



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.



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:

High subscription cost

1

2

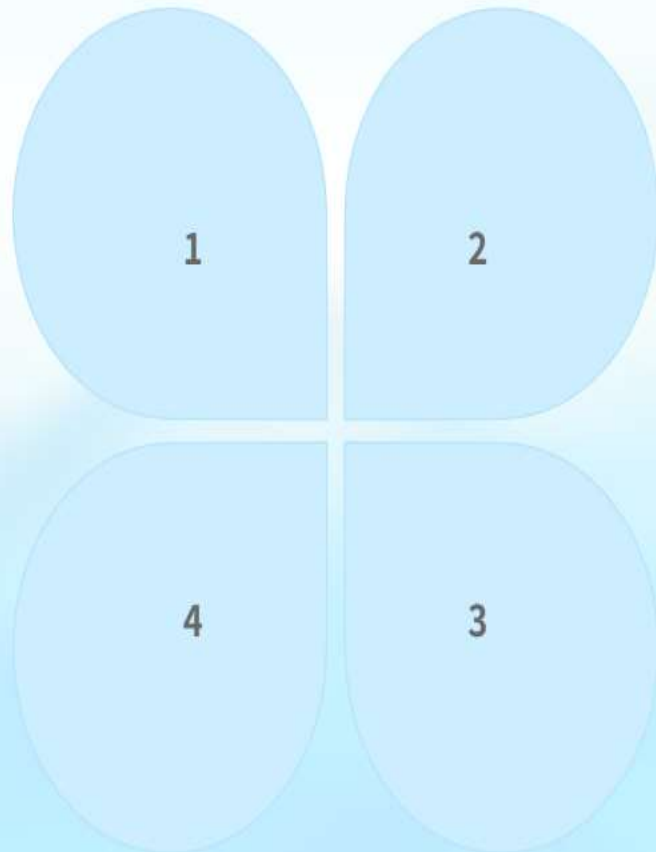
Fixed schedules

4

3

Limited content control

Excessive advertisements



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.



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)

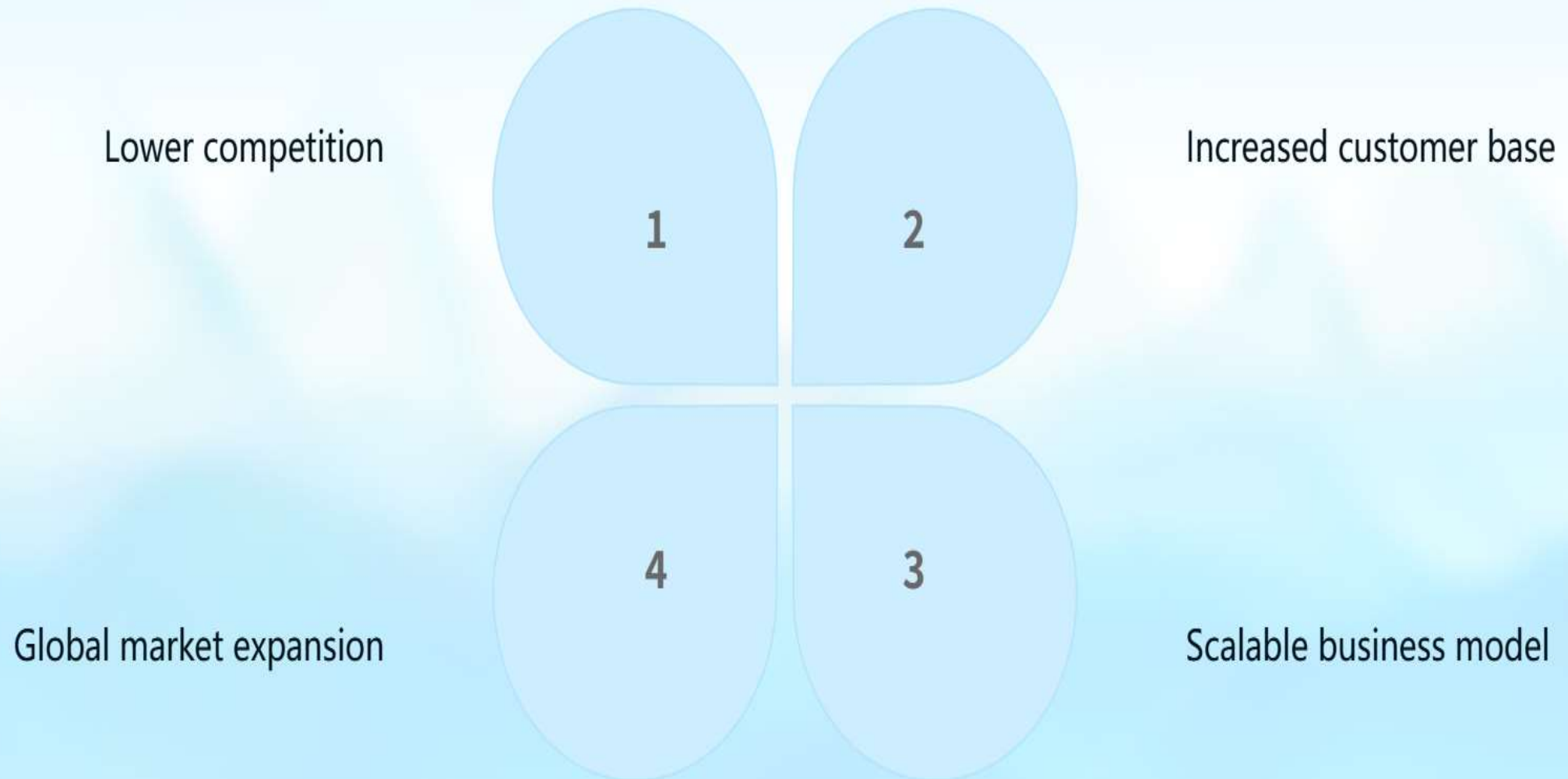
Multi-device accessibility

→ 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 glowing blue, textured surface, looking towards a bright, glowing orb in the distance. The background is a soft, hazy blue with wispy clouds and a bright light source on the right.

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