

## Headed to your destination or just following the crowd?

Take a road map when  
“going mobile” on the  
golden path to more sales



A great deal of attention being paid to new technologies and business platforms that are designed to attract, capture and service new and existing customers, especially younger segments.

The market is awash with new applications for smart phones and tablets, and new business offerings from traditional and non-traditional competitors.

While these are exciting and fast moving times where business models and product development cycles seem to be moving at the speed of light,

Dorsey & Company advises its clients to consider new opportunities by taking a sound and measured approach.

If the goal is to establish a competitive advantage, there is no standard answer; advantage by definition is unique to each competitor, and a channel to market destined to be common is just the opposite. Even so, the mix of methods an institution may use to deliver competitive advantage includes many elements common to others.

We are seeing evidence of solutions that may be

answering these questions beginning to take hold. Companies of all sizes are beginning to offer effective solutions that are gaining traction with targeted consumer segments.

Strong evidence of the growing popularity of mobility was recently published in IBM's *U.S. Retail Black Friday Report*. In the report IBM noted that on Thanksgiving Day 2014, online traffic from mobile devices outpaced PCs for the first time ever as smart phones and tablets accounted for 52.1 percent of all online traffic. The report also points out that consumers brought their devices into the stores to comparison shop and that overall Black Friday online sales were up 9.5 percent year-over-year.

"These numbers indicate that mobility has become a competitive necessity, not a competitive advantage," said Dorsey & Company Associate Jim Heide. "I would challenge retail decision makers to assess the strength and effectiveness of their mobile platforms."

Two categories that Dorsey & Company serves are financial services and membership service organizations like the American Automobile Association (AAA). Both are facing competitive challenges from technology driven newcomers that are formidable and demand their attention.

In November, digital upstart Urgent.ly, in association with MapQuest, launched a road assistance program that takes direct aim at the AAA model. Their product description emphasizes that they are changing the way people get roadside help. Their service is based on "No subscriptions, no hidden fees" and allows you to "say goodbye to lost membership cards and endless phone waits."

Urgent.ly developed a smart phone app to give its users on-demand, transparent and quick service with straightforward, pay-per-use pricing.

In a similar situation, the financial services industry is carefully watching the growth and acceptance of so-called "Neo Banks" that offer mobile-based banking services without a physical location, branches and, in some cases, do not include traditional checking accounts.

The Neo Banks—banks that offer the traditional banking products, but with no physical brick-and-mortar presence—have built an online platform that makes much better use of technology to facilitate account openings, payments, and other digital services that are much more customer friendly and intuitive. Providers include Moven, Simple, GoBank and Bluebird from American Express.

We understand that while the success rate of new ventures is statistically low, these "controlled experiments" can provide valuable insight to innovation, trends and customer acceptance. We see these attacks on established formats and brands as opportunities for the incumbents to successfully restage their brands with market insight and precision at the expense of newcomers!

As you start to determine your route to differential advantage, connect with younger segments, ward off tech-driven competitors and improve profitability, take full advantage of the laboratory created by these newcomers to perfect sustainable competitive advantage rather than following them down the road of innovation that merely leads to parity.

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Cleveland Heights, Ohio 216.812.8408  
info@dorsey-co.com**

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