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Blue Ocean Strategy

Introduction

Most unique firms excelled because they eventually realize that to succeed in the prospect, firms should avoid challenging with one another. The only strategy to win the marketplace competition is to stop attempting to hit the existing business antagonism. To clearly understand what companies such as Cirque du Soleil attained this, it is important to envision a market universe comprised of two kinds of oceans, namely the blue oceans as well as the red oceans. The red oceans are representatives of all industries that exist today. In simple terms, it is a well-known market space.

On the other offer, blue ²oceans stand for all industries which do not exist today. In other words, it is an unfamiliar market liberty. Industries boundaries ²in the red oceans are accepted as well as well defined, as well as the competitive game rules are recognized. The blue oceans can be defined by creation of demand, the unexploited market, as well as the opportunities for lucrative growth (Kim & Mauborgne, 2015).

¹Blue ocean strategy

Blue Ocean ¹is a term ¹that was introduced by professors Mauborgne and Chan Kim to describe the market universe. The authors represent the idea of a company being able to function and operate in a game of its own, without the increased competition. A company should be able to set its unique speed to create, sell as well as profit from peculiar services and products in high vibrant new markets. Blue Ocean is usually taken as a symbol to represent industries which may provide high-profit potential and more significant opportunities. That is ⁴the objective of blue

ocean strategy, which is to seek for as well as gain uncontested and new market space rather than engaging in the conventional competition (Kim & Mauborgne, 2015).

The dramatic rate of change and innovation has led numerous researchers to seek a strategic approach which is more dynamic than the famous five forces introduced by Michael Porters. Developing a new type of environment, where companies never compete with one another, but create new unique markets without competition is the purpose of the Blue Ocean strategy. Blue Ocean strategy is a business theory which proposes that firms are better off looking for ways to obtain uncontested or overt market space instead of engaging in the conventional competition. The blue and red oceans metaphors describe this market universe (Kim & Mauborgne, 2015).

Red Oceans

Red Oceans denotes all companies and industries that are in continuation today or the famous market freedom. In these red oceans, the limitations of the industry are accepted as well as defined, while the competitive game rules are well-known. Here, firms try to outshine their competitors to gain a more significant share of service and merchandise demand. As the existing marketing space becomes crowded, the probabilities for growth and profits are decreased. Furthermore, products eventually become niche or commodities, and the increased rivalry transforms the ocean bloody, thus the word known as red oceans (De & Meyer, 2010).

Blue Ocean

In disparity, blue oceans correspond to all industries that are not already in continuation presently or the unknown and mysterious market spot, uncontaminated by competition. In these blue oceans, market demand is usually produced instead of fighting over. In Blue Ocean, there is

an excellent opportunity from profitability and growth, which is rapid. The competition is not relevant because game rules are not already put. Blue Ocean thus is a similarity to denote the broader and deeper possible of various marketplace spaces which are not yet exploited or explore (De & Meyer, 2010).

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Comparing Red Oceans and Blue Oceans

According to Kim and Mauborgne (2015), although the strategies of red oceans are essential, they are not adequate to continue or maintain high performance. In this respect, for a firm to attain long term success and sustainable growth, there is a need to take steps beyond the conventional red ocean strategies. Therefore, firms should go beyond competing for one another to take gain new opportunities of growth and profitability that can be utilized to create blue oceans, which is suitable for their businesses (Kim & Mauborgne, 2015).

Red Ocean strategy usually assumes a structuralism perspective of the market whereby all firms admit predefined structures in the existing industry as well as continue competing within these structures. To maintain this competition, firms concentrate on developing competitive advantages over their main rivals. All gains are usually at the expense or loss of another firm, and wealth is redistributed and gained rather than being created. Therefore, as a consequence, wealth increasingly becomes restrained (Kim & Mauborgne, 2015).

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The blue ocean strategy is usually a Reconstructionist perspective of the market where no accepted structure and boundaries are present (De & Meyer, 2010). The market space structure may be developed or recreated by measures and steps taken by market players. Preconceived market space barriers do not restrain thinking and strategy, and a change occurs from a concentration happening to the supply side to attention on the market command side.

Furthermore, value innovation usually takes primacy over blindly competing with a more focus on cost-effectiveness as well as differentiation. A focus on the market demand side results in further creation of wealth with high potential for profitability and payoffs (Henry, 2018).

¹Application of blue ocean strategy

To discover a subtle blue ocean, entrepreneurs plus companies should consider what Kim and Mauborgne describe as the Four Actions Framework. The framework is utilized to reconstruct elements of buyer cost in developing a fresh unique price curve (Henry, 2018). ⁵In order to split the trade-off between cost effectiveness and differentiation as well as to design a new ideal value curve, this model presents four main issues. The first question is related to the factors that need to be raise higher above the standard of the industry. The next issue is similar to the factor which has long been competing within the business that needs to be eliminated. The next question is centered on the factors that should be minimized suitably below the standard of the industry. The final question revolves around the factors that need to be created, which the industry has not provided (De & Meyer, 2010).

According to Kim and Mauborgne (2004), the above framework forces firms to scrutinize all factors of competition; thus aiding leaders discover a variety of assumptions they make unconsciously while competing. Furthermore, this exercise pushes business leaders to consistently follow low cost as well as differentiation strategies to split the cost-value trade-off. Besides, the questions as well spotlight firms that concentrate on creating as well as raising, lifting the structure of cost in the process and also over-engineering services as well as products (Kim & Mauborgne, 2015).

Blue Ocean strategy Examples**Cirque du Soleil**

This is a Canadian entertainment firm which started in the 1980s as a group of crazy individuals, with a goal and vision of what the current circus should be. The conventional circus performances were mainly lighthearted issues targeted towards small children, while Cirque provided a more complicated experience with one of the best performers across the globe (Kim & Mauborgne, 2015). Most of Cirque's performances included amazing acts which could not be observed anywhere else. Although the children are still essential components of the target customers or audience, the higher price of the tickets guaranteed the main customers of the company would be adult individuals. The company did not try to be another kind of circus with performing robots or clowns, but it is its Blue Ocean Strategy, which enabled the company to transform the market (Henry, 2018) completely.

iTunes

The time iTunes was introduced in the market, they solved the problem in the recording and music industry of clients downloading music illegally while at the same time solving the increased demand for digital music. The Blue Ocean strategy adopted by iTunes created a generally new group of music purchases, which allowed many artists to make good profits and customers to purchase singles or complete albums. iTunes has been dominant in this market space for a long time and is significantly accredited with fueling growth and expansion of digital music (Henry, 2018).

Backroads

This firm transformed travel and tour into something more engaging and challenging than just the ordinary relaxing tour of an all-inclusive beach and even cruise vacation (De & Meyer, 2010). The company expanded the tourism industry to provide something fresh: engaging luxury travel. These precisely designed and fitness-based travels include guides which usually take clients hiking, camping and biking among others. The Blue Ocean Strategy of Backroads appealed and attracted to a much dissimilar audience instead of vacationers seeking to relax, as well as has played an essential role in increasing and expanding the tourism industry to encompass travelers and customers who desire to feel accomplished and satisfied at the end of a tour or travel (Henry, 2018).

Conclusion

Blue ocean strategy encourages companies to be in a league or game of its own rather than competing with other companies in the same strategy. This strategy encourages firms to set their own pace and create unique services and products as well as benefit from vibrant new markets. It is a marketing theory which suggests firms are in a better position seeking for ways and means to gain uncontested and unexplored market spaces instead of engaging in conventional competition. According to Kim and Mauborgne (2015), companies should find ways to work in various marketplaces which are free of rivals or competitors. Red oceans normally represent the well-known market opportunities or the industries which are currently in place. On the other offer, blue oceans correspond to the unfamiliar market freedom or industries which are presently not in place, thus unpolluted by competition.

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