

GLOBAL JOURNAL OF ENGINEERING SCIENCE AND RESEARCHES BLUE OCEAN STRATEGY – THINKING BEYOND THE COMPETITION AND A PATH OF INNOVATION

Meenu Bhandari

Assistant Professor, Department of Mgt. Studies, Ganga Technical Campus, Bahadurgarh

ABSTRACT

There is fierce competition among different business firms to gain a greater share in the market. Infact there is head-to-head competition among various firms in search of sustained profitable growth. One of the key challenges in front of these firms is to match the pace with their global competitors. To, come over these challenges, the firms need to develop a strong strategy and one of the viable options for the firms is to operate in the Blue ocean. Blue Ocean strategy means creating uncontested market space and making the competition irrelevant, strictly as against the Red Ocean strategy. This conceptual paper introduces the blue ocean strategy and its positive effects. The present paper also studies various successful and failed examples of firms who adopted Blue ocean strategy in Indian scenario.

Keywords: *Blue Ocean Strategy, Red Ocean Strategy, Value Creation, Innovation, Strategic Management.*

I. INTRODUCTION

Business is a game and only that team will win which has best players. To beat the competition, it will require everyone's collective efforts. No two businesses are alike just as no two customers are alike, hence to remain competitive; every firm has to be distinctive. There are basically three areas which are very important for a firm to have a competitive advantage;

Quality- By offering the products/services with superior quality.

Price- By offering the products/services at lowest prices.

Service- By offering an unforgettable customer service.

There is no business without competitions because the days of monopolists are long gone. So every firm wants to defend its market and maintain its competitive edge. Every firm has to match the pace with its domestic as well as global competitors. Blue Ocean strategy may be an accurate response to for this situation.

Blue Ocean strategy (BOS) means creating the uncontested market space and thereby the competition becomes irrelevant. Blue Ocean strategy argues that the cut throat competition between the firms results in noting but a bloody Red Ocean of rivals over a shrinking profit pool. Blue ocean strategy is a systematic approach of making the competition irrelevant. Rather than having competition within the confines of the existing industry or trying to steal customers from rivals, a firm operating in the blue ocean develops uncontested market space that makes the competition irrelevant.

Red Ocean vs. Blue Ocean Strategy

Red Ocean Strategy	Blue Ocean Strategy
1. Compete in the existing market space.	1. Operate in an uncontested market space.
2. Exploit existing demand.	2. Create and capture new demand.
3. Beat the competition.	3. Make the competition irrelevant.
4. A saturated market where there is fierce competition among firms selling similar	4. A new market untouched by competition.

products or services.	
5. Fight to win	5.Win without fighting

II. LITERATURE REVIEW

Blue Ocean strategy is a strategic approach developed by Kim and Mauborgne (2005), suggests that products demand differentiation and low cost should be addressed simultaneously.

Dr.smita Mishra and sonamGoel (2015) in their research paper “Blue ocean strategy- a solution for Indian IT Industry” opines that Blue ocean strategy in Indian IT industry is growing and many companies all over the world are benefitted with the applications of Blue ocean strategies initiatives.

Roberto Kampa and Carla Amodio (2012) in their research paper “ A critical analysis on the blue ocean strategy and an approach for its integration into the Product development process” opines that blue ocean strategy approach is unique when compared with those conventional means for identifying opportunities, since it involves restructuring markets and supply sectors.

III. SOME SUCCESSFUL EXAMPLES OF BLUE OCEAN STRATEGY

1. Reliance Jio :

Reliance Jio, mainly popular as Jio and officially as Reliance Jio Infocomm Limited (RJIL) was established by Mr. Mukesh Ambani.

Reliance Jio has almost captured the data market and has left people wondering by its strategy. Jio currently has 52-55 million subscribers. Reliance Jio Subscriber Base May Touch 100 Million by March 2017 (NDTV report December 23, 2016)

The starting and lucrative tariff for Jio 4G services announced by Reliance Industries Chairman, which had a surprise element of free domestic calls with no roaming charges, has targeted to capture a large share of India's telecom and data market pie, analysts maintain. The approach of Reliance Jio is benefiting the customers as they are getting twice the value for money while the Reliance is confident that this will garner hefty profits in the coming future. It was a bold move by Reliance and in fact Jio had rightly hit the targeted audiences in an effective manner. More and more mergers we can see in the telecom sector but till then we are enjoying the high speed 4G internet.

2. Indian Premier League (IPL):

The Indian Premier League changed the way cricket is played in India and has brought in huge scope for the entertainment industry as well. The IPL was launched in 2008 by Lalit Modi. The IPL works on a franchise-system based on the American style of hiring players and transfers. These franchises were put for auction, where the highest bidder won the rights to own the team, representing each city.

3. OYO Rooms:

OYO Rooms, commonly known as OYO, is an Indian hotel brand that owns and operates as well as aggregates standardised hotel rooms. It currently operates in more than 200 Indian cities and in Malaysia. OYO was founded by Ritesh Agarwal in 2013. OYO was started with one city and one hotel in Gurgaon in January 2013. The company had around 6500 hotels in 220+ cities of India (October 2016) and has been named India's largest budget hotel chain. It has also launched in Malaysia.

4. Paytm:

Paytm was introduced by Vijay Shekhar Sharma in 2010. Paytm availed first-mover advantage in the mobile-wallet segment and is presently the market leader. After demonetisation by the BJP led Indian Govt. between November-December 2016, paytm added over 20 million new users, taking its total user base to 170 million. But paytm is also

facing some bumpy rides after that i.e. Political crossfire, Major Chinese stake (40%) by Alibaba group, Customers fraud, Technical woes etc.

IV. FAILED EXAMPLE OF BLUE OCEAN STRATEGY

Tata Nano: In 2009, Tata Motors Ltd. Launched Tata Nano. It was marketed as a car that would transform the way aspiring consumers in India and as a “People’s car”. He called it as One lakh Rupee car and so was publicized in all the mass media across the nation. The Middle and even lower middle class household felt their dream come alive with this announcement from Tata Motors. However, a completely different story that unfolded when the car actually came out on the roads.

RatanTata himself revealed the reason why Nano failed. The reason behind sluggish sales volume of Nanowas- It is none other than the term which is synonymous with Nano – “The cheapest car”. ... It differs mainly from the Western market, where cars are thought to be more of a necessity rather than luxury.

V. RESULT AWAITED EXAMPLE OF BLUE OCEAN STRATEGY

Demonetisation in the Indian Economy: Blue Ocean Strategy can be applied across sectors or businesses. It is not limited to just one business. 68% of all the transactions in India are done in cash. Prime Minister NarendraModi has taken a historic step by demonetising notes (legal tenders) of Rs 500 and Rs 1,000 from November 8, 2016. Some people feel this is not only a war against Black Money, Corruption, Terrorism, Militancy; it is also a truly daring step in the best interests of India and its people.

The intention according to Govt. was to end the grip of Corruption as well as black money. However this euphoria was drifted as there was still a confusion whether the move had curtailed the shadow economy or not; whether the move had put an end on the corruption and black money or not.

As per opposition, the GDP will decline by about 2% as a result of demonetisation. Two years down, still there is no clarity whether demonetisation was a success or a failure because BJP led Govt. calls it the biggest reforms while the opposition calls it the biggest blunder. Opposition has a opinion that Note ban was an organised loot and legalised plunder.

But Economists and policy makers are still undecided about the move’s long-term effects. It may make or mar the future of the BJP in the coming elections.

VI. SCOPE FOR FUTURE RESEARCH:

The firms operating in the Blue Ocean adopt Innovative practices. In Indian Scenario, many examples from the IT Industry, Telecommunication Industry, Hotel Industry etc have adopted Blue Ocean Strategy and many firms will witness a number of initiatives towards the Blue Ocean Strategy. The Companies which claim to develop products and services applying Blue Ocean Strategy encourages the scope for further research.

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