

Value Innovation

Red Ocean Strategy

Compete in **existing** market space.

Beat the competition.

Exploit **existing** demand.

Make the value-cost trade-off.

Align the whole system of a firm's activities with its strategic choice of **differentiation or low cost**.

VS

Blue Ocean Strategy

Create **uncontested** market space.

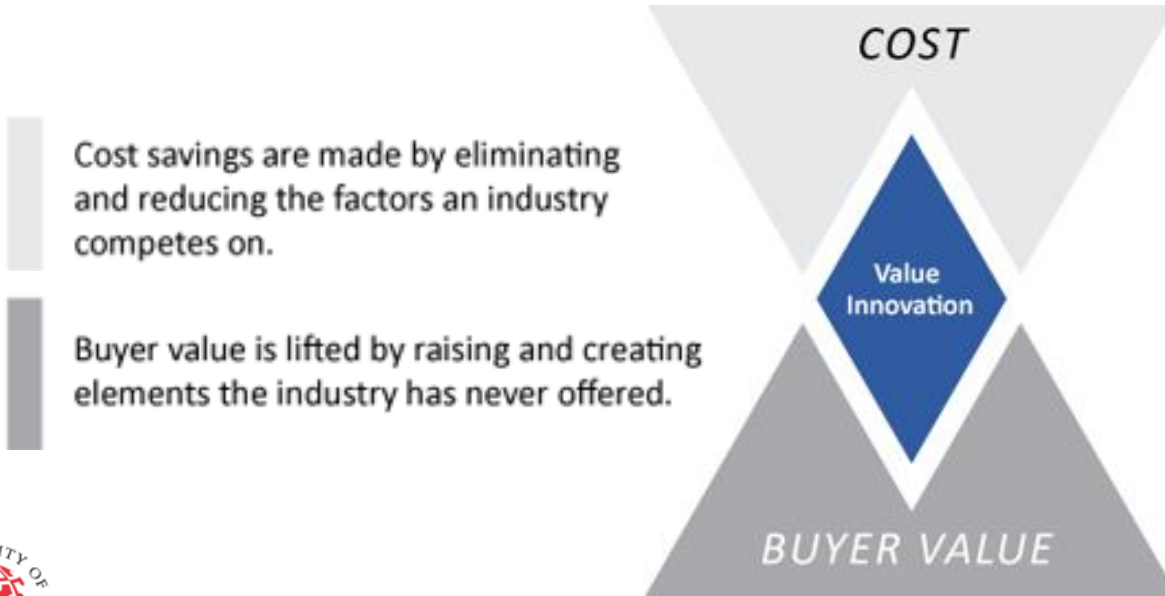
Make the competition **irrelevant**.

Create and capture **new** demand.

Break the value-cost trade-off.

Align the whole system of a firm's activities in **pursuit of differentiation and low cost**.

Value innovation examines the cost-value equation in search of new solutions



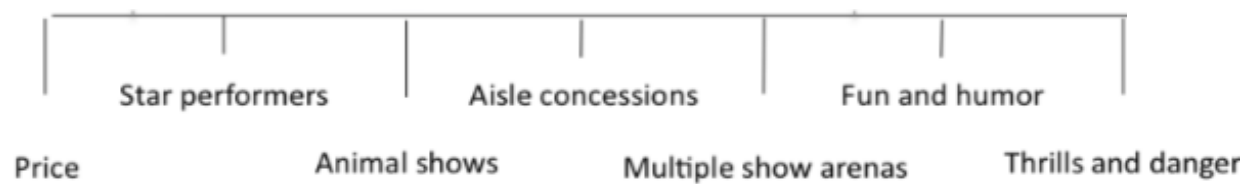
Source:
[www.blueoceanstrategy.com/
about/concepts/value-innovation/](http://www.blueoceanstrategy.com/about/concepts/value-innovation/)

Value curves assist in evaluating how to compete, and where to invest.

- With big ideas and scarce resources, entrepreneurs must be:
 - efficient in their decisions, and
 - discerning in their time and financial management.

Value curve uses a diagram to compare products on a range of factors

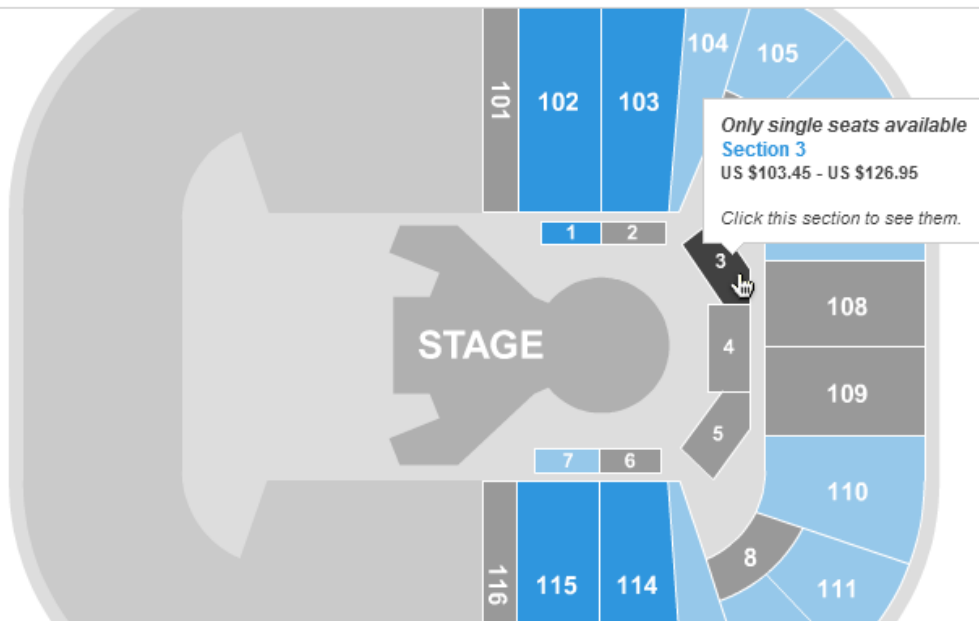
- Features, benefits, pricing, etc.
- Listing competitors on a single graphic identifies gaps & opportunities
- Identify changes in the value proposition that entrepreneurs can create.





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Selected Seats* (1) | [Hide Details](#)

Section	Row	Seat	Ticket Type	Total Price per Ticket	Remove All
SEC-3	E	5	Full Price Ticket	US \$126.95 Details	<input type="checkbox"/>

SUBTOTAL: US \$126.95

Buy Tickets



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The Phantom of the Opera

Venue Details
Majestic Theatre,
247 West 44th Street,
New York,
NY

Performance
Jul 20, 2013
8:00 PM

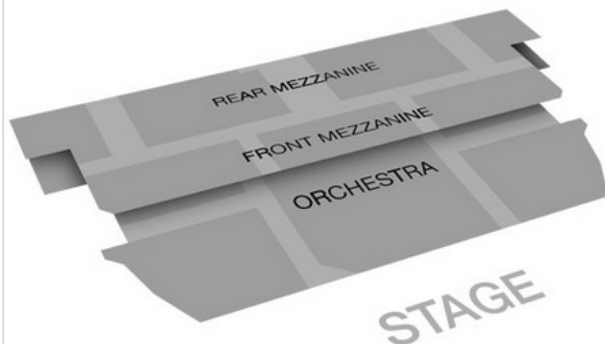
[CHANGE DATE/SHOW](#)

SUMMARY

When do you want to see the show? >

Choose your seats >

How many tickets would you like? 1 Ticket ▾



Orchestra

Face Value: \$137.00 Fees: \$44.53

\$181.53

[SELECT](#)

Front Mezzanine

Face Value: \$137.00 Fees: \$44.53

\$181.53

[SELECT](#)

Rear Mezzanine (A to E)

Face Value: \$92.00 Fees: \$29.90

\$121.90

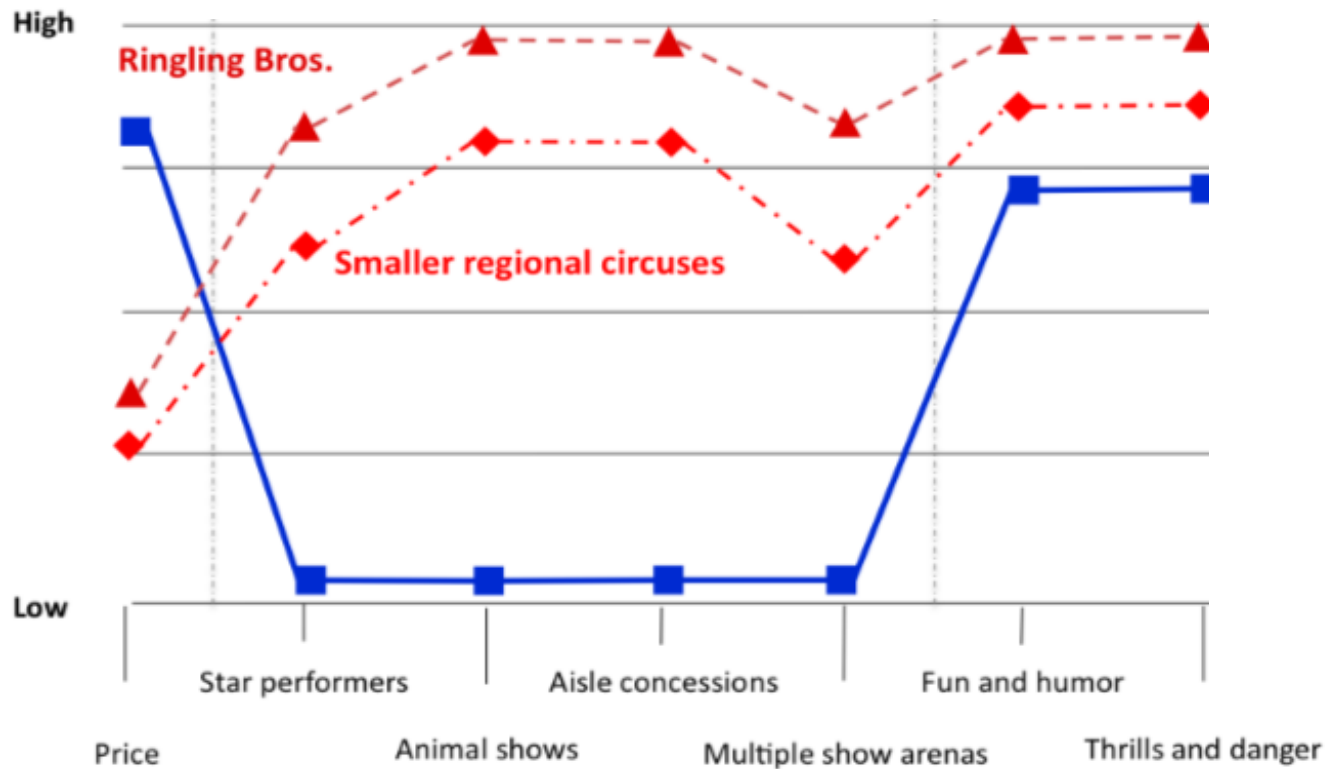
[SELECT](#)

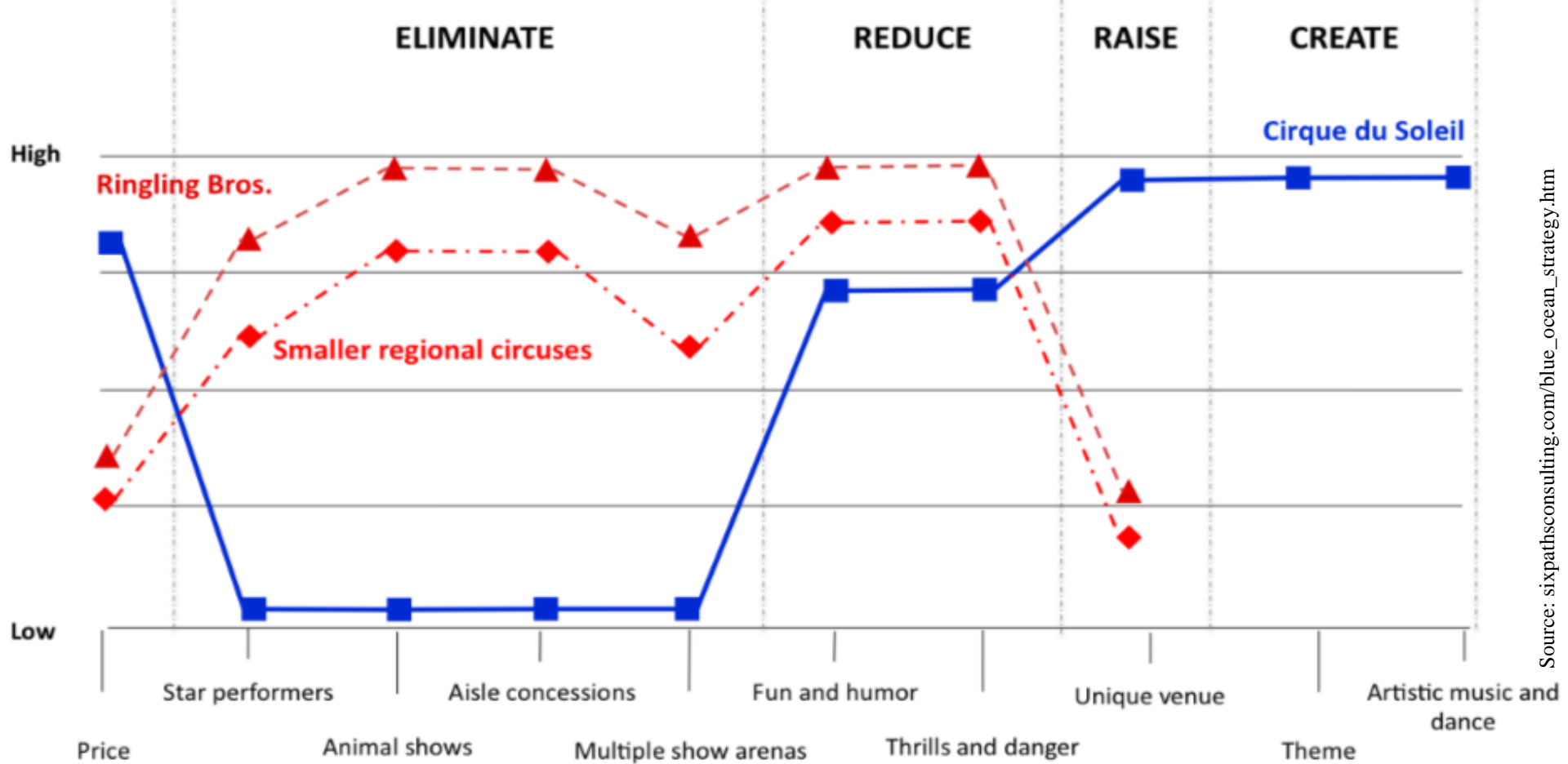
Rear Mezzanine (F to J)

Face Value: \$72.00 Fees: \$23.40

\$95.40

[SELECT](#)





Four Actions Framework

- Which of the factors that the industry takes for granted should be **eliminated**?
- Which factors should be **reduced well below** the industry's standard?
- Which factors should be **raised well above** the industry's standard?
- Which factors should be **created** that the industry has never offered?

Summary

- To develop an innovative value curve, explore the benefits that matter most to customers
 - Emphasize what matters to them
 - Invest in exceeding customer desires
 - Eliminate or reduce less valuable factors
 - Redirect money and time into raising benefits and creating value