BLUE OCEAN MARKETING STRATEGY (BOMS): AN OVERVIEW

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ABSTRACT
One of the current strategic moves that an organisation has to follow in pursuit of profit is Blue Ocean Marketing Strategy (BOMS). It is a business strategy that illustrates the high growth and profits an organization can generate by creating new demand in an uncontested market space, or a “Blue Ocean”, than by competing head-to-head with other suppliers for known customers in an existing industry. This strategy is in contrast of Red Ocean Marketing Strategy i.e. guerrilla marketing and brand wars. Blue Ocean strategy is a consistent pattern of strategic thinking behind the creation of new markets and industries where demand is created rather than fought for and the rule of competition is irrelevant. BOMS is a systematic and repeatable process which requires a great deal of creativity for adding buyer value to products/services.

Keywords: Blue Ocean; Buyer Value; Creativity; Guerrilla Marketing; Uncontested Market Space

INTRODUCTION
It is essential for a business firm to evolve the most appropriate marketing strategy for creating new customers and their retention. Customer creation and customer retention are two main objectives of the marketing strategies of a modern business firm. Keeping in view the fast changing economic and non-economic environment and the volatile customer’s expectations, new and sometimes unusual strategies are adopted by the marketers to enhance the sales. The Blue Ocean Marketing strategy (BOMS) is relatively new and developed by W.C. Kim and R. Mauborgne in 2004; the strategy advocate looking at the market boundaries differently and formulating new value for products or services to customers from different segments and placed in an uncontested market place. This paper is an analytical study on BOMS; the focus will be on the principles, value innovation and implementation of the strategy that promotes the case for creating uncontested market spaces in circumstances when supply exceeds demand.

OBJECTIVES
1. To explore the idea of Blue Ocean marketing strategy (BOMS).
2. Relevance of BOMS in today’s highly competitive marketing environment.
3. Analyse of the principles of BOMS.
4. Strategic implication of implementing BOMS as a business tool and imitation barriers to BOMS

What is Blue Ocean Marketing Strategy (BOMS)?
Blue Ocean Marketing Strategy (BOMS) is a management strategy tool well recognized in the 21 century. An emerging concept in strategic management directed at finding new business and value
Red Ocean Marketing Strategy vs. Blue Ocean Marketing Strategy

The Red Ocean as described by Kim and Mauborgne (2005) are industries which suffer from crowded market space. The number of competitors and the intensity of competition increase price competition and reduce product differentiation. Red Oceans are areas of intense competition that are analogous to blood-stained shark-infested water.

In contrast, Blue Oceans are areas free of competitors. They are market spaces created by companies to avoid competitors. They offer the possibility of profits and success and great customer satisfaction and thus create new demands by changing the basis of competition. To do so, they must be innovative and the heart of the Blue Ocean approach as in marketing and product development is customer knowledge. Thus, the key to avoiding disastrous competition is to leapfrog over the competition to serve customers in new ways.

The Blue Ocean strategy is “a consistent pattern of strategic thinking behind the creation of new market and industries where demand is created rather than fought for and the rule of competition is irrelevant” (Kim, 2008). Therefore, the Blue Ocean strategy provides companies with guidelines on how to escape from intense competition over the same market space where there are limited customers with an increasing number of competitors by creating new market.

<table>
<thead>
<tr>
<th>Red ocean Marketing strategy</th>
<th>Blue Ocean Marketing Strategy</th>
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<tbody>
<tr>
<td>Compete in existing market space.</td>
<td>Create and retain uncontested market space.</td>
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<td>Beat the competition</td>
<td>Make the competition immaterial</td>
</tr>
<tr>
<td>Exploit existing demand</td>
<td>Create and capture new demand</td>
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<td>Make the value cost trade-off</td>
<td>Break the value cost trade off</td>
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<td>Align the whole system of a business firm’s</td>
<td>Align the whole system of a business firm’s</td>
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<td>activities with its strategic choice of</td>
<td>activities in pursuit of differentiation or low</td>
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<td>differentiation or low cost</td>
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Six Principles of BOMS

BOMS highlights the six principles that every company can use to successfully devise and execute blue ocean strategy for improving in marketing share through customer creation. Four of them are successful formulation of blue ocean strategy and two earmarked for strategy execution. These are given below with the associated risk –

<table>
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<tr>
<th>Principles</th>
<th>Associated risk</th>
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<tr>
<td>Reconstruct market boundaries</td>
<td>✓ Search risk</td>
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<tr>
<td>Searching for alternative market/ product,</td>
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<td>strategic group, complementary products of</td>
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<td>rival firms, functional / emotional appeal to</td>
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Focus on the big picture, not the number
Involves four steps of visualising strategy –
visual awakening, visual exploration, visual
strategy fair and visual communication.

Reach beyond existing demand by retaining
existing customers and tapping three tiers of
non-customers.
1st tier: ‘soon-to-be’ non customers who are
on the edge of your market; 2nd tier:
‘refusing’ non-customers who consciously
choose against your market and 3rd tier:
‘unexplored non-customers who are in
market distant from yours.

Get the strategic sequence right
Build a business model to ensure that you
make a healthy profit on your blue ocean idea.

Execution principles:

- Overcome key organisation hurdles e.g. (i)
  political hurdles, (ii) motivational hurdle of
  unmotivated staff, (iii) resource hurdle and
  (iv) cognitive hurdles for dynamic leadership
- Build execution into strategy
  ✓ Removes the roadblocks that can put a
    halt to even the best strategies by
    involving the most fundamentals base of
    action i.e. the attitude and behaviour of
    its people deep in the organization.
  ✓ A culture of trust and commitment has to
    be treated that motivate people to execute
    the agreed strategy in letter and spirit.
  ✓ The companies must reach to fair process
    in the making and executing of strategy
    beyond the usual suspects of carrots and
    sticks.

Planning risk
- Scale risk
- Business Model risk

✓ Organisation risk
✓ Management risk

Value Innovation: the cornerstone of BOMS

The market would consider as a precise area where the firms are trying to reach more customer to
increase their returns; and this action has nothing unless one firms would get a high return and other
would face in debacle situation that face them to disappear from the market (Burke, Van Stel et al.,
2009). Although competitive aspects are very significant 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
resulting in a meaningless competition, this is exact meaning of BOMS (Buisson and Silberzahn,
2010). Researchers believe that building Blue Ocean is a dynamic process rather than a static situation.
When a firm has a competitive advantage then 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
emulate. 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.
Kim and Mauborgne (2005) in their research always highlighted that those who seek to create Blue Oceans do not benchmark against competition. Instead, they try to attempt the value innovation which focuses on creating a better value for both buyer and the company and opening up new and contested market space. Value innovation can occur anywhere in the entire range of company activities such as product, service, delivery, costs, pricing, and the business model. They also believe that value and innovation are inseparable. Value innovation places equal importance on value and innovation. Value without innovation tends to produce incremental value that is not sufficient to stand out in the marketplace. Innovation without emphasis on value leads to development of new product or service functionalities that exceed what buyers are ready to accept and pay for. Thus, value innovation is a new way of thinking and executing strategy that defies the competition-based strategy.

Figure 1 illustrate that blue ocean strategy should lift the value and driving down costs, and there is win-win strategy for sellers and buyers. Value is accomplished by attaining a targeted profit. Value innovation is all about activities and strategies which a company try to execute for creating value for its product or service (Chang, 2010).


Implementation of BOMS as new business Model

The perception of BOMS based on Ansoff’s generic market development strategy brings a new perspective in marketing strategy by redefining the market competition and emerge as a substitute for an alternative 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 logic, despite of the fact that change in customer statistics and also reviewing the first movers’ movement. BOMS thus introduces the concepts of (a) establishment and amusement of new business models, (b) creating market space by redefining the competition and (c) scientific improvement enabling new earnings logic to classical market progress in business strategy (Parvinen, et al., 2011).

Fundamental alteration in any of these core processes may generate unexpected conquest in the marketplace relative to competition. BOMS can be linked to this reinforcement as an explanation of these fundamental approaches. For the most part BOMS and business model uprisings focuses on activities which are related to revenue earning potentiality of the company. Additionally, we suggest that the successful Blue Ocean Strategy manifests as applications of overhaul prevailing logic (Vargo and Lusch, 2006) and service business model prose generally. Blue ocean can be use as new method to enhance the firm’s revenue due to emergence of a new environment that it has created 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 tools like PDM, SCM and CRM can be used for creating competitive advantage. Successful implementation of blue ocean strategy is also important matter that cannot be ignored in today’s 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 strategic 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 (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). Therefore BOMS can contribute at least five central perspectives to business model thinking (Parvinen, Aspara et al., 2011);

- Process and evolution (vs. outcome-orientation)
- Radical recreation
- Managerial cognition
- Market space redefinition (different from market-making)
- Technological novelty

**Imitation barriers to Blue Ocean Strategy**

The Blue Ocean strategy is a systematic and repeatable process. It requires a great deal of creativity from a firm to serve the customers. Once a firm creates a blue ocean i.e. the uncontested market, its powerful performance consequences are known; however sooner or later imitators emerge on the horizon and overcrowding the blue-ocean. Hence there is need to address the issues of the sustainability and renewal of BOMS. The companies like Cuquedu Soleil South West Airlines, Federal Express, the Home Depot Bloomberg and CNN successfully formulated and executed BOMS but faced imitation barriers to its sustainability. These barriers are as follows –

- Value innovation does not make sense to a company’s conventional logic.
- Blue ocean strategy may conflict with other company’s brand image.
- BOMS create natural monopoly; the market often cannot support a second player.
- Patents or legal permit often block imitation.
- High volume leads to rapid cost advantages for the value innovator, discouraging followers from entering the market.
- Network externalities often deject imitation.
- Imitation often requires considerable operational, political and cultural changes.
- Companies that innovate value in their product can earn brand buzz and may retain loyal customer and by following this may avoid imitators.

However every BOMS are expected to be imitated. Finally when blue oceans are converted into red oceans due to the entry of imitators, there is a need to create a fresh blue ocean for the product by improving or creating a new value. Thus the process of creating BOMS and the imitator’s response is a continuous phenomenon.

**CONCLUSION**

Companies have their own effective ways in order for them to be successful and be more efficient and creative. They have strategies for them to go better than all competitors. As a result, management teams are applying the latest management systems which are advantageous in every operation. BOMS is among the most eminent management system that is basically getting more popular. Companies that do their operations in the blue ocean surroundings mostly invite new groups of customers. The blue
ocean companies can achieve things through pursuing differentiation and low cost simultaneously and thus creating an economic barriers.

REFERENCES


