

QUT BlueShift Business Case Competition
2016 Business Case: RACQ

Making membership more meaningful to
young people

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RACQ Business Case

1.0 Overview

[RACQ](#) (Royal Automobile Club of Queensland Limited) is a member-owned organisation providing motoring, insurance, travel, finance, and entertainment products to its members. RACQ also plays vital roles in advocacy, education and the community. RACQ is Queensland's largest club, with around 1.5 million members.

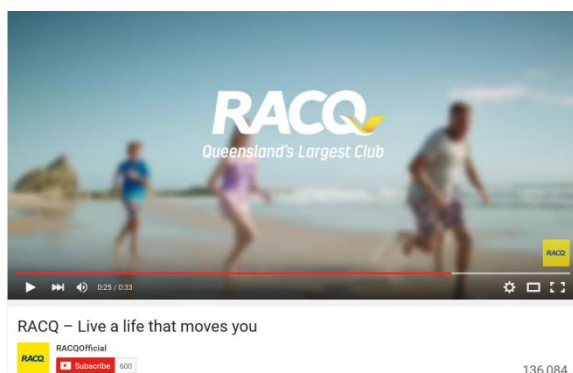
2.0 RACQ started with members, and continues for members

More than 110 years ago, in May 1905, a dozen Brisbane drivers met to form a group to champion the rights of motorists. This was during a time when horse-drawn vehicles were the conventional form of transport. Motorists were a minority, with fewer than 50 cars in Queensland, and limited roads. However, this small group of drivers grew to the 18 founding members of The Royal Automobile Club of Queensland.

RACQ exists for members, with everything it does aimed to benefit members and their communities. RACQ is a mutual company, with its ownership base made up of its members.

3.0 RACQ today – “It pays to belong”

The [current advertising campaign](#) from RACQ calls on its members to “Live a life that moves you”.



The benefits of RACQ membership are summarised in [this video](#):



Following are important excerpts from 2014/15 RACQ Annual Report. To view the full annual report, please download from the RACQ website: <http://www.racq.com.au/about/racq/annual-reports>

2014/15 At a Glance

94%

of vehicles mobilised
at the scene



157,000
RACQ-branded
batteries installed

146

with RACQ
20+ years

Average service
7 years

2037

Queenslanders

Employment

27,412
weather-event claims
worth almost
\$200 million
received



RACQ members saved
\$66 million
in premium discounts from
their Club's insurance arm

\$5.25 million



sponsorship of Queensland's community rescue helicopters is a vital service acknowledged by our members, with 99.6% supporting funds being used for this purpose

Last year, 97.8% of members also told us they trusted RACQ, and other key measures were:

98.9% Friendliness of staff

97.5% Knowledge of staff

96.5% Helpfulness of staff



96.2% Enthusiasm of staff

96.8% Prompt service

96.0% Accessible services

Our Vision

RACQ – a must for all Queenslanders.

Our Mission

By 2030, RACQ will be a multi-dimensional membership organisation offering Queenslanders multiple reasons for joining and multiple ways to benefit from being part of the RACQ community.

Our Purpose

We exist for our members and judge everything we do by how well it serves their needs.

Our Philosophy

We are proud to be a mutual, operated for the benefit of our owners, the members of RACQ. We combine the mind of a business with the heart of a club.

Our Values



Generosity of spirit



Being of service



Inspiring trust



Dedication to excellence

2014/15 Highlights

RACQ delivers

\$120 million
in value to members and
returns a net surplus of
\$50 million

\$1.5 billion
in funds under management

Net assets worth
\$1.1 billion

More than
1.34 million
calls for assistance
answered in an average
of 20 seconds

RACQ attended
904,725
roadside assistance jobs
with a world-leading 94%
mobilised at the scene

RACQ patrols and
contractors delivered and
installed more than
157,000
batteries to get members
mobile again

RACQ Travel recorded
total gross sales of
\$50 million

Massive growth in sales of
movie tickets to members
who bought
500,000
tickets, up from 410,000
the previous year

RACQ's congestion-busting
Incident and Recovery
Team attended more than
49,000
jobs, with an average
response time of under
19 minutes



Fast Facts

Member retention rate stands at **90%** and each member has at least two RACQ products.

RACQ's 39 travel consultants from 13 offices around the state booked **6552 domestic and international trips** in 2014/15.

RACQ's online Tourist Information Centre continues to be a popular source of travel information with over **71,000 visits**. Our online Trip Planner received over **715,000 visits**.

Our road test team drove and evaluated **270 new vehicles** for reports and reviews in *The Road Ahead* magazine and for the annual Australia's Best Cars awards.

The Road Ahead recorded an annual circulation of **8.4 million**, with the digital version of our member magazine accounting for **1.08 million** of that number. *The Road Ahead* Lifestyle website attracted a total of **1,933,109 page views** for the year. Our 14 Road Ahead Lifestyle e-newsletters were distributed to **794,193 subscribers each month**. Introduced in April 2014, the magazine's mobile app has been downloaded **5,057 times** in the first 15 months.

4.0 Challenges, change and transformation

Since its beginnings in 1905, RACQ has operated in a dynamic and shifting environment. Today all businesses, including RACQ, are facing one of the most fast evolving, dynamic, and disruptive operating environments in modern history.

In [2014/2015 RACQ Annual Report](#), RACQ President Nigel Alexander describes RACQ as “*undergoing a period of unprecedented change and transformation*”. The digital revolution is leading unprecedented change to business models, services, and revenue streams for RACQ. Alongside the digital revolution, RACQ is impacted by broader environmental influences – for example, trends in car ownership, the explosion of ridesharing apps, the continued growth of loyalty and rewards programs all collecting data on consumer purchase and buying behaviour.

5.0 Membership

RACQ currently has around 1.5 million members, with loyalty of RACQ members very strong, at a member retention rate of 90%.

To support a boost to membership, in 2014, RACQ approved a significant change to the membership structure, which now allows anyone with a renewable RACQ product, such as RACQ Insurance or Loans, Home or Roadside Assistance, to become a member.

RACQ has also recently introduced other categories of membership such as Lifestyle, which provides rewards, discounts, and other benefits of RACQ membership, without Roadside Assistance. The Lifestyle product is in response to growing number of people who choose not to own a vehicle. Roy Morgan Research in 2015 showed that 6.3% of Australian households don't have a car, with 17% of Young Singles not having a car in the household, and the rate of Young Couples choosing car-free living increasing from 6.4% in 2011, to 11.3% in 2015.

The goal is to offer multi-dimensional membership, with multiple reasons for Queenslanders to join, and retain membership across various life stages.

6.0 Connecting with young people

Providing young people (under 30s) with compelling and attractive membership options is crucial in maintaining and growing RACQ membership.

Over many years, RACQ has developed a range of products and services for young people starting from primary school, through to young drivers. Many of the products and services are free as part of RACQ education and advocacy role, including Streets Ahead, Docudrama, Learn2go, and the initial years of free2go. Free2go transitions to half-price RACQ Roadside Assistance for 18-19 year olds. All provide continued engagement with RACQ across significant life stages for young people.

The [Streets Ahead](#) program is designed for primary school students, with four levels of program covering road safety themes including passenger, pedestrian and bicycle safety for young Queenslanders from Prep to Year 6.

In secondary schools, RACQ helps prepare young people for their future driving experiences. The RACQ [Docudrama](#) is a road safety education program educating to combat the 'Fatal Five' road safety issues – drink and drug driving, fatigue, not wearing a seatbelt, speeding, and distraction.

The [Learn2go](#) program, developed by RACQ in cooperation with the Queensland Government is designed to give learner drivers the experience needed before they can drive safely on their own. The program provides a range of resources and tools for learner drivers, including a mobile app to log driving hours while learning to drive. There are also resources and tools for supervisors, who are helping learners to learn to drive.

RACQ youth program [free2go](#) is open to all Queensland residents aged 16 to 19 years, offering a range of benefits including free or discounted roadside assistance, RACQ membership benefits, discounts and competitions, and free L and P plates. More than 126,000 Queensland drivers aged 16-19 belong to free2go.

Business challenge for BlueShift consulting teams

The management team at RACQ is interested in your team's analysis and recommendations which will enable RACQ to provide a highly relevant and engaging RACQ membership proposition to young people (under 30s). They're keen to consider all ideas – it could be an entirely new innovation or build on existing offerings, refined or different products and services, different communication and engagement approaches.

The goal is to:

- Develop or diversify RACQ core products and/or services for young members; and
- Identify possible membership benefits that young members genuinely value.

Your team must submit a report which includes:

1. Cover page (one A4 page)
2. Table of contents (one A4 page)
3. Executive Summary (one A4 page)
4. Understanding of RACQ as a business (maximum two A4 pages)
 - A clear and complete analysis using relevant analysis tools and frameworks
5. Summary of the current position, including key challenges and opportunities for RACQ
6. Recommendations (maximum three A4 pages)
 - Present, describe, and justify three recommendations in response to the business challenge
 - Include key budget items and timeline for implementation
 - Clearly highlight positive impacts and outcomes for RACQ
 - The recommendations must be sustainable and align with RACQ as a mutual, existing for the benefit of members.
7. Overview of your consulting team (one A4 page)
 - Include consulting team name and profile of each team member
8. List of references and sources (no page limit)

Research starters

There are hyperlinks to online resources throughout this briefing document. These should be your research starters. To provide a compelling and well justified report, your team will be expected to undertake additional research.