

Blue Ocean Vs Red Ocean Strategy

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Lets take an example

- When every company was making Walkman apple launched IPOD
- Most of the companies were fighting to make fastest car and fuel efficient car tesla developed electric cars



What is Blue Ocean

- "Blue ocean strategy generally refers to the creation by a company of a new, uncontested market space that makes competitors irrelevant and that creates new consumer value often while decreasing cost".
 - BOS is all about minimizing risks due to competition threat and maximizing opportunities by exploring new boundaries.
 - Blue ocean strategy means, the market where market boundaries and industry structure can be reconstruct by the actions and beliefs of industry players.
 - The structure and market boundaries exist only in managers' minds; practitioners who hold this view do not let existing market structures limit their thinking. To them, extra demand is out there, largely untapped.
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What is Red Ocean

- The Red Ocean companies try to outperform their rivals to grab a greater share of existing demand.
 - Red Ocean Strategy is a head-to-head battle where the players of a particular segment compete with each other remaining in the same market space i.e. within the boundaries of the same industry on the principle of 'competitive advantage.
 - Red oceans represent all the industries in existence today the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known
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Lets do a comparison

Blue Ocean

- Non Existing Industries
- Undefined Market Space
- Undefined industry boundaries
- Unknown competitive rules

Red Ocean

- Existing Industries
 - Defined Market Space
 - Defined industry boundaries
 - Known competitive rules
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Lets do a comparison

Blue Ocean

- High profit growth opportunities
- Value innovation
- Create a market
- Developing Future demand

Red Ocean

- Known competitive rules
 - Low profit growth opportunities
 - Competitive Advantage-
Low cost or differentiation
 - Exploit existing demands
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