

ERRC Framework Analysis: Red Ocean vs Blue Ocean Strategy

Course :

GE 324

Business Analysis & Communication

Meet Our Team

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Introduction

Today's business world is highly competitive. Companies often fight in existing markets (Red Ocean). Blue Ocean Strategy focuses on creating new market space. ERRC Framework helps design innovative value propositions.

What is Red Ocean Strategy?

Competing in existing market space.

Focus on beating competitors.

Price wars and shrinking profits.

Example: Traditional Cable TV Providers.

A faint background image showing several silhouettes of business people in various poses (standing, sitting, holding a tablet) around a large, glowing lightbulb. The lightbulb is the central focus, symbolizing ideas and innovation.

What is Blue Ocean Strategy?

Creating uncontested market space.

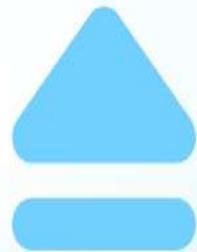
Making competition irrelevant.

Focus on value innovation.

Example: Netflix Streaming Platform.

What is ERRC Framework?

ERRC stands for:



E – Eliminate



R – Reduce



R – Raise



C – Create

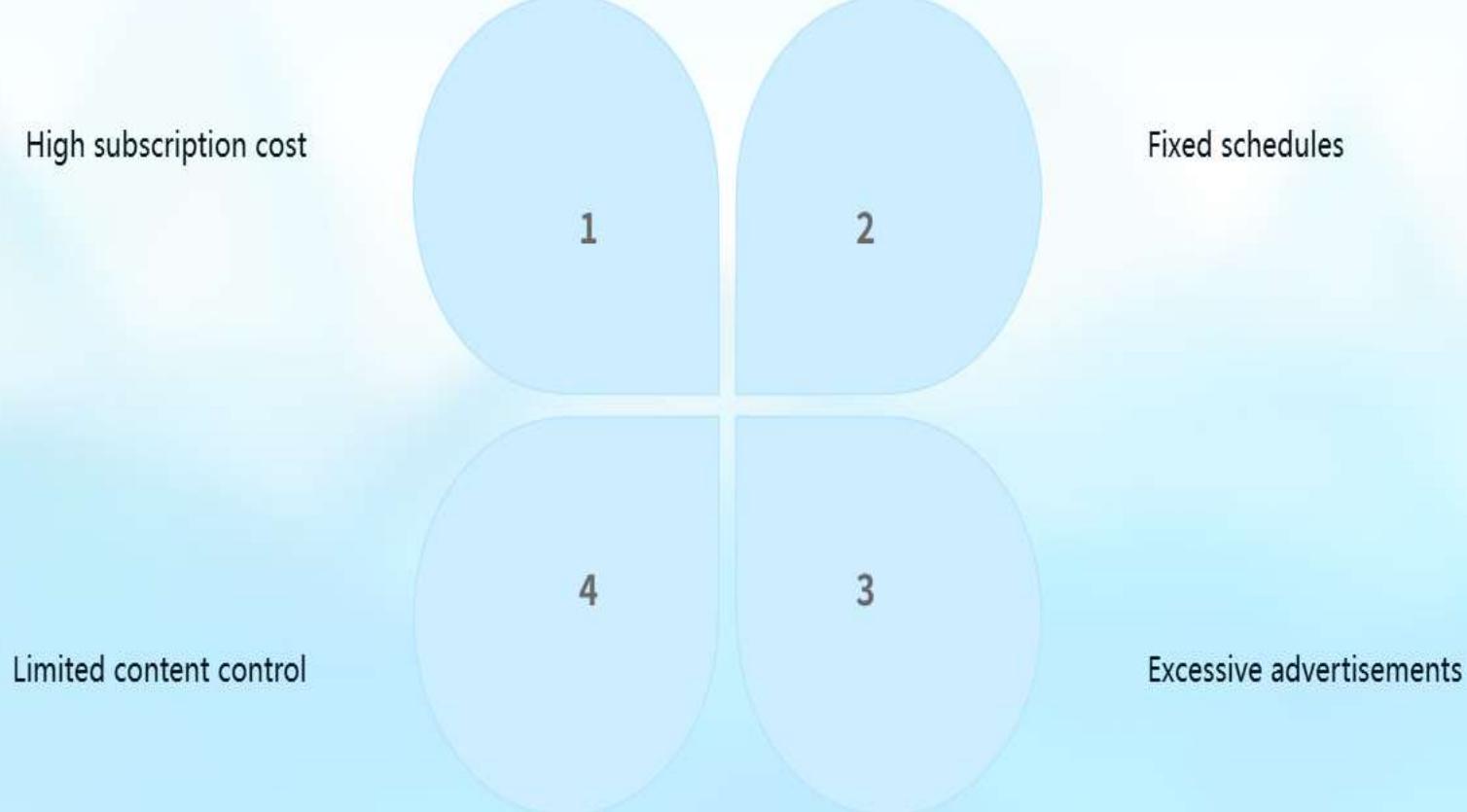
→ Used to shift from Red Ocean to Blue Ocean strategy.

Real-Life Business Scenario

Case Study: Netflix vs Traditional Cable TV

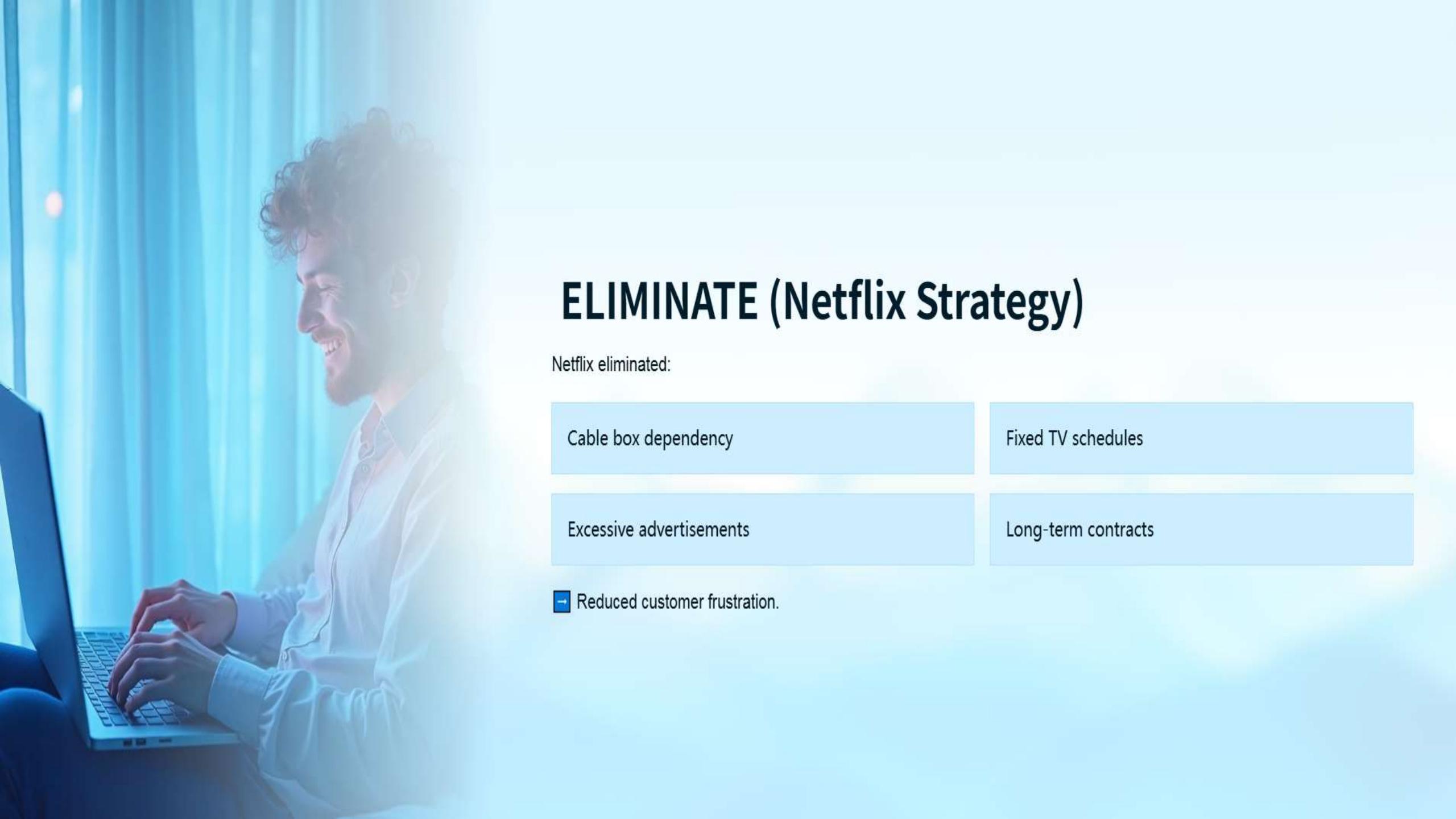
Industry: Entertainment & Media

Problem:



ERRC Framework Overview

ERRC Element	Focus
Eliminate	Remove unnecessary factors
Reduce	Lower over-designed factors
Raise	Increase customer value
Create	Introduce new value



ELIMINATE (Netflix Strategy)

Netflix eliminated:

Cable box dependency

Fixed TV schedules

Excessive advertisements

Long-term contracts

→ Reduced customer frustration.

REDUCE

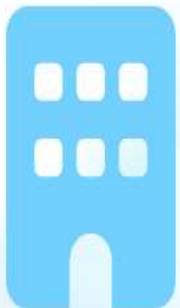
Netflix reduced:



Subscription complexity



Content distribution cost



Physical infrastructure



Dependency on third-party channels

→ Lower operational cost.

A photograph of a family of four—two adults and two children—sitting on a rug in a living room, watching a movie on a large flat-screen TV. The TV displays a bright, abstract scene. The room has warm lighting from a fireplace on the left and vertical blinds on the windows.

RAISE

Netflix raised:

- 1** Content personalization
 - 2** Viewing convenience
 - 3** Content quality (original shows)
 - 4** Customer experience
- Higher customer satisfaction.



CREATE

Netflix created:

On-demand streaming

Recommendation algorithms

Original content (Netflix Originals)

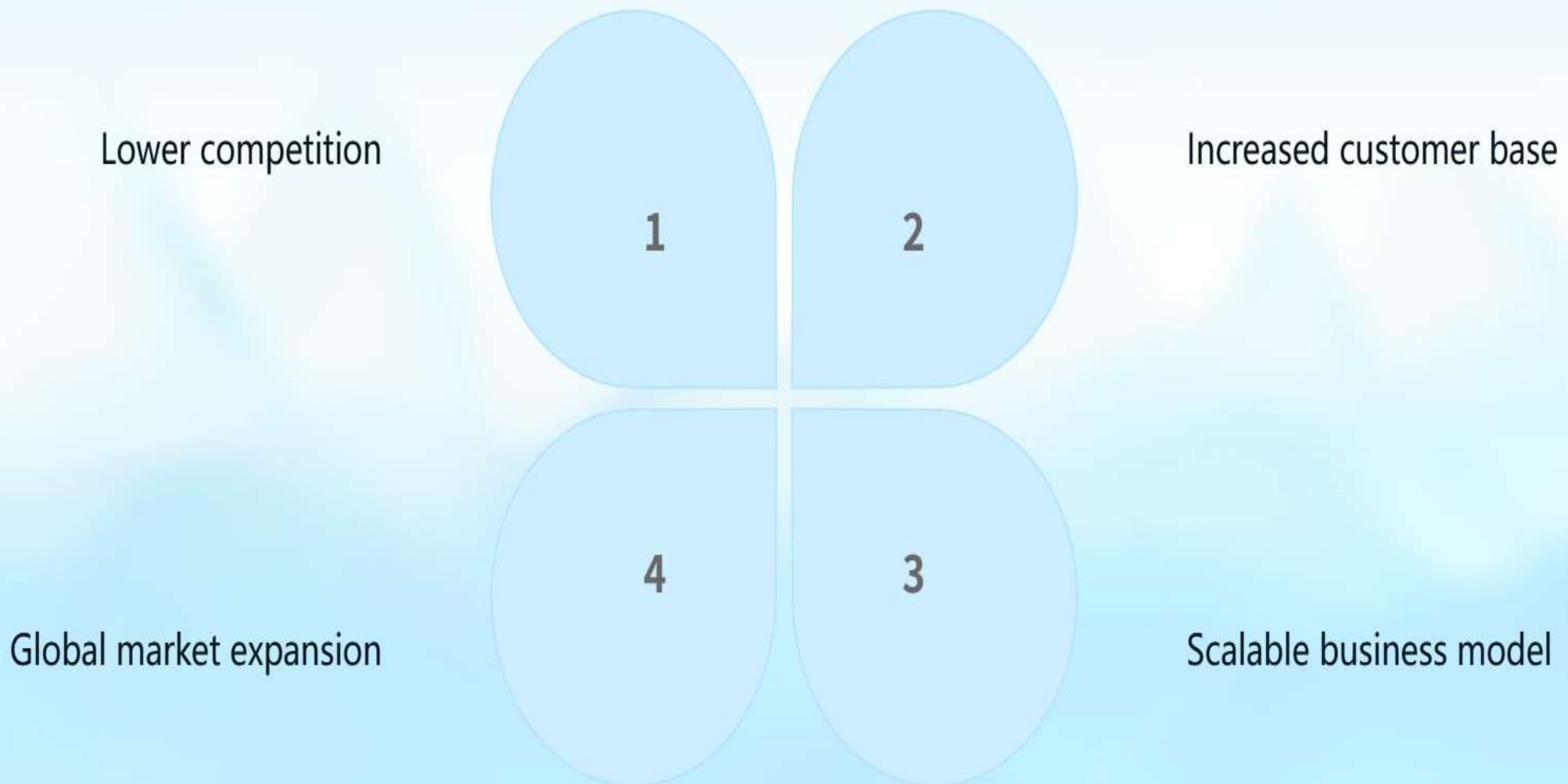
Multi-device accessibility

→ Created a new entertainment market.

ERRC Framework Summary Table

Element	Traditional Cable TV	Netflix
Eliminate	✗ No	✓ Yes
Reduce	✗ No	✓ Yes
Raise	Limited	High
Create	None	New market

Business Impact of Blue Ocean Strategy



A man in a blue hoodie stands on a grassy hill, looking out over a bright, hazy horizon. He is pointing his right hand towards the distance. The background is a soft-focus landscape with light rays.

Conclusion

ERRC Framework enables innovation.

Netflix successfully shifted from Red to Blue Ocean.

Creating value is more effective than competing on price.

ERRC can be applied to many industries.

Thank You