

USAA: Millions of Customers, One Bank Branch

USAA [http://bi.galegroup.com/essentials/company/201767?u=tlearn_trl] (United States Automobile Association) maintains only one bank branch to serve more than 8 million consumers worldwide, yet it boasts a 98 percent customer retention rate and often ranks way ahead of competitors in surveys of customer service and satisfaction. Hundreds of banks, brokerage firms, and other financial services firms offer checking and savings accounts, insurance, mortgage loans, and credit cards; some of these have extensive branch systems and ATM networks. So why do consumers choose USAA—and why do they remain customers, year after year?

USAA specializes in serving military personnel and their families, including those on active duty and those who have left the military due to retirement or honorable separation. Although some of its products are available to the general public, the firm's marketing efforts are primarily geared toward consumers in uniform and their spouses and children. Many of these consumers have much in common with nonmilitary consumers: They marry, start a family, buy cars or trucks, look forward to buying a home, save for their children's college education, and as retirement approaches, worry about financial security. However, consumers in this segment also face difficult challenges unique to the military life, such as being deployed many miles from home, frequent or unexpected transfers, lengthy separations from family members, and eventual transition to civilian life.

In marketing [<https://www.youtube.com/user/usaa>] to this segment, USAA focuses on these consumers' particular needs, goals, values, and self-concepts. All members of a military family may not be on the same continent for weeks or months at a time, but each adult in the household will still need access to the family's accounts, insurance, and so on. In response, USAA offers a variety of ways to manage money matters at any hour from any location via phone or Internet. It was an early adopter of apps for cell phone banking, including an app for scanning and depositing checks without an in-person branch visit. Customers receive daily text messages with updated balance details, whether they're at home or on overseas assignment. The website is full of details that are available 24/7, and e-mail assistance is just a few clicks away.

For more personalized attention, customers can make a call and speak with one of USAA's 12,000 representatives, who will discuss their needs, inquire about their goals, and then offer advice on choosing the right product. In the past, customers had to determine who to call at USAA when they wanted information—should they contact the banking department or the financial advisory department about retirement accounts? Now USAA makes it easier to get information by phone or online according to life event (getting married or divorced, planning for retirement) or product (home insurance, car loans). And instead of pushing for an immediate purchase, USAA's phone reps are trained to make suggestions that will best serve the customer in the long run. "The answer may be to not buy that product, if that is the right thing to do for the [customer] in that situation," says a top USAA official.

Online at the USAA site [https://www.usaa.com/inet/ent_logon/Logon?redirectjsp=true], customers can get information at their own pace, including watching video seminars, reading experts' blog entries, and posting questions or comments on customer-only forums. While researching complex issues such as retirement options, any customer can arrange an individual consultation with USAA's financial advisors via videoconference. USAA's professionals do more than answer questions and educate customers about

their choices: They also communicate respect for their customers. As one customer observes: "It's not every day I get addressed 'sergeant' by a customer service agent."ⁱ

CASE QUESTIONS & ANSWERS

1. How does USAA enhance consumer motivation by making itself and its offerings personally relevant to customers?

Responses will vary.

USAA often features pictures of men and women and their families who are in the service. They have unique needs, and USAA enhances motivation by understanding their needs and offering relevant services to members.

2. What is USAA doing to facilitate consumers' ability and opportunity to process information about its services and make informed financial decisions?

ANS: Responses will vary.

REJ: USAA allows customers to talk to a person-not a machine or an outsourced rep. They can talk to one of USAA's 12,000 representatives for personalized attention. They also have iPhone apps, an interactive website, and text message capability for consumers who opt-in.

3. What types of needs (functional, symbolic, hedonic, social, nonsocial) are USAA's customers likely to experience? How does USAA respond to these needs?

Responses will vary.

Main needs are getting insurance, a car loan, a home loan, refinancing a mortgage, helping a family through a major life event (marriage, child, deployment, divorce, death of a parent). USAA offers services for each of these needs. They also respond quickly to needs related to natural disasters, so their insurance and financial services can be synergistic to help those impacted.

4. Does USAA do anything to reduce perceived risk? Explain your answer.

Responses will vary.

Yes, USAA allows members to plan ahead for major life events. This alleviates perceived risk, as they ensure that with their help, you can be prepared for life. USAA professionals manage risk by educating consumers upfront.

ⁱ Jeremy Quittner, "USAA Tech Overhaul Makes Remote Banking Less Remote," *America Banker*, July 12, 2011, p. 1; "Customer Experience: The Frontline," *Marketing Week*, June 2, 2011, p. 25; Robert L. Mitchell, "Big Business Takes a (Small) Bite of the Apple," *ComputerWorld*, August 22, 2011, p. 12; and Jena McGregor, "USAA's Battle Plan," *Bloomberg Businessweek*, February 18, 2010, www.businessweek.com.