



# AAA ARIZONA YEAR IN REVIEW 2015



Dear AAA Stakeholders,

Jeff Bezos, founder and CEO of Amazon.com, said, “If you’re competitor-focused, you have to wait until there is a competitor doing something. Being customer-focused allows you to be more pioneering.”

In today’s rapidly changing business world, it’s tempting to be competitor-focused, especially in the face of mounting competition. However, we know the key to our growth is to focus on our members — the reason our doors have been open for business for more than a century.

In 2015, this focus required us to go beyond doing what we do best, being there for our members when we’re needed most. It required continual improvement as we set our sights on meeting aggressive national standards for growth and quality. It required us to incorporate segmentation strategies to engage and captivate our next generation of members, as they are essential to our long-term viability. It required us to exceed benchmarks across the association and pave the way for our club’s future.

The bar was set high, and we rose to the occasion. It was, and I’m proud to say, a year of immensely valuable firsts for the club.



This report provides a look back at many of our achievements from the year. With all that we accomplished in 2015, I’ve never been more optimistic about the road ahead.

**Mike Tully**  
President and Chief Executive Officer

2015 CORPORATE GOAL RESULTS

GOAL	ACTUAL	BUDGET
Operating Income (pre-audit)	\$3,070K	\$2,208K
Membership Growth	3.2%	2.0%
Insurance Premium	\$141.6M	\$138.5M
ERS Quality	89.3%	88.5%



» Membership Experience

Launched future growth strategy while attaining a record-high membership count

- Placed in the top quartile for membership growth among AAA/CAA clubs.
- Grew membership by 3.2 percent to an all-time high of more than 895,000 members.
- Increased retention to 88.4 percent with more than half of the membership enrolled in the Automatic Renewal program.
- Launched long-term growth strategy, starting with the Hispanic market, with broad media, digital marketing, and community relations campaigns. Improved market awareness from 75 to 83 percent and increased acquisition by 11.7 percent.
- Enrolled more than 10,000 members in ProtectMyID®, a new benefit offering identity theft monitoring.

» Automotive

Achieved best roadside assistance quality in club history and grew automotive operations

Roadside Assistance

- Moved four components of member satisfaction — overall, driver, response time, and phone operator — into the top quartile of AAA/CAA clubs. Earned the club’s highest overall top-box satisfaction rating at 89.3 percent and attained a 92 percent driver satisfaction average, ranking fourth in the association.
- Broke ground with two innovations — Service Tracker and Rapid Response — that will improve the AAA Mobile app and online roadside assistance experience and enable AAA to maintain superiority.
- Increased calls serviced by club-owned fleet to 45 percent, contributing to lower costs and optimal service.

Auto Repair, Glass, and Battery

- Improved the top-box quality score of club-owned repair (COR) by 5.9 points to 79.1 percent, outpacing the national average improvement of 4.4 points to 78.7 percent.
- Serviced a record 39,315 vehicles through auto repair, aided by a 34.5 percent increase in tow-in volume, yielding 13 percent revenue growth.
- Serviced more than 5,800 vehicles through auto glass operations, increasing revenue by 30.3 percent.
- Set a new record for roadside battery with more than 78,000 installations, a 7.2 percent improvement over 2014.





## » Business Solutions

- Grew client roster from 75 to 172, nearly doubling vehicles under contract to 4,245.
- Provided more than 1,000 road service calls, including 140 battery installations.

## » Insurance and Financial Services

Grew premium and financial services through new business generation

- Performed at the top of AAA Club Partners (ACP) clubs with premium growth of 8.9 percent to \$141.6 million.
- Eclipsed \$9 million in premiums with AAA Life Insurance — an increase of \$1 million from 2014.
- Deployed more than 3,500 SMARTtrek devices — a first among ACP clubs — representing 65 percent of all devices sold by ACP clubs and 20 percent of new insurance customers.
- Grew new credit card activations by more than 25 percent.

## » Travel

Improved quality scores and received accolades for sales and performance

- Received Highest Overall Sales Penetration award from AAA National for AAA Vacations.
- Significantly improved auto travel quality score from 82.6 percent to 87.1 percent and moved travel quality score from 86.6 to 87.9 percent.
- Achieved \$51.3 million in total bookings, including a 10.2 percent increase in online sales.



## » Human Resources

Increased headcount to meet member needs and enhanced employee benefits to ensure the club attracts and retains the right talent

- Supported fleet in attaining a 53 percent increase in driver headcount from 2014.
- Created an automotive technician training program to build a talent pipeline to help meet future workforce demands.
- Expanded benefits offerings, adding voluntary short-term disability for all employees.
- Added a new employee benefit that enables participants to access primary care doctors and pediatricians 24/7 online or by video or phone.

## » Marketing and Web

Increased acquisition and member engagement through focused initiatives

- For the first time, *Highroads*® magazine ranked No. 1 in the association for club publication readership and engagement.
- Through digital marketing, AAA.com reached an all-time high of 3.1 million sessions — a 19.5 percent increase — driving online sales to \$17.6 million.
- Shared Web Services added AAA Allied Group and AAA Northway to the platform and developed “eMember” to manage memberships online. AAA Allied Group, the first to launch eMember, already has increased new memberships by 8 percent and online renewals by 15 percent.







## » Public Affairs, Community Relations, and Social Media

Expanded club impact through corporate giving, partnerships, and media opportunities

- Executed most successful United Way campaign in club history with 77 percent employee participation and \$125,400 in contributions.
- Increased traditional media placements by 38 percent and increased club presence on Arizona social media channels, reaching an audience of more than 57,000.
- Provided traffic safety education to nearly 2,000 families through existing programming and new partnerships with Phoenix Children's Hospital and SafeKids Maricopa County.
- Received a Copper Anvil Award and an IMPACT Award from the Public Relations Society of America for external communications campaigns.

## » Information Technology

Improved network security and upgraded technology to enhance efficiency and collaboration



- Improved club cybersecurity with updated VeriFone credit card payment processing platform and two-factor authentication for remote access to the club's network and systems.
- Transitioned fleet and auto glass to Android tablets for roadside assistance operations, providing the ability to take credit card payments on the devices.
- Upgraded the internal intranet site and document management platform to increase employee engagement and collaboration.

## KEY PERFORMANCE METRICS

Corporate	2015	2014	2013	2012
Revenue – Total	\$ 110,024	\$ 102,422	\$ 97,200	\$ 93,170
Revenue per Member	\$ 124.83	\$ 119.67	\$ 116.51	\$ 113.69
Revenue – Membership	\$ 56,063	\$ 53,566	\$ 52,059	\$ 50,140
Revenue – Collateral Lines	\$ 53,961	\$ 48,856	\$ 45,141	\$ 43,030
revenue % – collateral lines	49.0%	47.7%	46.4%	46.2%

Membership				
Membership Count (paid method)	895,189	867,592	844,190	824,397
growth %	3.2%	2.8%	2.4%	1.2%
Retention Rate	88.4%	87.9%	87.5%	86.3%
Auto Renewal Penetration	51.6%	47.1%	42.5%	37.4%

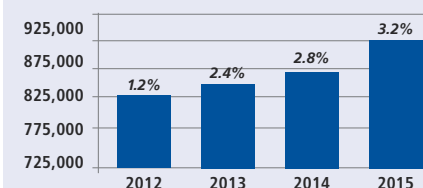
Roadside Assistance				
Service Calls	550,232	516,513	524,677	516,801
Calls per Member	0.624	0.603	0.629	0.631
Quality – ERS	89.3%	88.3%	85.8%	86.1%

Insurance				
Premium (rolling 12-mo)	\$ 141,617	\$ 130,091	\$ 119,929	\$ 112,988
growth %	8.9%	8.5%	6.1%	1.8%
Retention Rate	84.4%	85.9%	85.7%	82.7%

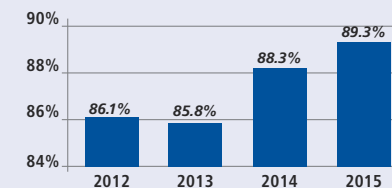
Auto Repair				
Revenue – COR Total	\$ 14,290	\$ 12,427	\$ 11,805	\$ 9,118
growth %	15.0%	5.3%	29.5%	34.7%
Auto Repair Locations	8	8	8	6

Travel				
Invoiced Sales	\$ 51,334	\$ 52,505	\$ 42,344	\$ 45,893
Quality – Travel	87.9%	86.6%	82.5%	84.6%
Quality – Auto Travel	87.1%	82.6%	85.6%	85.2%

Membership Paid Members



ERS Quality



All dollar figures are displayed in thousands.

Key performance metrics may vary from previous reports based on changes to methodology.



2015