Blue Ocean Strategy

Strategi Lautan Biru
“Go where the profits and growth are – and where the competition isn’t”

“Create uncontested market space and make the competition irrelevant”.
Rising Imperative of Creating Blue Oceans

Driving forces include:

- Technological advances & improved industrial productivity
- Unprecedented array of products and services available
- Supply exceeds demand
- Globalization, niche markets and monopolies disappear
- 20th century strategy and management approach waning
From Company and Industry to Strategic Move
Value Innovation, Blue Oceans Cornerstone

The Simultaneous Pursuit of Differentiation and Low Cost
What’s it like in a Red Ocean?

- Companies try to outperform rivals in order to grab greater share of existing demand
- Space gets more crowded
- Prospects for profits and growth reduced
- Increasing competition turns water bloody
What is the Blue Ocean?

- Blue oceans denote all industries NOT in existence today
- The unknown market space
- Untainted by competition
- In blue ocean, demand is created not fought over
<table>
<thead>
<tr>
<th>Red Ocean Strategy</th>
<th>Blue Ocean Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compete in existing market space</td>
<td>Create uncontested market space</td>
</tr>
<tr>
<td>Beat the competition</td>
<td>Make the competition irrelevant</td>
</tr>
<tr>
<td>Differentiation or low cost</td>
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</tr>
<tr>
<td>Competitive Advantage</td>
<td>Value Innovation</td>
</tr>
<tr>
<td>Segment existing customers</td>
<td>Attract noncustomers</td>
</tr>
<tr>
<td>Exploit existing demand</td>
<td>Create and capture new demand</td>
</tr>
</tbody>
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Blue Ocean Strategy Tools

• Strategy canvas

• Four actions

• The Eliminate-Reduce-Raise-CREATE Grid
Strategy Canvas

• A diagnostic tool for building a compelling BOS
• It captures the current state of play in the known market space
• Allow us to understand:
  - Where the competition is currently investing
  - The factors the industry currently competes on in product, service, and delivery
  - What customers receive from existing competitive offerings on the market
The Four Action Framework

REDUCE
Which factors should be reduced well below the industry’s standard?

ELIMINATE
Which of the factors that the industry takes for granted should be eliminated?

CREATE
Which factors should be created that the industry has never offered?

RAISE
Which factors should be raised well above the industry’s standard?
The Strategy Canvas of Cirque du Soleil

- Ringling Brothers
- Smaller Regional Circus
- Cirque du Soleil

Offering Levels:
- Price
- Star Performers
- Animal Shows
- Aisle Concessions
- Multiple Show Arenas
- Fun & Humor
- Thrills & Danger
- Unique Venue
- Theme
- Refined Viewing Environment
- Multiple Productions
- Artistic Music & Dance

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The Strategy Canvas of Cirque du Soleil

Price

Animal Shows

Multiple Show Arenas

Fun & Humor

Unique Venue

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Aisle Concessions

Thrills & Danger

Multiple Productions

Cirque du Soleil

Smaller Regional Circus

Ringling Brothers

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## Create-Reduce-Eliminate-Raise Grid

<table>
<thead>
<tr>
<th><strong>Eliminate</strong></th>
<th><strong>Reduce</strong></th>
<th><strong>Create</strong></th>
<th><strong>Raise</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Star performer</td>
<td>• Fun and humor</td>
<td>• Theme</td>
<td>• Unique venue</td>
</tr>
<tr>
<td>• Animal show</td>
<td>• Thrill and danger</td>
<td>• Refined environment</td>
<td></td>
</tr>
<tr>
<td>• Aisle concession sales</td>
<td></td>
<td>• Multiple productions</td>
<td></td>
</tr>
<tr>
<td>• Multiple show arena</td>
<td></td>
<td>• Artistic music and dance</td>
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Thank You