

Blue Ocean Strategy: A Study Over A Strategy Which Help The Firm To Survive From Competitive Environment

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Abstract

The purpose of this conceptual paper is to introduce one of the controversial issues in the business world which is labeled blue ocean strategy, this study also highlight blue ocean's barriers like imitation and emulation. Brief comparison between competitive environment (Red Oceans) strategy and blue ocean strategy and also importance of role of management in using blue ocean strategy to increase return for the firms are issues that explained. The review of the research contains role of innovation and its value for this strategy to help the firms survive in competitive market. First movers and second fast imitators also are the issues that in this study explain about their advantages and disadvantages in brief comparison.

Keywords: Blue ocean strategy, innovation, creation, demand, imitate

1. Introduction

Issues like how the businesses transform their model is the completely new approach in driving value creation and push the firms to gain lucrative increase of sales activity, in this era role of management in increasing return for the firms, are subject that most of the firms are willing to figure out. Treating the whole company or firm to use purposeful guide for recruiting new strategy, with no doubt can protect the firm among competitive environment which is very popular these days. Provides a mostly animated approach to assess how flourishing companies are able to create business model changes that underlie the creation of totally new value Offers in the market by recruiting new strategy (Kim, Mauborgne et al., 2008). Competitive strategy and the Blue Ocean Strategy Both draw attention to the importance of companies to avoid

strong competition. Strong competition is that we called red oceans that are bloody due to this strong competitive environment. To avoid in the context of competitive strategy, as all know competitors have so many resource-based view of the firm, that have to implement some limitation for the resources to decrease simulation and creating sustainable competitive advantages and earnings increase. Of course, over time, it is always possible for other companies to provide a unique resource (Burke, Van Stel et al., 2009).

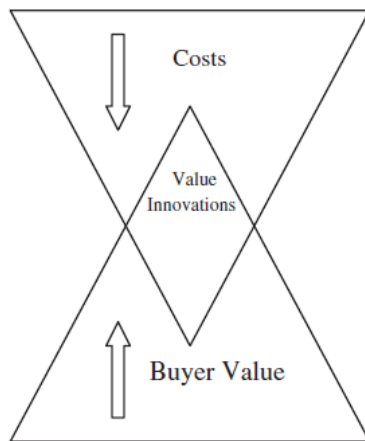
2. Competitive strategy in compare of blue ocean strategy

During the past 25 years most of emphasizes were on competitive strategy and some part of this portion is because the main organizational strategies were very dependence on their roots which were protection strategy. In army science, strategy means to face and defense to a competitor which has a specific area and position, so the main current strategies also are based on this definition. The market would consider as a specific area where the firms are trying to achieve more customer to increase their returns and this action has nothing unless one firms would get a high return and other would face in disasters situation that face them to vanish from the market (Burke, Van Stel et al., 2009).

Although competitive aspects are very important for the firms but keeping more attention to this issue will make the firms become far away another attributes which is creating a new market that there is no competitor in that and makes competition meaningless, this is exact meaning of Blue Ocean strategy (Buisson and Silberzahn, 2010). Assume that global market is divided by two parts: Blue Ocean and Red Ocean. Red ocean defines the whole businesses that exist and they are known area of market. In the red ocean all the boundaries and limitations are obvious and also the play law which is using in the market is very clear. In red ocean firms try to perform the best to achieve much more return for their firms due to this fact that red ocean market is very crowded being lucrative is very hard, to make story short this competitive environment has made it so bloody and gain profit is very hard for firm to achieve (Parvinen, Aspara et al., 2011). To add more, in red ocean strategy there are some parameters that play significant role for existing in business like cost, competition and price, and competition should be suitable and good enough for expanding the companies' services and products. Differentiation is another competitive advantage that makes a lot of cost because companies compete with the same practice rules (Chang, 2010). On the other hands Blue oceans are those industries which have not yet been defined, those which are not exit currently. Blue Ocean is a place with no competitor in it (Totally new market); therefore this environment is a place with high potential of getting lucrative and profitable return for those firms which create it. In addition we should consider that competitive environment does not exist in this market (Burke, Van Stel et al., 2009). Researchers believe that building Blue Ocean is not a static progress, it is dynamic. When a firm has competitive advantage, and its better performance shows all the things imitators show themselves in market. Studies prove that a good blue ocean strategy is the one that is hard to imitate. The factors which influence on cost structure and value proposition and value innovation are firm's action and strategy. It is obvious that the most powerful value innovation, will cause the least imitation, and also prevent imitators to enter market. Figure 1 illustrate that blue ocean strategy should raise the value and driving down

costs, and there is win-win strategy for sellers and buyers. While a profit objective is reached value is accomplished. This approach shows that Functional and operational activities of firms are influenced by blue ocean strategy. "Value innovation is something more than innovation" .It is something that is all about activities and strategies which companies try to achieve value and add value for their customers (Chang, 2010).

Figure1: Value innovation: the cornerstone of blue ocean strategy (Chang 2010)



3. First movers and the second fast imitator

First mover in the business and in the theory are those who have settle a business very fast and have brought innovation and extraordinary attributes which rarely have seen in the market, but in practice it means being first to do. In this case Gilbert/Birnbaum-More (1996) have recommend to use early movers instead of that (Cleff and Rennings, 2011).these firms have three major advantage in compare of second movers that are: technological leadership, preemption of physical or spatial asset and buyer switching cost On the other hand those firms who called second mover or late mover typically are those which enter to the market after first mover. These firms are those who imitate and copy the innovation this attributes have three major advantages which are: simply to free ride on first mover investment, technological development or customers need and leapfrogging (Cleff and Rennings, 2011).

Being first in a new market and setting up a strong differentiation strategy make firm to show something special in compare of the other markets, firms can create lucrative and profitable return for that market shortly. It is creation of new demand in market to increase its profit by using that strategy which called Blue Ocean. Almost in the executive countryside, contends, on the contrary, that companies should not try to become pioneer, but should rather objective the newly created market in second situation (Markides, 2010). An analysis on studies shows that until the mid of 1980 the most common think about the first movers was that those firms are the only market pioneers which can protect long live market share advantage (Cleff and Rennings, 2011).

4. Implementing Blue Ocean as a new business model idea

The perception of blue ocean strategy, base on Ansoff's generic market development strategy, even though, it brings in new perspective to by referring to market redefinition, as a substitute an alternative of simple traditional market-making. On the other hand this subject increasing the customer potential. In other words, "the difference between market-making and market redefinition is that the second movers are those who focused on novel value conception logics despite of the fact that change in customer statistics and also review the first movers` movement."Blue ocean strategy thus introduces the concepts of a) establishment and amusement of new business models, b) creating market space by redefinition and c) scientific improvement enabling new earnings logics to classical market progress in business strategy"(Parvinen, Aspara et al., 2011).

Fundamental altercations in any of these core processes may generate unexpected triumph in the marketplace relative to competition. Blue ocean strategy (Kim and Mauborgne, 2005b) can be linked to this reinforcement as an explanation of these radical approaches. For the most part Blue Ocean Strategy and business model uprising focuses on activities which are related to sale of the company. Additionally, we suggest that the successful Blue Ocean Strategy manifests as applications of overhaul prevailing logic by Vargo and Lusch (2004, 2006) and service business model prose generally. Blue ocean can be use as new model method to enhance the firm`s return due to the new environment that it create for itself. Marketing strategy for it offers a numberless of realistic remarks, but shortage of scientific data has always existed in this criteria. Using some tool like PDM, SCM and CRM are some suggestion that can use to exploit creating competitive advantage. Degree of recruiting and implementing blue ocean strategy is also important matter that cannot ignore, in business world. As a crystal cut example, level of the model that the firms are looking for, is a subject pricing model of ICT companies to represent the tactical core of value creation and economic logic in terms of revenue generation and to the managerial decision-making system that as shows face to some barriers in the way of implementing new strategy (blue ocean strategy) (Parvinen, Aspara et al., 2011).

The requirement of disturbance in business model change has also been verified in the contexts of vertical incorporation, diversification and new-product, new-market combinations. In these contexts, business model transformations are considered to take place in a networked context, by knowing the changing is the need of transforming structures. If the basic foundation of resemble business model prose, the conjectural basic concept of blue ocean idea could stanch from value creation theory in terms of business model changing (Moller, Rajala et al., 2005).

"Blue ocean strategy thus contributes through at least five central perspectives to business model thinking (Parvinen, Aspara et al., 2011);

- Process, evolution (vs. outcome-orientation)
- Radical recreation
- Managerial cognition

- Market space redefinition (different from market-making)
- Technological innovation”

5. Blue ocean strategy and managerial role in implementation

Blue ocean strategy itself in sale shows as a method of increasing profitable growth of the firms by creating new demand that there is no competitor for that. Blue ocean strategy will face the managers to some problems such as how do these theoretical ideas come to real world and can enhance the returns? Or how should this new strategy implement through the business? Below are some answers about the most common question related to blue ocean strategy? Reinforcing the strategy is the main issue for the manager to think about. Potential innovation is the most vital factor that should the manager concern about. Sales question, staffs guide programs developing and cooperation is the next step of Blue ocean strategy implementation. Manager should think that whether they can be to recruit people and attract them to this new strategy. If their current service provider can respond to the market needs. During this implementation, changing management is also would occurs in most of the firms (Parvinen, Aspara et al., 2011). Put into operation this new strategy needs practical changing through its market. To some extend approaches through business such as technology innovation, market recession and also evolutions in markets links very suitable with sales management and some criteria's of business model. On the other hand managers should be aware of exercises and development which are related use and implement with blue ocean strategy. Implementing blue ocean strategy needs suitable tied staff with practical ability not knowledge, being deep in practical activities would help the firm in sudden change in strategy, change salesman positions and renegotiating point contracts due to downstream organic vertical integration can be mentioned as practical activities. Emphasizing on leadership and leading meetings, Instead of general attributes of management should be considered. Cognitive capacity is always limited by time shortage in managers view, recruiting blue ocean strategy with decision making process will enhance the quality of the firm much more (Parvinen, Aspara et al., 2011).

6. Global current trends

In industries which are tending to grow, current pattern of competition is more focus on innovation. As we all see firms nowadays not only want to be more competitive but also being innovative is also noted in their future programs, beside tend to stability rather than change is also another subject for the firm that they may think about their firms` future and this may face them to some limitation(Cleff and Rennings, 2011). Although these constrain and so many conservatives` actions views that nowadays repeatedly was out by the news and reports, they seemed a little change of mode of developing is considering recently. However, several books on strategic perception have emerged that share an interest in the main factor for the firms is that to know and to understand how to innovate and distinguish the current situation to recruit innovation and entrepreneurship to make evolution in their business or company. As an illustration; airlines industries have done so many minor and major competitive option which

passenger may want or desire or increase their facility during fly for them, but the only thing that may differ them among each other is certain factor which is innovation and creation.

7. Conclusion

With no doubt ability of the firm to compete to each other has been become entangled with entrepreneurship and belief that innovative ideas are the only way to sustain each firms or companies 'business in the market pushes them to work on this key success factor (Andersen and Strandskov, 2008).

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