approach to innovation. Every new initiative is deeply rooted in customer insight, understanding of customer jobs to be done¹, and known pain points. By correctly addressing these jobs and pain points through innovation initiatives, we are able to create great customer experiences and value for Stockland. Some of our key achievements during FY20 include the Stockland Accelerator, multiple innovation pilots, and a record number of entries in the Chairman's Award for Innovation.

Stockland Accelerator

The Stockland Accelerator culminated with an Investor Showcase in Sydney where 10 start-ups pitched to over 100 potential investors, partners and customers. Three of the PropTech start-ups built during the Accelerator piloted their solutions at Stockland's residential and commercial assets.

- Paper Plain, an online platform that enables community members to self-organise and jump start community building, launched an initial six-month pilot at Elara (NSW) in September 2019.
- Rental Heroes, an AI-powered chatbot that makes logging facility and maintenance requests more efficient, ran an eight-week pilot at Wetherill Park (NSW).
- IMBY, an online database that allows users to search, monitor, analyse and be notified of changes in the built environment, conducted a six-month pilot with Stockland users from our Planning and Development teams.

The delivery of these pilots allowed Stockland to gather additional customer insights and learnings, which have been shared across the business.

Innovation Pilots

Pilots are an essential part of the innovation process as we apply a customer-centric 'Test and Learn' approach to each initiative. The pilot process, combined with customer feedback, allows us to systematically measure impact and iterate on possible solutions, and gives us conviction to scale across the business when applicable. In FY20, seven pilots were launched in residential and retirement living communities, six in retail, and five across employee experience and business operations. Several of these pilots aim to respond to changing customer needs and behaviours and in turn improve the customer experience:

- An online defect management portal that enables customers to report defects and upload photos is currently being piloted at residential projects at Sway and Bokarina Beach (Sunshine Coast). This customer-centric approach to logging defects allows customers to quickly and easily log defects at their convenience.
- An AI-powered Stockland Gift Finder, piloted over the Christmas holiday in 2019, generates a list of suitable gift options from Stockland retailers based on the gift recipient's profile.
- A pilot using Natural Language Processing on Big Data has been launched in order to better understand customer sentiment and behaviour on social media, enabling Stockland to be proactive in understanding our customers and staying ahead of our competitors.

Chairman's Award for Innovation

The Chairman's Award received a record number of entries in FY20, showing that innovation is thriving across the business. Many of the entries were customer experience driven. The overall winner, *Cheapest Display Village Stockland's Ever Built*, focused on the end-to-end customer experience when designing and delivering a mobile-friendly digital equivalent of Stockland's physical display villages, which better connects customers to Stockland's land and community value proposition. Another finalist, *People's Choice Awards*, was born out of the Value of Customer Experience sessions we held nationally. These sessions focused on the need to better understand the house building process of the customer journey. *People's Choice* was designed to make choosing a builder easier for all national residential land customers.

¹ Jobs to be done is a framework used for defining, categorizing, capturing and organising customer needs in one place that helps us understand why a consumer would adopt an innovation. The focus is on understanding the customers' motivations and the jobs they want to accomplish and in turn designing a resilient product or service that changes and adapts as customer jobs evolve.

CASE STUDY

BUILDING CONFIDENCE THROUGH OUR PEOPLE'S CHOICE AWARDS

Buying land and building a new home is an exciting, fulfilling and yet daunting proposition. There are hundreds of decisions, big and small, to make along a journey that spans land registration, financing and building. At Stockland we wanted to make this decision-making process a little easier for our customers. We started to look at ways we could capture the insights and experiences of our current residents and share these with our prospective customers, empowering them with helpful and reassuring information. Our initial focus was on helping customers choose a builder.

Applying behavioural economics to uncover the key drivers of an excellent experience, we developed an idea called the *People's Choice* award. During their build, residents are surveyed and asked to rate their overall experience with their builder and the top five scoring builders in each state are presented the People's Choice award. The People's Choice logo is then added to the House & Land packages, indicating which builders have earned the award. Prospective residents have clearly found this helpful – those pages with the People's Choice logo generate three times as many conversions to enquiry than pages without it.

Importantly, feedback from our valuable builder partners has also been positive. The winners are thrilled and are using the People's Choice award logo in their own marketing material. We have shared our insights into the key drivers of an excellent experience with our builder partners and look forward to working together to deliver better experiences for our mutual customers.

We are currently investigating other opportunities to apply this data science-driven approach across Stockland. With a national scale and multiple partners, Stockland receives valuable and insightful feedback from a myriad of channels and stakeholders; gathering data from customers and using it to help others has powerful potential.



Customer satisfaction

Commercial Property

Retail tenant satisfaction

Our FY20 retail tenant satisfaction score was 80 per cent, three percentage points above our 77 per cent target. As reported in prior years, we have adopted a new, simpler methodology to calculate a new weighted metric.

Performance on new retailer satisfaction target

	FY20	FY19	FY18	FY17	FY16
Weighted retail tenant satisfaction score (revised)	80%	82.5%	72.5%	75%	77.5%

Our retail tenant satisfaction target for FY21 has been lowered to 75 per cent given there are various elements influencing retailer satisfaction that are outside Stockland's control. We also believe it will take the retail industry time to recover from the impact of COVID-19.

Retail shopper satisfaction

We have been measuring shopper satisfaction across our largest 10 retail town centres since mid-2016, and expanded the research to now cover 26 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. Each year the centres represented in this research will vary slightly as some assets are sold or redeveloped and hence taken out of scope.

Across the centres covered by our research, we achieved a shopper satisfaction target of 80 per cent in FY20, and have set a target to maintain a score of 80 per cent in FY21.

Shopper satisfaction metrics

	FY20	FY19	FY18
Shopper satisfaction across the Stockland portfolio ¹	80%	80%	76%
Weighted Industry Average (reflective of Stockland's main centre type) as measured by Monash	83%	82%	77%

¹ Based on percentage rating satisfaction as 6-10 out of 10.

Workplace and Logistics tenant satisfaction

In light of COVID-19, Stockland made the decision to postpone the annual Workplace and Logistics tenant satisfaction survey (typically launched in March of the financial year). This was a conscious decision made by business stakeholders in response to various office/business closures as a result of the pandemic. We will resume the annual tenant satisfaction survey in FY21.

	FY20	FY19	FY18	FY17	FY16
Logistics tenant satisfaction	N/A	85%	89%	89%	87%
Workplace tenant satisfaction	N/A	81%	88%	NA	NA
Combined Workplace and Logistics tenant satisfaction	N/A	83%	89%	NA	NA

Communities

Residential

Customer Satisfaction (Residential leads and opportunities)

Our Key Performance Indicator (KPI) for prospective resident satisfaction consists of a weighted average of three metrics that drive customer engagement and conversion:

- satisfaction with overall experience of dealing with Stockland
- likelihood of recommending Stockland
- sentiment on the effort required when engaging with Stockland through the process.

In FY20 our prospective resident satisfaction score fell slightly below our target, largely due to the volume of leads and challenging market conditions.

	FY20	FY19	FY18	FY17
Weighted customer satisfaction score ¹	81%	88%	82%	76%

¹ Calculated based on total volume of surveys (historically 70% being from Leads and 30% from Deposits).

We have made a number of customer-focused enhancements during FY20, including establishing national guidelines for defining accurate settlement timing expectations (in response to frustrations regarding settlement delays), establishing key performance indicators for our development teams to deliver projects on time, and increasing the frequency and personalisation of our customer communications.

Liveability

Our liveability research has shaped our customer engagement activities since its inception in 2011. In FY20 we received almost 2,000 responses across 18 residential communities that took part in the annual proprietary Liveability Index survey.¹ 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](#).

In FY20 we scored 74 per cent on our new Liveability Index modelling, which is calculated using regression modelling. This is marginally below the target of 75 per cent due to the removal of a number of high-performing and well-established communities and the inclusion of new/developing communities (8/18 communities in scope are in the early/mid stages of development). We know from analysis that there is a strong positive correlation between the Liveability Index and established/further developed communities. It is important to note that satisfaction scores remain high in terms of absolute score.

Our FY20 liveability research identified ‘access to amenity’ (such as access to retail, recreational or transport services) and ‘public spaces’ as potential areas for improvement at a community level. While we maintain that these scores are linked to a number of our communities being in the early stages of development, we are looking at opportunities to provide pop-up amenity and greater promotion of surrounding/existing amenity to alleviate resident concerns.

In FY20 Stockland initiated a pilot study inviting residents from completed communities to take part in the Liveability Index survey to ascertain the long-term impact of the Stockland brand on the Liveability Index. This is an initiative Stockland plans to revisit in coming years, and learnings from this pilot indicate a different methodology needs to be implemented to maximise participation amongst completed communities and hence yield robust results.

¹ We targeted and received sufficient responses from 18 communities to look at these results in depth.

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

	FY20	FY19	FY18	FY17	FY16
Liveability Index ¹ score across our communities (results prior to FY18 have been adjusted to provide comparability)	74%	74%	78%	78%	79%
Resident satisfaction across our communities	91%	93%	93%	93%	93%
Resident Personal Wellbeing score as measured using Deakin University's methodology	78%	76%	77%	79%	80%
Proportion of residents agreeing that community has met or exceeded their expectations	82%	87%	88%	NA	NA

¹ The Liveability Index is a derived score that measures resident satisfaction on a range of attributes calculated using regression analysis.

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

Retirement Living

Customer satisfaction (Retirement Living leads and reservations)

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 FY20 we exceeded our prospective resident satisfaction target of 75 per cent.

	FY20	FY19	FY18	FY17	FY16	FY15
Prospective resident satisfaction (Leads & Reservations)	78%	72%	73%	79%	68%	71%

Resident satisfaction (Residents Voice)

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 FY20:

- 11,057 residents were invited to take part in an annual survey to measure satisfaction with various facets of village life
- 6,659 residents participated in the survey, representing 60% per cent of all residents.

We asked residents to rate how happy they are with the village where they live, and in FY20 we exceeded our target 'happiness' score. At 8.57, this is the highest level of resident satisfaction achieved in the last five years. Additional metrics that provide insights about the experiences of our Retirement Living residents in FY20 include:

- 86 per cent of residents agree that Stockland has met/exceeded their expectations;
- 83 per cent of residents would recommend their village to friends and family (a significant uplift vs. FY19) and 44% have done so in the last year;
- 93 per cent of residents are satisfied with their homes;
- 89 per cent of residents are happy with their social life at the village; and
- Home and social life in the village remain the biggest drivers of overall satisfaction amongst residents.

	FY20	FY19	FY17	FY16	FY15	FY14	FY13
Average overall happiness with their village (out of 10)	8.57	8.56	8.44	8.48	8.48	8.49	8.51
Proportion of residents rating satisfaction as seven or more	92%	91%	90%	90%	90%	90%	90%
Number of residents completing the survey	6,659	6,643	6,813	6,614	5,897	6,668	6,143
Response rate (% of residents responding)	60%	57%	58%	57%	59%	68%	66%

We did not undertake the Residents Voice survey in FY18 because our residents participated in an industry survey in January 2018 and so we decided to shift the timing of our survey until July/August 2018.