Business strategy

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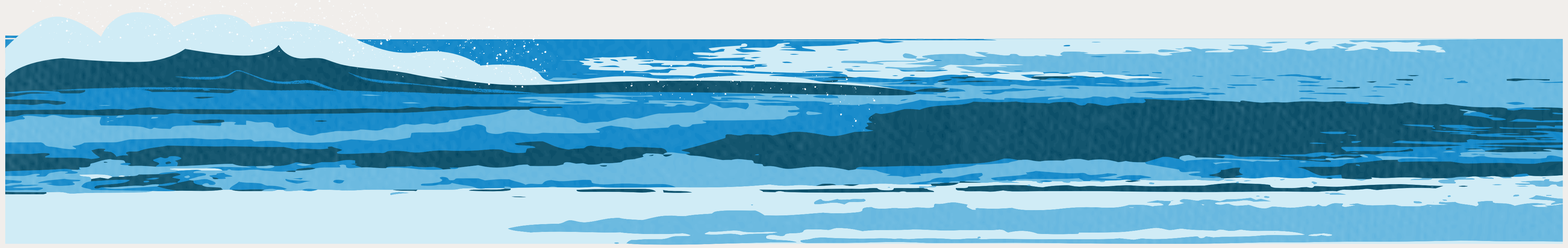
Blue Ocean Strategy

The blue ocean strategy, introduced by professors W. Chan Kim and Renee Mauborgne in 2005, offers a fresh approach to strategic planning. Unlike traditional strategies that compete within existing market spaces (red oceans), the blue ocean strategy aims to create new, uncontested market spaces for companies

The blue ocean strategy encourages companies to explore uncharted territories, break away from conventional thinking, and create new markets where competition is less intense. By embracing a blue ocean mindset, companies can discover new opportunities, unlock growth, and chart their own course to success



Principles of the Blue Ocean Strategy

1. Value innovation
2. Reconstruct market boundaries
3. Focus on the big picture
4. Break the value-cost trade-off
5. Embrace differentiation
6. Simplicity and focus
7. Continuous innovation

Example

One notable example of the blue ocean strategy is Cirque du Soleil. When it was founded in the 1980s, the circus industry was a highly competitive red ocean, characterized by traditional circus shows with animals and clowns. Recognizing the need for differentiation and innovation, Cirque du Soleil created a blue ocean by combining elements of theater, dance, music, and circus arts to offer a unique and artistic entertainment experience

By targeting a new customer segment that sought high-quality performances and artistic expression rather than traditional circus acts, Cirque du Soleil was able to create a market space uncontested by traditional circuses. They eliminated certain elements of the traditional circus, such as animal acts and star performers, and focused on storytelling, elaborate costumes, and breathtaking acrobatic performances

The strategy canvas

The strategy canvas is a central tool in Blue Ocean Strategy that provides a visual representation of the current state of competition within an industry or market. It helps businesses compare their offerings to those of their competitors and identify areas of differentiation and potential opportunities for creating a "blue ocean" of uncontested market space

The strategy canvas

The strategy canvas consists of two axes:

1. The Value Curve Axis: This axis represents the key factors or attributes that the industry competes on. These factors are typically derived from market research, customer feedback, and industry analysis. Examples of such factors can include price, quality, features, customer service, and delivery time

2. The Offering Level Axis: This axis shows the levels at which the industry currently offers these key factors. It ranges from low to high, with each level representing the degree of emphasis or investment placed by the industry on a specific factor

Examples of strategy canvas in different industries

1. Automobile Industry:

- Tesla's Strategy Canvas: Emphasizes electric powertrain, sustainability, autonomous driving, and technology integration. Key factors include range, charging infrastructure, and software updates

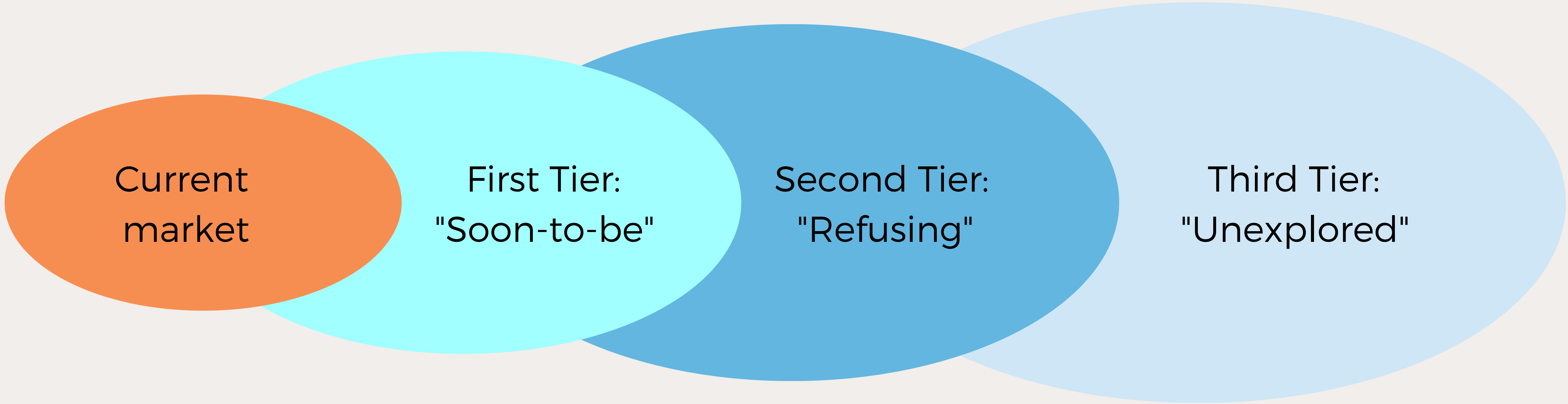
2. Smartphone Industry:

- iPhone's Strategy Canvas: Emphasizes touchscreen interface, simplicity, app ecosystem, and design. Key factors include user experience, app availability, and aesthetics

3. Fast Food Industry:

- Chipotle's Strategy Canvas: Emphasizes fresh ingredients, customizable orders, and healthier options. Key factors include quality, customization, and sustainability

Three Tiers of Noncustomers



The Four Actions Framework

. Which factors should be reduced?

Which factors should be eliminated?

NEW VALUE CURVE

Which factors should be raised?

Which factors should be created?

Thank you for your attention!