

# Blue Ocean Strategy

Go where the profits and growth are - and where the competition isn't



W. Chan Kim & Renée Mauborgne

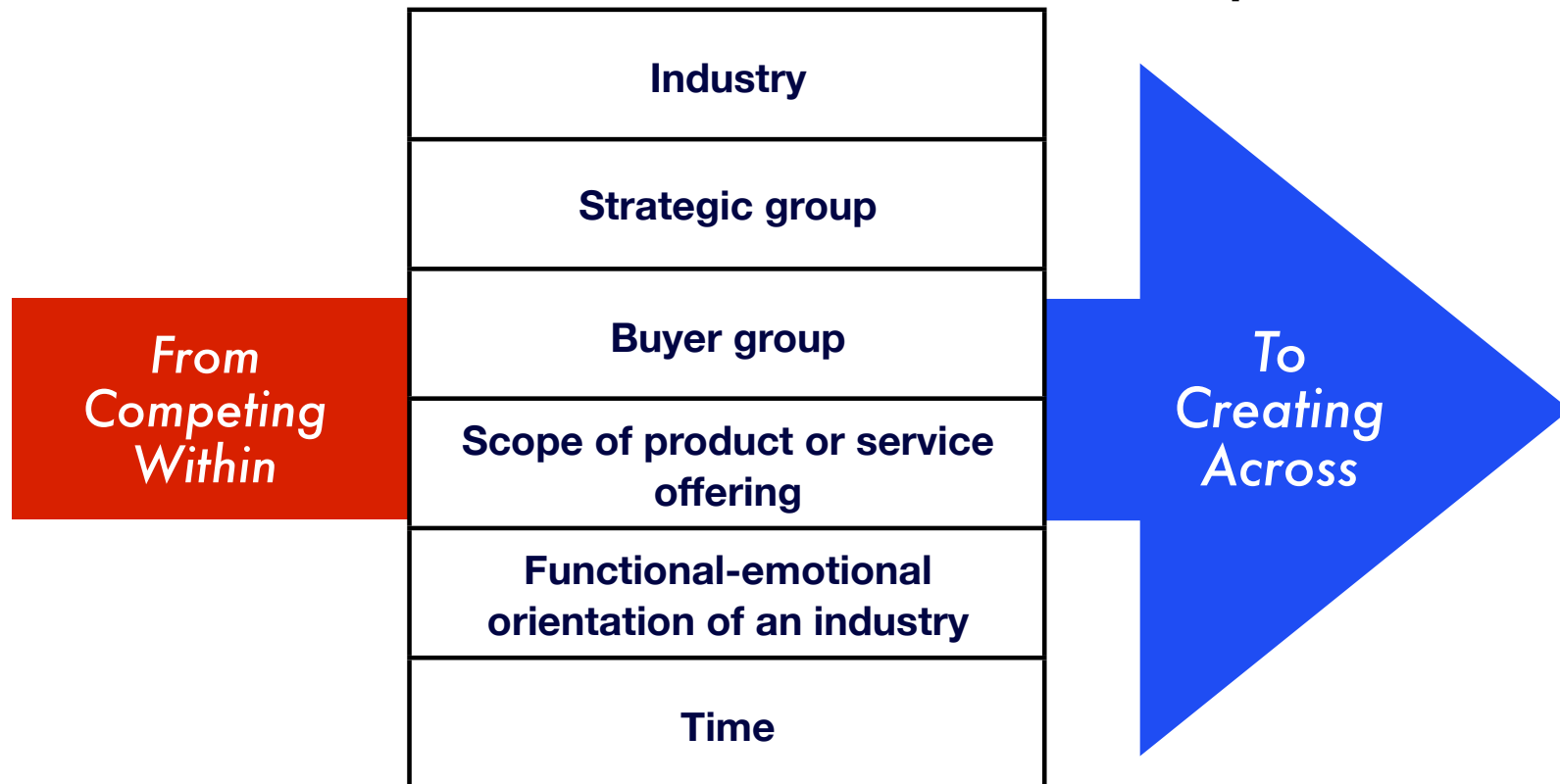
<b>Red Ocean Strategy</b>	<b>Blue Ocean Strategy</b>
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation <i>or</i> low cost	Align the whole system of a firm's activities in pursuit of differentiation <i>and</i> low cost

# Researching the History of Blue Ocean Creation

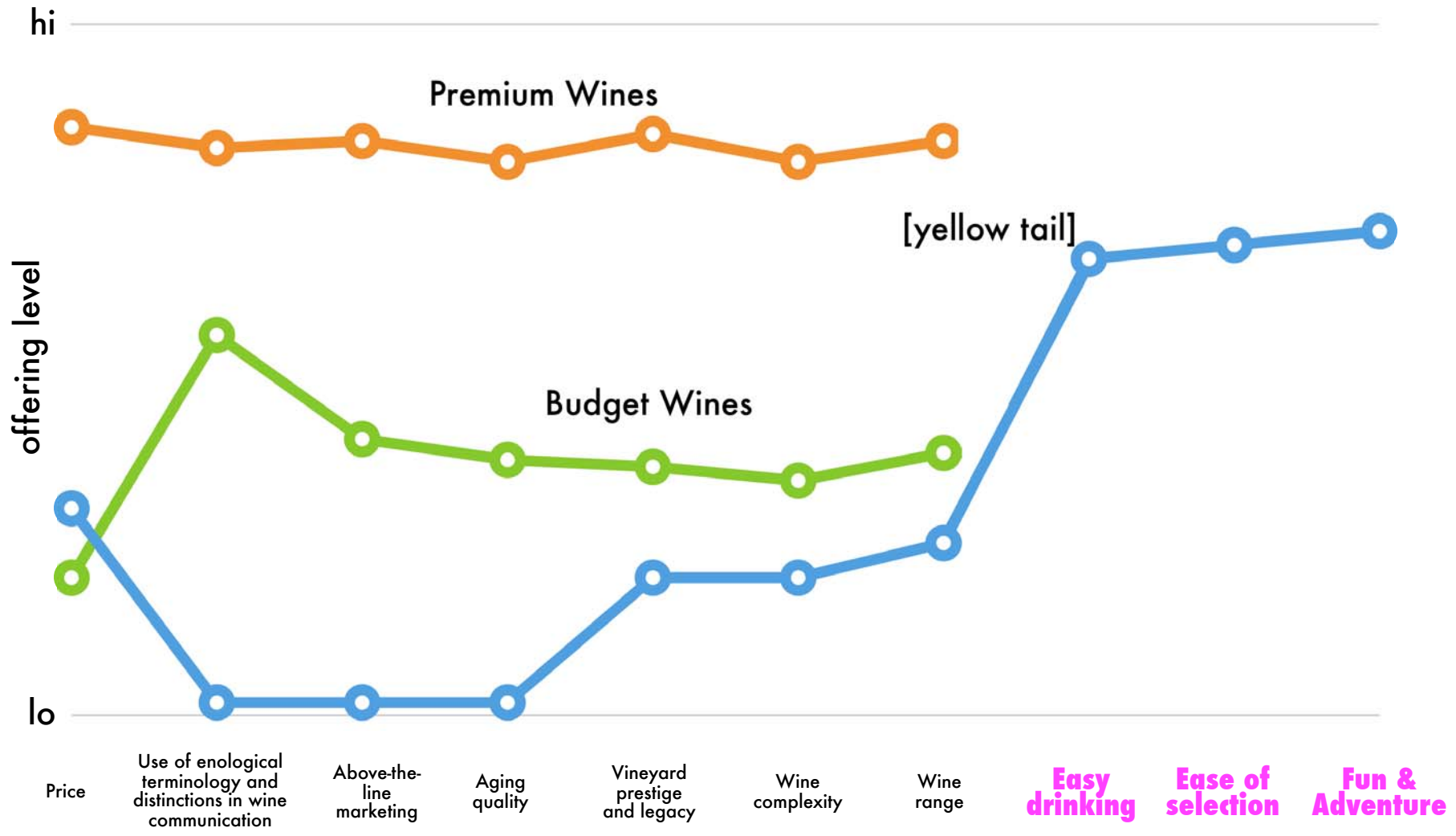
- **Data: 150 blue ocean creations, more than 30 industries, over 100 years (1880-2000)**
  - hotel, cinema, retailing, airline, energy, computer, broadcasting, home construction, automobile, steel manufacturing, chemicals, cosmetics, software, etc.
- **Variable considered: industrial, organizational strategic variables**

# Six Paths to Blue Ocean Strategy

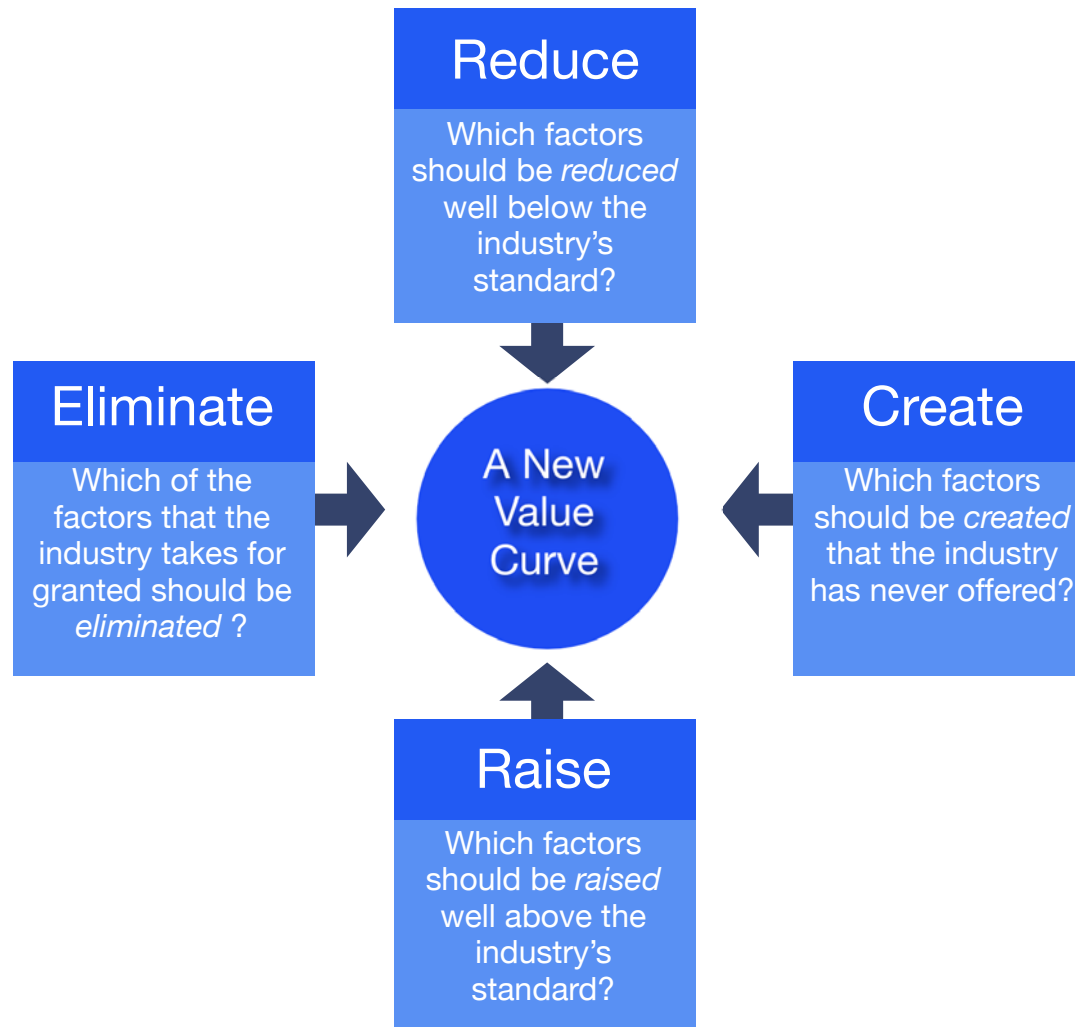
The six conventional boundaries of competition



# Result: Strategy Canvas of [yellow tail]



# The Four Actions Framework



# Minimizing Risks and Maximizing Opportunities in Formulating and Executing Blue Ocean Strategy

## Formulation Principles

Reconstruct market boundaries

Focus on the big picture, not the numbers

Reach beyond existing demand

Get the strategic sequence right



## Formulation Risks

Search Risk

Planning Risk

Scale Risk

Business Model Risk

## Execution Principles

Overcome key organizational hurdles

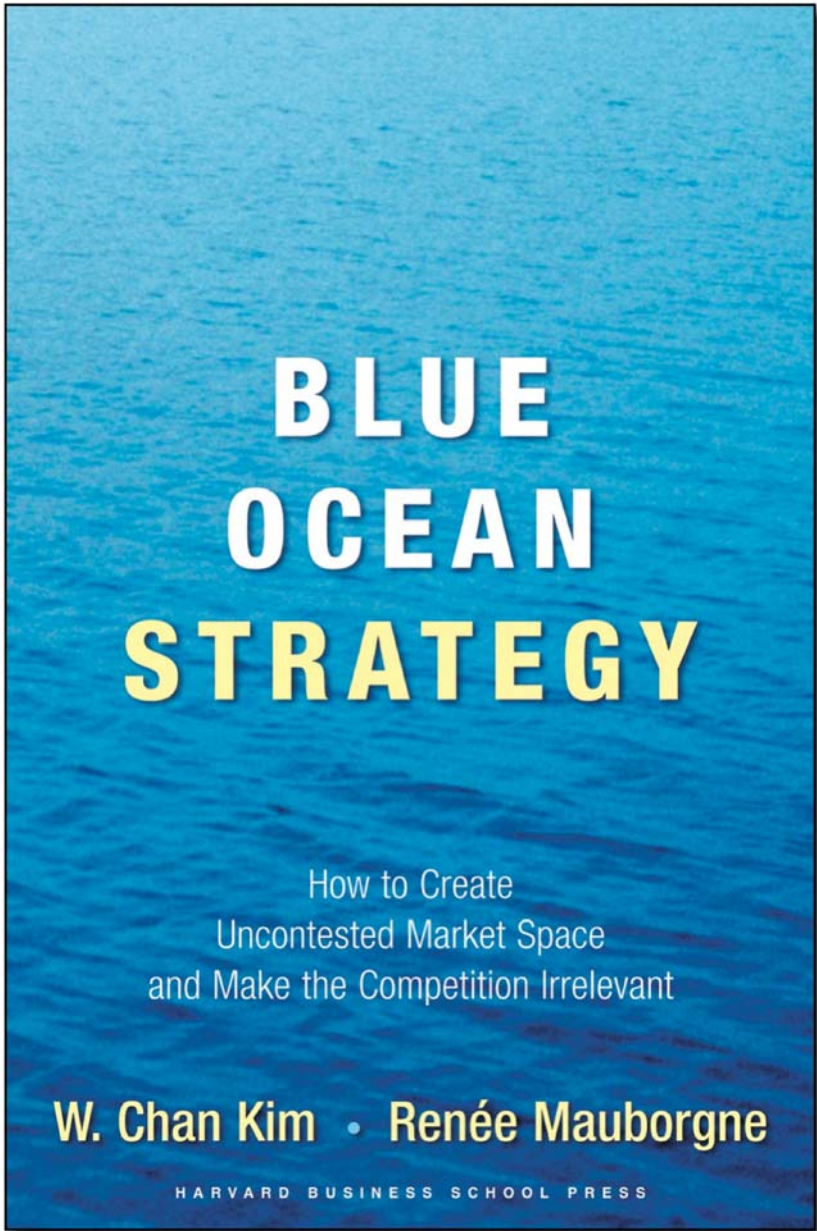
Build execution into strategy



## Execution Risks

Organizational Risk

Management Risk



# BLUE OCEAN STRATEGY

How to Create  
Uncontested Market Space  
and Make the Competition Irrelevant

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HARVARD BUSINESS SCHOOL PRESS

<http://www.blueoceanstrategy.com>

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