



Dear Colleague,

Welcome to the latest of our newsletters previewing this year's FIA Mobility Conference 2014 in Melbourne, which runs from 16-19 September.

In this third newsletter we'd like to begin to introduce to the keynote speakers who will join us in Australia to explore the theme of 'Membership in a Connected World'.

And we'll start with a very special guest indeed – Bob Darbelnet, CEO of one of the world's largest motoring organisations, the American Automobile Association.

With more than 50 million members the AAA is uniquely positioned in terms of being able to gauge the mood of American motorists and to predict, monitor and even shape trends in mobility in the US.

Mr Darbelnet will address FIA Mobility Conference 2014 on Thursday, 18 September, but in advance of that here he gives us an insight into how the 'Triple A' has achieved its remarkable success, how mobility in the US has changed in recent years and how the AAA is meeting the challenges of connected Mobility.

If you could choose a couple of key words to encapsulate the keys to the AAA's longevity what would they be and why?

If we were trying to limit this to two I would firstly have to say member focus. Our basic beliefs state that we exist for our members and we judge everything we do by how well it serves their needs; and we adhere, in as disciplined a manner as possible, to that principle. I think that has served us well over the years in generating member loyalty and achieving growth. We are growing at about 700-800,000 additional members every 12 months, which is a bit less than our pre-recession pace, so we are closing in on the 55-million member mark.

The second key item is our networked approach to the marketplace, in that we're a federation, with 44 local affiliates. The net result is that instead of being a single organisation that provides service across Canada and the US, we have a network of regional affiliates. The fact that they have a regional focus has given us a much more prominent presence in many parts of the country where we probably wouldn't be as well represented if we were operating centrally out of Chicago or Dallas or Washington or New York or any other major city.

What for you have been the most important trends in mobility in the US over the past decade?

One huge trend is the consumer always being connected. That trend has affected the manner in which we distribute services and content, and at the same time it has enabled a host of alternate sources for certain products and services that we previously had a more dominant role in. Take, for example, travel information. If you went back prior to the internet, and if you were in the United States and wanted information on where to go, what to see, how to get there, where to stay and eat, for the most part we were the only game in town. With the emergence of all the alternate sources of travel information we find ourselves with a lot of competitors.

On the other hand the internet has allowed us to minimize costs. Instead of providing members with printed material such as paper maps and travel guides, which we had to hold in inventory and then dispose of when they were out of date, we do a lot more electronically. We still have all the paper products but we are seeing a significant shift to digital distribution.

Another major trend in our country is that we're seeing a flattening or decrease in the number of miles driven. In other words, some people are driving a bit less year-to-year.

We think that is partly due to the economy. But we're also seeing another trend, which is younger people not having the same passion for getting their own car as soon as possible. We think that is in part a result of the financial status of younger people today compared to 20 or 30 years ago, and also the emergence of all the alternative forms of communication now available.

Finally, the other trend worthy of mention is the sharing economy, which is much broader than just mobility. Some consumers are deciding that instead of owning a car it's sufficient to borrow one through a sharing programme. These programs still represent a very small portion of the total, but are growing pretty quickly.

What do you believe will be the major growth areas for the AAA in the coming years and why?

Membership. We're very committed to continuing to grow membership and we're not satisfied with the softening in the growth rate. We're redoubling our efforts in that regard. We think part of the opportunity lies in the changing demographic of the US. The Hispanic community is growing at six times the rate of the Caucasian segment. The African-American segment is growing at twice the rate of the Caucasian segment and traditionally we have had higher penetration rates in the Caucasian market over others. So we feel there is an opportunity there.

We can clearly link member retention, which is far preferable to just bringing in new members, to higher usage of services. So even though a lot of the services we offer are provided with no additional charge once the membership fees have been paid, we are actively encouraging members to use those services rather than not.

For example, we have a programme in some markets that provides a tow even if your car is working fine but you feel you should not drive because you've had too much to drink or you've taken some medication; you can use one of your allocated road service calls. That's an additional benefit. It costs us a little more than if we didn't offer it, but it drives usage, which drives retention.

We also believe there will be significant growth around connected car services. We're actively engaged with a number of pilots to determine which of a variety of different formulas would be most appropriate for us.

Is connectivity a confusing area for clubs to operate in at the moment, as it's still unclear what information is available and what you should retain?

It's clearly a very fluid opportunity. No one has really figured it out. I think one of the aspects that is not getting the attention it deserves is articulating a viable business model, because it seems unlikely that the consumer will pay for these services. At least in our country the perception is that the consumer expects to get this service for free.

There is perhaps an opportunity, through connected car services and with a member's consent, to present to members proximity-based discounts that would be a function of where they are currently traveling. I don't think we would seek to monetise that information other than if it caused members to use some of the merchants in our programme, it may slightly increase the overall revenue that we derive from that sort of programme.

One of the biggest challenges around connected cars is making sure that the auto clubs have access to the information that the vehicle generates so that they can provide meaningful services to members. In our country we're actively lobbying in favour of legislation that will force the manufacturers to share the information that their vehicles are generating.

Join us in Marvellous Melbourne

Over the coming weeks we'll introduce you to more of our keynote speakers, all of whom will offer unique insights into how mobility is changing and what it means for clubs around the world.

We sincerely hope you'll join us in Melbourne to hear these presentations. If you would like to take part in FIA Mobility Conference 2014 then registration couldn't be simpler.

Simply log on to: <http://mcwregistration.fia.com/pages/formulaire> , fill in your details and we look forward to seeing you in beautiful Melbourne in September. For more information on the conference, including the programme of events, please click [here](#) .

Susan Pikrallidas
Secretary General for Automobile Mobility and Tourism
