

Stockland: Creating liveable communities through shared value

Company Description

Stockland is one of Australia's leading diversified property groups – owning, developing and managing a large portfolio of shopping centres, office and industrial assets, residential communities, and retirement villages. Founded in 1952, Stockland has grown into an \$8 billion dollar business with its Residential business settling 5,219 lots in FY 14.



The Opportunity

Urban planning and design has a significant influence on the social, economic and environmental fabric of residential communities. Urban design goes beyond aesthetics, with the potential to positively contribute to the social capital and economic development of a community.ⁱ

In the late 2000's, Stockland realised there were significant differences in the level of social capital of its residential developments. Some communities displayed some aspects of anti-social behaviour and lower levels of customer satisfaction, whilst other communities were highly sort after and their communities were very proud to be associated with Stockland. This variability caught the attention of senior executives and the sustainability team. Together with marketing, development managers and community development managers, the team set out to uncover what was driving success at each community – unlocking this puzzle could inform investment in future developments, lead to competitive advantage and help Stockland deliver on its social purpose.

At the same time, the Federal Government was interested in the socio-economic development of communities and identifying factors which influenced the liveability of cities.ⁱⁱ This change in thinking was also driving changes in policy decision making. Stockland believed there was an opportunity to move ahead of regulation and lead the sector in developing communities people wanted to live in by identifying the specific factors which contributed to high levels of social and relationship capital (liveability) and satisfaction.

Matthew Napper, National Sustainability Manager, explains, “At this time we had few insights or data into how to develop better communities. Our only contact with customers was at the point of sale. There was a real opportunity to gain far deeper insights into understanding the needs of our customers and the factors which create great communities people want to live in”. Already knowing intuitively that higher levels of customer satisfaction drove higher rates of referrals, this was a critical piece of missing data.

To be successful in developing residential communities which consistently deliver high levels of liveability and customer satisfaction, Stockland would need to:

- undertake extensive market research to uncover the factors which lead to higher levels of liveability and customer satisfaction across their developments
- identify a way to embed the factors into all levels of decision making across the business, to remove inconsistencies between developments.

The Strategy

All that hard work has paid off. Stockland is now one of the leading developers in creating liveable communities in Australia.ⁱⁱⁱ A lot of hard work and customer insights has been undertaken to get to this leading position. The strategy has been innovative and iterative with the help of external and internal experts.

The first step for Stockland was to conduct research to identify the factors which lead to liveability – defined as the health, social and relationship capital of the community.^{iv} The majority of the research and existing frameworks focused on cities and regional areas. Stockland worked with its partners to develop a sense of the factors which contributed to liveability of its residential communities through interviews and surveys with its customers. Interviews were conducted not just at the point of sale, but also at different lengths of ownership in the community. This information provided deep insights into the factors which influenced customers purchasing decisions as well as the factors influencing their standard of living and satisfaction over time.

In a unique postal survey, Stockland targeted 4,000 households at three residential sites in 2012. National Urban Design Manager, David Barnard says “The ‘liveability survey is a powerful tool... instead of just asking what customers want pre-sale, we conduct the survey well after they have moved in and by then they know exactly what is affecting their lives”. The result is a map of customer satisfaction and customer priorities.

Preliminary examinations of the results immediately dispelled long held myths, and overtime the hierarchy of customer needs, relationship between design components and liveability was unveiled.

By comparing the results across their developments, Stockland was able to develop an index which they believed captured the common factors which contributed most highly to liveability. This information could help influence the design of future developments to make them more attractive to prospective customers, a happier place to live in the long term and also class leading, setting them apart from their competitors.

To help embed the factors for liveability across all new developments and remove variability that arises from different teams and contractors, Stockland has now set its sights on developing sustainability design guidelines. Ben Allen, National Marketing Manager and David Barnard, National Urban Design Manager, believe these guidelines form the basis for an evidence based approach to developing communities people want to live in. The guidelines aim to address accessibility to education, services, transport, green spaces, road safety (safety generally), mobility and employment.

Despite a number of barriers to the idea of building better communities, the liveability project received top level support from CEO Mark Steinhart. The success to date is the result of a combination of personal belief, drive to deliver on the social purpose of the organization and the commercial necessity to improve below par performance.

Reconceiving products and markets: The liveability survey and index is designed to provide insight to inform the design of Stockland residential developments.

Redefining productivity in the value chain: Stockland developed the liveability survey to unravel discrepancies between referrals in different residential communities, potentially an industry first. Over time this powerful tool evolved to form the basis of a set of standardised design guidelines – transforming how Stockland manages its developments nationwide.

Unravelling how design components affect social capital and liveability in long term, the collected data forms the basis for:

- targeted investment in areas that have been identified as high community impact
- a standardized set of liveability metrics and design guidelines for use across different levels of the business Australia wide
- key performance indicators linked directly to factors that affect social capital and liveability.

Creating local clusters: Stockland recognised prior to the liveability survey that the performance of its residential business is closely tied to the health and wellbeing of the cluster. To drive referrals Stockland is targeting investment and directing planning resources to factors such as; accessibility to education, services, green spaces, road safety (safety generally), mobility and employment.

Results – Value for Business and Society

The liveability strategy enhances and sustains Stockland’s competitive advantage by focusing investment and partnership development in the areas that have the greatest impact on the quality of life for residents, and thus the long term satisfaction of residents.

Business Results:

- While the project remains in a formative stage it is projected that referral rates will increase as customer satisfaction grows – delivering higher conversion rates and lowering cost of sale
- The liveability survey has been delivered to 12 communities across Australian and over 4,000 homes in just over two years
- Stockland won a large development partnership in Western Australia owing in large part to its sustainability credentials – the only Australian property company to have been ranked in the Global 100 Most Sustainable Corporations in the World for five consecutive years^v
- There is early evidence which shows Stockland has fewer amendments to development plans and faster approval times from planning authorities than its competitors due to both the approach to liveability and the focus on building long term relationships.

Social Results:

- The liveability project has given Stockland insight into how to target common post sale problems, Barnard explained, “while customers ask for large lot sizes, in reality what they want is to live in a place where they have the perception of space”
- Stockland is using the liveability data to target investment in infrastructure, such as schools, shopping precincts, employment and green spaces. Investment that will strengthen the cluster over time.

Lessons Learned, Challenges, and Outlook

Stockland's remarkable journey has highlighted projects with a strong social purpose and a clear commercial case has power to change the way people live and interact in their communities. Some of the key factors enabling this success have been:

- Leadership from the top – the former and current CEO have played a central role in helping to identify the opportunity and provide continued support to research and develop tools which could help improve the performance of their residential communities.
- Cross functional collaboration – a number of different business units including marketing, sales, sustainability, development managers and urban designers worked together at different stages of the project to help take an initial concept through to execution.
- Customer insights – deep customer insights were essential in helping to identify the factors which led to higher levels of liveability, satisfaction and referrals.
- The commercial case justified creating better communities and the required investment, “Not just doing it because it’s good”, said Matthew Napper.

The liveability has transformed how Stockland does business, switching from a heavy pre-sale approach to one incorporating long term post-sale factors.

About the research: EY interviewed leading Australian organisations to understand their journey and approach for creating shared value. The views expressed on this post are the authors and do not necessarily represent Ernst & Young's position.

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ⁱ Victorian Competition & Efficiency Commission, 2008, *A State of Liveability: An Inquiry into Enhancing Victoria's Liveability*, Final report (October), pp. 123-124.

ⁱⁱ Australian Government, 2010, *Our Cities – Building a productive, sustainable and liveable future* (Discussion Paper), Australian Federal Government, Canberra.

ⁱⁱⁱ Livable Housing Australia, 2014, *Stockland sets new benchmarks for liveable retirement in NSW*, Livable Housing Australia, Silverwater.

^{iv} Victorian Competition & Efficiency Commission, 2008, *A State of Liveability: An Inquiry into Enhancing Victoria's Liveability*, Final report (October), pp. 123-124.

^v Stockland, 2014, *Residential Awards*, Stockland, Sydney, Accessed 19th May 2014, <<http://www.stockland.com.au/residential/about-residential/why-build-with-stockland-residential-awards.aspx>>