Chapter 10

Developing Blue Ocean Strategy in Construction Industries Using an Improved Model of Kano

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ABSTRACT

Blue ocean strategy includes a consistent pattern of strategic thinking in the creation of new markets in various industries. This chapter examines how to create a blue ocean and its role in improving the construction industry. This is library research along with case study. It has been prepared based on information gathered from articles published in international journals and referring to large and reputable builder companies. In the concept of strategy, “Blue Ocean” is referred to two overall scope of blue and red ocean. In this chapter, we used the Kano method for evaluation and selection of the features in the construction industry and then, through a four-step approach, it was decided what features should be removed, innovated, enhanced or improved. Finally, using improved hybrid model of Kano and the pillars of the blue ocean strategy, we concluded that economic factors and psychological factors that impact on the consumers need investment and more attention.

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1. INTRODUCTION

In many countries, the construction industry is an indicator of economic activity which affects a wide range of communities as well as end consumers, experts in home sales, construction companies, project planners, government and government agencies and also manufacturers of raw materials for construction (P. Ballesteros Pe’rez, MCG l.-C., JP Pastor-Ferrando, 2010). Today, mass production is not profitable regardless of the actual needs of the end consumer, and competition for a larger share of existing industries, it is not profitable as in the past, and in some cases, even causes the loss of capital, and loss of position in market, and as a result we see, in the form of phenomena such as “empty house”, or “excess supply”. The industry, in the field of manufacturing technology, to some extent, goes along with the world, but in the field of marketing and sales, to a large extent, this has been left behind. Mass production and lack of attention to customer needs, has led to this point that, instead of adjusting production with customer needs, customers have to acceptance what has come to fruition.

Producers only focused on the competition for production, and to reduce costs in some cases they turn toward the improper use of them, which over time, it imposes many expenses for buyers. For example, according to the situation of stagflation in Iran, the majority of buyers purchases according to their budget, and often are seeking for lower housing area, but today most housing are big area, in addition to the increased cost to the manufacturer, it causes to reduce selling and supplement. Today, the definition of a successful company is not only the satisfaction of our customers, but the company is successful which create value for its customers, which in return, the companies that creates value for their customers, finally, create a win-win economic relationship (Ching-Chow Yang, K.-J. Y., 2011). Thus the concept of value creation and the blue ocean in the construction industry became important and it will make the industry porpuseful and modernised.

The goal of Blue Ocean Strategy is to make meaningless competition through the creation of a new space for mutual profit. A space in which, due to the lack of exploration and evaluation, is empty of competitors and a lot of profit. In this strategy via the systematic and continuous steps, it is provided a new field of activity for the company, innovation and avoiding competition is a priority (Amburn, C. k. R., 2008).

2. RESEARCH BACKGROUND

Blue Ocean Strategy which was published in 2005 by Professor Chan Kim and Renée Mauborgne, drew a lot of attention among academics and experts. This process, in its agenda has the retention of existing customers and attracts new
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