Chapter 7
Blue Ocean Strategy: A Necessity Prescription for Companies

Akansha Bhargava
Institute of Management and Research Nagpur, India

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.

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

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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 what we call 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.
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