

# An Exploratory Study on Rise of the Blue Ocean Strategy

Dr. P. Chandrashekar

Asst. Professor, Department Of Studies Business Administration,  
Pooja Bhagavat Memorial Mahajana Education Centre, Mysuru.

Hemantha Y

Research Scholar, Bharathiar University, Coimbatore-641046

## Abstract

Global businesses are successful in implementing Blue Ocean Strategy with very less competitors. Indian Marketers attempt to implement strategy for creating a niche in the market and sustenance in business is the core of the study. Even if foreign companies are entering Indian market making competition more intense than ever. In this paper the author analyzes different cases where value of innovation played an important role for companies which have adopted new marketing concepts like Blue Ocean Strategy. A blue ocean is created when a company achieves value innovation that creates value simultaneously for both the buyer (buyer value) and the company. Innovation alone will often create a product that buyers are not willing to part their money.

**Key words:** Innovation, competition, value, blue ocean, Strategy.

## Introduction

In prevailing red ocean business situation, marketers are fighting for market share and as the market space gets flooded with cut throat competition turns the oceans bloody eventually reduces the profit. On the contrary, Blue Ocean came into existence which represents completely an unknown market space with no competition. It describes the potential of market space which is unexplored. The Blue Ocean Strategy represents a theory created by two professors namely W. Chan Kim and Renee Mauborgne.

The theory is pledging for the creation of a new market space, the blue ocean, as a main technique for the realization of a significant and profitable growth of the company. The theory is backed up by an innovation process and by various management tools which make possible the creation of different innovative strategic concepts.

While the blue ocean represent the creation of a new market space, the red ocean illustrates the current market space, the metaphor referring actually to the bloody battle that most companies face these days in order to survive and remain competitive in the respective markets. Most of the times, these companies focus their strategies on competitiveness in order to gain a higher market share.

This approach represents the structuralistic part of the strategy which means that companies adapt their strategy according to the prevailing situations of business. However, this is considered to be a limited approach. Due to globalization and its consequences such as the significant reduction of the production cost and the increased access to information, the phenomenon is more intense in the majority of the industries, increasing the pressure and reducing the profit margins.

The blue oceans are the newly created market spaces by the companies as a result of various strategic decisions. The creation of a new market space provides the company with a position of natural monopoly which they can enjoy for a time. This represents the reconstructivistic part of the strategy, meaning that companies can modify the boarder of the industries (which are often seen more as mental boarders).

The process of creating new market spaces in a structured and consistent way has as main purpose the maximization of opportunities and the minimization of the associated risks. The process of formulating a Blue Ocean Strategy can be described as collaborative, visual, experimental as well as exploratory. The reasoning behind this strategy focuses on analyzing firstly the current situation of the company together with the entire industry in which the company is operation and its relevant competitors. In this way, an exploratory study is starting to be conducted on how to reduce the costs as well as different ways for creating value for its customers.

This strategy can be applied by any kind of association/organization/company in any sector being either public or private or social.

Most of the times, this strategy has been founded in innovation of business models, as well as in innovation of products/services and innovation of consumers' experiences.

## Literature Review

Researchers of blue ocean strategy convinced that the only way to win the competition is stop trying to win the competition. Instead of entering into a bloody competition of the Red Ocean, marketers have to enter the infinite market space of Blue Ocean and try to create new demands. A large and credible value innovation, effectively, prevent the entry of imitators to the market and can be cost saving with deleting and or reduction of factors that the industry compete on them (Eskandari et al. 2015).

The blue ocean strategies support the companies in escalating their positions through innovations in their products, although the competition is irrelevant because the rules of the game are not specified unlike red ocean strategies. Besides, the study specifies that red ocean strategy competition as rivalry among the companies and accomplishes its task irrespective of any other factor. (Raman, 2014).

Sustainability is a key driver for innovation as companies strive hard to find new solutions and techniques to be adapted to generate benefits in environmental and economic spaces. It also creates value that emerges from doing great to doing good known as Sustainable Value. Hence, Blue ocean strategy can be adopted to tap into sustainability space as a domain for growth where in innovation is the key to create a new market and business profit. (Hanan Alhaddi, 2014)

The research outcome will confirm the evolving nature of strategic management principles and will promote the need of a dynamic process of strategizing. Business corporations will be benefited by understanding the factors related with the BOS and the rationale behind its implementation. Business organizations attempting to perform activities in the ever changing global marketplace adopt a range of strategies. The dynamic strategy framework can be useful for those organizations that need to be vibrant in their decision making and strategy development. The recommendation for these companies is to evaluate its business surroundings by using newer methods and tools that can be applied to the current establishments. To sustain the business over the long run, companies of a given industry has to reinvent them, maximize risks and reconstruct market boundaries consistently to achieve higher results and a profitable return on investments (Md. Irfanuzzaman Khan)

There are several strategic steps companies should take in order to avoid potential threats during recession/ uncertainty periods. These steps are the following:

Step1: Choose the right analytical tools.

Step 2: Going lean-make less wastes.

Step 3: Use of internet and disruptive technologies.

Step 4: Investment in new business and assets. (Karaoulanis Andreas)

The Blue Ocean Strategy (BOS) hit the coast of the corporate world with a “tsunamic” force. The impact of the concept and the principles involved were given due recognition and admired. But when the tide subsided, and the practitioners surveyed the impact and began to implement the principles, few seems to work as ideal environment was not easy to achieve and a wave of disappointment began to sink in. This is a study on 14 agencies (case study approach) who dared

take the plunge to join the Blue Ocean challenge. The analysis was focused on the Eliminate-Reduce-Raise-Create Grid portion of the model and discovered that the “Blue” is not that “clear” after all and the “red tide” keeps creeping in continuously (Mohamed et. al. 2014)

The analysis for the economic validity of introducing the new technology has focused on financial analysis based on market feasibility such as expected sales and technology feasibility such as expected saving cost. Firms, however, need to carry out specifically strategic behavior by using technology for their current as well as future competitiveness. As such, a systematic procedure to review on values produced by new technology as well as strategy to create new values using the technology is necessary for firms. This study proposes an integration framework to use both of the existing financial analysis and strategic perspective by a blue ocean strategic tool. And an application case of an RFID system to a parcel delivery business is reviewed from the previous studies by using the proposed framework. . It is necessary, however, for firms to carry out specifically strategic behavior by using the technology for their current as well as future competitiveness (Moon-Soo Kim, 2016)

This paper highlights the concept of blue ocean strategy and discusses how this strategy can act as an innovative strategy for an entrepreneur. It helps to create value innovation and change the situation where competition worries about the entrepreneur. It is based on the fact that successful people do not do different things but they do the things differently and this should also be a unique trait for the budding entrepreneurs. In this way, entrepreneurs can follow the path of transformation to meet out the desired objectives of the organization (Dr. Swaty, 2016)

This paper concludes that blue-ocean strategies, in form of niche offers give SMEs opportunities to compete and possibly make more profits than its larger competitors and possibly meet tip with global competitiveness. In addition, many companies that starts as niche will be able to get a foot hold in the market against the larger and more resourceful competitors and later experience high growth and grow into broader competitors. The low cost of setting up shops in the internet today makes it more profitable for small niches and they are realizing riches from serving small niches on the web, while some internet giants have yet to realize consistent profits (Eboreime, et. al. 2014)

The application of the principles of blue ocean strategy will contribute significantly to achieve a competitive advantage to the company over its competitors in the market, where it was found that there is a strong positive relationship between the competitive advantage variable and every principle of blue ocean strategy principles, and the most powerful relationship came to



(Reconstruct market boundaries, Reach beyond existing demand) principles, and the least came to the principle of (Build execution into strategy), the study concluded that the dimensions of blue ocean strategy have made a strong impact in create value, and create value which resulting from the dimensions of blue ocean strategy has achieved a strong impact on all the competitive advantage's indicators of the telecommunications companies(Hersh, et. al. 2016)

The misplacement of official interest for personal benefit that has characterized the Nigeria bureaucratic settings has in no small way curtailed the extent to which national development is achieved. Blue ocean strategy represents an alternative approach to the conduct of public business in such a way it blocks all the major avenues for looting public treasury as well as the enhancement of effective and efficient service delivery. Exploring the current failures in our health institutions it appears that numerous factors have continued to militate against their effective service quality. The result of the analysis reveals that the level of corrupt practices in the health sector has led to the diversion of fund from the procurement of medical equipment to private pockets, hence the inadequacies of medical equipment in the various public health institutions.). It is therefore recommended that stewardship function and improved management support system should be incorporated in the activities of the public service (Kirfi et. al. 2013)

The Objective of the Blue Ocean strategy is How to Create Uncontested Market Space and Make the Competition Irrelevant. Blue ocean strategy challenges companies to break out of the red ocean of bloody competition by creating uncontested market space that makes the competition irrelevant. Blue ocean strategy challenges companies to break out of the red ocean of bloody competition by creating uncontested market place that makes the competition irrelevant. Instead of dividing up existing—and often shrinking—demand and benchmarking competitors, blue ocean strategy is about growing demand and breaking away from the competition. Blue Ocean Strategy is a way to make the competition irrelevant by creating a leap in value for both the company and its customers. Prospects in most established market spaces—red oceans—are shrinking steadily. Technological advances have substantially improved industrial productivity permitting suppliers to produce an unprecedented array of products and services which is blue ocean Strategy (Santosh kumar et. al. 2013)

To follow the Bottom of the Pyramid (BOP) initiative, firstly businesses need to create the capacity to consume and to create the market for the poor, whereas multinationals has always focused on creating more efficiency in existing markets. Companies need to put in their resources in Blue Oceans adapting Blue Ocean Strategy and creating and capturing 'new' demand, instead of competing in already saturated markets. BOP markets offer significant opportunities for MNCs, as well as SMEs but opportunities in BOP marketplaces are best not to be viewed with short-term

business approach of market share or profits, instead, companies need to have long-term orientation to be a market leader in this segment (Chandrakala et. al. 2013)

Since conflict is getting tougher in the Red Ocean, It would be more in need of management to engage in the Blue Oceans than following the predominant and prevailing stream between Administrators. Blue Ocean Strategy with challenging competition, which has been the most important default of strategic management area for many years and with offering modern solutions as well, introduces new areas for success in field of work and services. The present study sought to examine desirably the Blue Ocean Strategy implementation in Iran tourism industry. The research result denotes did not indicate Confirmation of the main hypothesis of the research, meaning that the Iran tourism industry in terms of implementation of the Blue Ocean Strategy is not in the optimum condition (Rezazadeh, 2014)

Blue Ocean Strategy suggests that an organization should create new demand in an uncontested market space, or a "Blue Ocean", rather than compete head-to-head with other suppliers in an existing industry. The cornerstone of Blue Ocean Strategy is 'Value Innovation'. A blue ocean is created when a company achieves value innovation that creates value simultaneously for both the buyer and the company. The innovation (in product, service, or delivery) must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market. Into this specific paper there is going to be examined how we should apply the 'blue ocean' concept in a Greek typical region, to enforce cluster development, to implement a new business model and to identify reliable directions for innovation policy development (Dimitrios Bourletidis, 2014)

### **Methodology**

After reviewing the related literature on Blue Ocean Strategy it is observed that the empirical evidences are abundant in foreign context but in India it is still a new phenomenon. Researchers have collated the information through foreign literatures on Blue Ocean strategy and secondary sources like market reports

### **Objectives of the Study**

To study the framework of Blue Ocean strategy adapted by various industries

### **Discussions**

Blue ocean strategy creates a new demand altogether making the market un-relevant

As Blue ocean strategy is implemented by very few companies, the following are the cases of companies adapted Blue ocean strategy given below:

a) Naukri.com – It is online portal founded by Sanjeev Bikchandai, It started in india during 1996's where internet was not so popular as we see today. It entered the market space which was completely unexplored. It adapted a strategy of online market surveys and job related informations to the people wishing to work in various industries.

b) **Subhiksha**, the rapidly grown retail chain in South India (may be India) founded by R Subramaniam. Subhiksha was founded during the days which it was difficult to find all the stuffs we require at a single place! With a different kind of thought and execution Subhiksha grew with 1600 outlets selling groceries, fruits, vegetables, medicines and mobile phones etc. Even though everything winded up in 2009, still Subhiksha is known for its startup

C) **Café Coffee Day** (abbreviated as **CCD**), is an Indian café chain owned by Coffee Day Global Limited, a subsidiary of Coffee Day Enterprises Limited. Coffee Day serves 1.8 billion cups of coffee, annually, in six countries. Owner VG Siddhartha comes from a family that has a 135-year history of growing coffee. He opened Cafe Coffee Day's first outlet on Bangalore's upscale Brigade Road in 1996. The CCD's first launch came at a time when Bangalore was on the cusp of a transformation from a pensioners' paradise to an IT and lifestyle haven. It was a gamble- Coffee Day was entering a market that had been traditionally dominated by tea-but it paid off.

d) **Zomato**, is a restaurant search and discovery service founded in 2008 by Indian entrepreneurs Deepinder Goyal and Pankaj Chaddah. It currently operates in 23 countries, including Australia and United States. It provides information and reviews on restaurants, including images of menus where the restaurant does not have its own website. Zomato interested the founder (Mr. Sanjeev Bikhchandani) of renowned job search portal Naukri.com spotted Zomato's potential early and therefore, in 2010, he provided seed funding of US\$ 1 million through his company Info Edge (India). and followed it up with five more rounds of investment worth a total of Rs.327 crore. Its investments in Zomato are now worth over Rs.2030 crore.

e) **And Designs India Ltd.**, Founded in 1995 by Anita Dongre, Meena Sehra and Mukesh Sawlani, House of Anita Dongre Limited is one of India's leading fashion houses today—a well-recognised, well-respected and well-loved name. The company owns and operates four brands each with their own distinct identity. AND with its line of chic contemporary western wear for women; Global Desi, a vibrant and free-spirited brand of boho-chic ensembles; Anita Dongre offering exquisite bridal couture and a prêt line for men & women along with Pinkcity, handcrafted jadau jewellery; and Grassroot by Anita Dongre which is a tribute to the handcrafted traditions of

India, seeking to revive and sustain heirloom traditions and empower artisans in villages. During the year 2016-17, House of Anita Dongre Limited estimates to achieve a turnover of USD 100 million (INR 700 crores). General Atlantic, a leading private investment firm, also holds an investment in House of Anita Dongre. At present, AND is retailed through 515 points of sale, which include 126 exclusive stores and 415 established multi-brand lifestyle formats.

f) **Shahnaz Husain Group**, Shahnaz Husain is the founder, chairperson & managing director of The Shahnaz Husain Group. Shahnaz Husain has received international acclaim for pioneering the Herbal beauty care movement and taking the Indian herbal heritage of Ayurveda worldwide. In 2006, she was awarded the prestigious Padma Shri, the fourth highest civilian award, by the Government of India for her contribution to the fields of trade and industry. Adopting the concept of Herbal Care and Cure, Shahnaz Husain opened her first herbal clinic in 1971 and over the next few years formed The Shahnaz Husain Group. Shahnaz Husain has formulated therapeutic products for specific skin and hair problems, as well as premium ranges for skin care, such as 24 Carat Gold, Oxygen, Diamond, Pearl, Plant Stem Cells and Platinum Range. The company also sells its products at Selfridges, the famous London store. The Shahnaz Husain Group has over 400 franchise ventures across the world covering over 138 'without animal testing' countries. The first franchise clinic opened in Calcutta in 1979. Within a year, there were 80 Shahnaz Herbal franchise clinics in India. The first foreign Shahnaz Herbal franchise clinic was opened in London in 1982. The group also operates its premium Ayurveda Salon and Spa treatment centre in New Delhi to offer a line of proprietary treatments for Skin, Hair and Body.

### **Conclusion:**

This paper has explored in the strategies formulated by marketers to create a niche segment for value delivery to its customer by creating a sort of innovations, rebuilding strategy amid intense competition. This research article shows exactly how innovators can survive any severe competition and be a trend setter in the industry. A BOS (Blue Ocean Strategy) brings with it considerable barriers to imitation. Some of the barriers may be operational and others are can be cognitive. No matter how competitive it is, a company can create a blue ocean of uncontested market space still hold true. Even though in some of the above cases companies have might have not given a long mileage, it is true that they have excelled in innovations and have done well initially. Competing for a share of market will not be sufficient to sustain high performance. Companies need to go beyond competing.



## References

1. <https://www.marketing91.com/blue-ocean-strategy/>
2. Bourletidis, D. (2014). The strategic model of innovation clusters: Implementation of blue ocean strategy in a typical Greek region. *Procedia-Social and Behavioral Sciences*, 148, 645-652.
3. Eskandari et al (2015). Thinking of the blue ocean Strategy beyond the competition, [https://www.researchgate.net/publication/281123431\\_Thinking\\_of\\_the\\_blue\\_ocean\\_-\\_strategy\\_beyond\\_the\\_competition](https://www.researchgate.net/publication/281123431_Thinking_of_the_blue_ocean_-_strategy_beyond_the_competition).
4. Kim, M. S. A Techno-Economic Analysis with Blue Ocean Strategy for New Technology: Case of an RFID System
5. Raman V. R.(2014). Comparison Between Ocean Strategies, *Internet Literature*, Accessed between 15<sup>th</sup> April,2018 to 15<sup>th</sup> May 2018
6. Alhaddi, H. (2014). The relationship between thought leadership and innovation: A look at strategy. *Journal of Business Administration and Education*, 6(2).
7. **Irfanuzzaman Khan (2013). Blue Ocean Strategy and the dynamic nature of business strategies: an empirical study conducted on the renewable and telecommunication sector of Bangladesh.**
8. Rezazadeh, M. H., Aghdam, M. S., Peyvand, A., Rahmani, P., & Nourani, M. Applying Blue Ocean Strategy in Iran tourism industry.
9. Burke, Andrew, A. van Stel, and R. Thurik. "Blue Ocean Strategy versus Five Forces." *Harvard Business Review* 80 (May 2010): 28-29.
10. Thurik, AR, Carree, MA, Van Stel, AJ, Audretsch, DB. 2008. Does Self-Employment Reduce Unemployment? *Journal of Business Venturing*, 23, 673-686.
11. Verhoef, PC, Nijssen, EJ, Sloot, L. 2000. Strategic Reactions of National Brand Manufacturers towards Private Labels. An Empirical Study in The Netherlands. *European Journal of Marketing* 36, 1309-1326.
12. Von Mises, L. 1949. *Human Action: A Treatise on Economics*, London: Hodge.
13. Winter, SG. 2003. Understanding Dynamic Capabilities, *Strategic Management Journal*, 24, 991-995.
14. Zollo, M, Winter, SG. 2002. Deliberate Learning and the Evolution of Dynamic Capabilities, *Organization Science*, 13, 339-351
15. Kim, W. C., & Mauborgne, R. (2004). Blue ocean strategy. *If you read nothing else on strategy, read these best-selling articles.*,pg. 71.
16. Strategy, B. O. (2005). Review. *California management review*, 47(3).
17. Kim, W. C., & Mauborgne, R. (2007). Blue ocean strategy. *Leadership Excellence*, 9, pp.20-21.

18. Zolotova, S. H., & Kharchenko, V. V. (2011). *Blue ocean strategy* (Doctoral dissertation, Вид-во СумДУ).
19. Ghura, A. S., & Hattangadi, V. (2012). BLUE OCEAN STRATEGY. *Sansmaran Research Journal*, 2(1), pp.45-46.
20. Mebert, A., & Lowe, S. (2017). *Blue Ocean Strategy*. CRC Press.
21. Kim, W. C., & Mauborgne, R. (2005). How to create uncontested market space and make the competition irrelevant. *Harvard Business Review*, 4(13), 1-2.
22. <https://economictimes.indiatimes.com/small-biz/entrepreneurship/why-sanjeev-bikhchandani-the-naukri-man-wants-to-be-a-builder-and-funder-with-info-edge/articleshow/45892016.cms>
23. [https://en.wikipedia.org/wiki/Anita\\_Dongre](https://en.wikipedia.org/wiki/Anita_Dongre)
24. [https://en.wikipedia.org/wiki/Shahnaz\\_Husain](https://en.wikipedia.org/wiki/Shahnaz_Husain)

