

THE ESSENCE AND THE PRINCIPLES OF THE CREATION OF THE STRATEGY OF BLUE OCEAN

T.Belova, A.Glushanitsya, O. Krainiuchenko

National University of Food Technologies

Annotation There were considered the essences and the differences of the concepts of the “Red Ocean” and “Blue Ocean”. It was disclosed the content and the main features of the strategy of the blue ocean. The main principles of the blue ocean strategy were formulated, too. And there are examples of the most successful companies which created their blue ocean.

Key words: the red ocean, the blue ocean, the market niche, the blue ocean strategy.

I. Introduction

The enterprise which functioning in the market space for achieving its` aims use the strategic approach. Any company seeks for advance and it`s develop different strategies which are related to different branches of its` functioning. Today the main task of the enterprise is the research of the new niche for its productions` promotion in the conditions of the global rivalry, when all the “places” are already “busy” and the strength of the rivalries are much stronger than the strength of the company. That`s why companies are trying to use the creative potential, to engrain some innovations to find or create the new niche for themselves. And then they are resorting for the blue ocean strategy.

II. The statement of the problem

The blue ocean conception was created by the scientists named Can Kim and Rene Moborn in 2005. They created the Institute of the Blue Ocean Strategy to develop and implement their ideas in practice of the companies which were ready to perceive the innovations and to generate productive business-ideas, creating nit existing demand on the new market (blue ocean), instead of competing with lots of rivals in the low-income markets (red ocean).

By their theory the world of business can be divided just into two types – red and blue oceans [3].

The red oceans are already known market space. It means that it's all the already existing industry with the great rivalry and with the “war” for consumer. The features of the red ocean are: all the existing spheres of industry for today, already known niches, the terms, inside of which the spread the cruel rivalry fight of the most parts of the market are expanded.

The red oceans are characterized by the fight in existing market space, by the victory over the rivals, by the operation of existing demand, by the compromise “value – outgoings”, by the clear boundaries of the field and by the agreed rules of the “game in rivalry” [2].

Blue oceans are unknown space with absence of any rivalry or just not existing industry. In the case of the blue ocean it's creation of rivalry-free market space, a possibility for not to be afraid of the rivals, to create the new demand, destruction of the compromise “value – outgoings”, the expansion of the boundaries or exit for the industries' boundaries when the rules of the “game in rivalry” just forming [2].

So, the main difference between red and blue oceans is the demand. Just in blue oceans the demands are not winned, but creating.

All the strategic approaches of the last twenty five years were mainly oriented for rivalry in the red oceans. That's why lots of scientific workings were devoted to explore the rivalry environment, the rivals and the rivalry fight strategy. It was so hard to make the blue ocean strategy. Now all the tries of the scientists and undertakers are directed for justifying the analytical instruments and the principals of the efficient risks management. Ignoring these, the creation of the blue oceans will stay the dream and too much risky strategy.

III. The result

The blue ocean strategy is the new approach, which explain the meanings of the creation of the new industries, new possibilities for developing and the new markets.

The basis of this strategy is the theory of reconstruction. The reconstruction is the analysis of the alternative industries, it's a possibility to change the structure of

the market and to create the conditions in which the rules of the typical rivalry fight lose its actuality.

The creators of the blue oceans pointed for two aspects: the value and innovation. We can achieve this if we will pay an attention as for innovations, so for practice, price and outgoings. Considered, that it's possible to raise the prices just by the means of the raising outgoings. But the blue ocean strategy makes us to reach an agreement as for raising prices, so as for decreasing the outgoings in the same time. Just like this we can achieve the skip of the value as for the company, so for the customers [3].

The developers of the blue ocean strategy tried to work out the common instruments which would let the blue oceans work and develop.

The blue oceans strategy is characterized by the three main features:

- * the focusing – the enterprise must be the beat at least at something one;
- * the difference – the enterprise must offer something, that the rivals don't have;
- * the enterprise must have the watchword, which displays its` focusing and differences.

The blue ocean strategy is the all the time movement from the red oceans to the blue. It's necessary to have an exciting watchword to dodge from the rivalry fight. While they are unique it's not necessary to search the new blue oceans, but necessary to use existing opportunities. As soon as the rivalry in the oceans is getting stronger, the proposition is increasing the demand, it's becoming necessary to start the research of the new blue ocean.

To create the successful blue ocean is possible if we'll comply the main rules and principals. The first principal is the change of the boundaries of the existing market. We can achieve it by several ways:

- * To pay an attention for alternative branches. If the customer have money and desire not to stay at home in the evening he got a lot of choices – cinema, theatre, restaurant, bowling etc. a plenty of the variants. At the junction of two and more branches it's possible to create the new market space.

* To explore the strategic group of the branches – enterprises which are rivals in one branch and got the similar strategy of production and the sales. For example, on the market of mobile phones such groups are the manufactures of the expensive models and the simple mobile phones with the common characteristics. It's necessary to understand what is the reasonable for the customer when he decides to buy something.

* To consider the needs of those people who are taking part in buying the production in different ways. As an example lets consider the Danish company "Novo Nordisk" (the insulin manufacturer) which created the blue ocean for its production. As the main factor of the rivalry between the enterprises was the degree of clarifying the insulin, the "Novo Nordisk" not just created the brand new product, but made it the comfortable and the safest. It's also offered sick people instead of using uncomfortable manipulations with the needles and ampoules to use the new device which was looking like a fountain pen in the middle of which was the cartridge with the insulin. To consolidate and to increase the sizes of the blue ocean the enterprise made possible to refuel that cartridge.

* To review the additional productions and services. The least of productions and services are used themselves. Some other services are influence on their value. But most of the rivalry of the branches is bordered by the offers of the products and services of any industry. For example – buy the flat. When people choose the flat the main factors are the square, the height of the ceiling, the locality etc. for example the customer will choose the apartments on the Kreshaiyk Street. So, it's the center of the city and one of the brilliant streets of the Kyiv. And will be the decision reasonable if the houses on this street have been built in fortieth years of the last century: the communications are too old, no parking places. That's why it's necessary to consider not just the main factors, but an additional, too.

* To analyze the functional and the emotional attraction for customers. In some branches the rivalry existing mainly by the meanings of the functional devotion of the product and the price. We're talking about the functional attraction. In other branches the rivalry is based on the customers' emotions – the emotional attraction. But the

attraction of the products or services can't be just only functional or just only emotional. When the enterprise wants to change the functionally-emotional orientation of the branch it's often find the new market space. So did the enterprise "Swatch". By the influence which the functionally oriented branch of the not expensive watches became an emotional oriented trendsetter.

* To look in tomorrow. Could even people of the 80-th think that someday Internet or mobile phone will be an integral part of the life? But now it's possible. It means that the development of the technologies happening all the time.

Over thought and made a decision, which of the ways have the best usability, the borders of the market could be expanded. But it's not a guarantee of the success. That's why the next principal is the focusing on the overall picture but not on the numbers.

When the borders of the marker were expanded the next task is appearing – the exit from the borders of the existing demand. Besides it's necessary to identify the strategic sequence correctly. It will help to increase the sizes of the blue ocean.

The next stage will be the creation of the business-model which will let to get good profit after the realization of the blue ocean idea. It's necessary to set such questions as: if someone will be interested in new production and if someone will buy it? If the answer for these questions is "Yes", it's time to set the next question: what the price we ought to set to satisfy the customer? And the last question: outgoings. They're mustn't influence the price of the production and the value of the production for the customer.

The last stage is the negotiations which are connected to the implementation. It's necessary to set the question: what do prevent for the implementation of the business-idea? It's needed to be solved by the staff and the partners. Besides it's necessary to convince the wide masses in the exceptional value of the new production. These crimps are needed to be eliminated in advance. If all those crimps have been overcome the blue ocean will be develop step by step and it'll become popular.

The main task for the enterprise is not only to create the blue ocean, but to increase and develop it gradually.

IV. Summary

The blue ocean strategy is more and more urgent. But this strategy is not majestic device which safe from the rivalry and which is suitable for every case.

The enterprises which are working by the blue ocean strategy could be created in any industry. This is its trait. It's an systematical approach to transform the non-standard ideas and the offers of this strategy that will make the new product the source of the profit and success subsequently.

References

1. Как победить в конкурентной борьбе без прямых столкновений [Электронный ресурс]. – Режим доступа: <http://www.marketing.spb.ru/lib-mm/strategy/blue-ocean.htm>
2. Мастер-класс «Стратегия голубого океана на примере компании Apple (iPhone)» [Электронный ресурс]. – Режим доступа: http://inc.hse.ru/article/2012/11/20/_2430.htm
3. Чан Ким У. Стратегия голубого океана. Как создать свободную рыночную нишу и перестать бояться конкурентов / У. Чан Ким, Р. Моборн [Электронный ресурс]. – Режим доступа: <http://www.litmir.me/br/?b=175005>