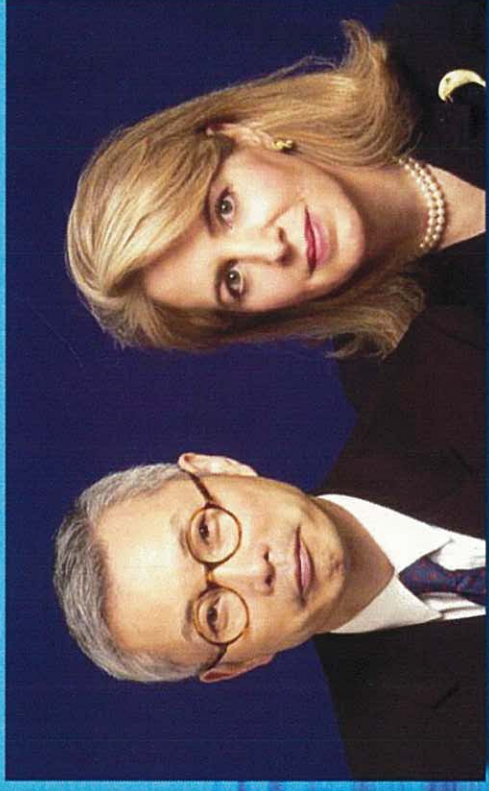


# Blue Ocean Strategy

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



W. Chan Kim & Renée Mauborgne

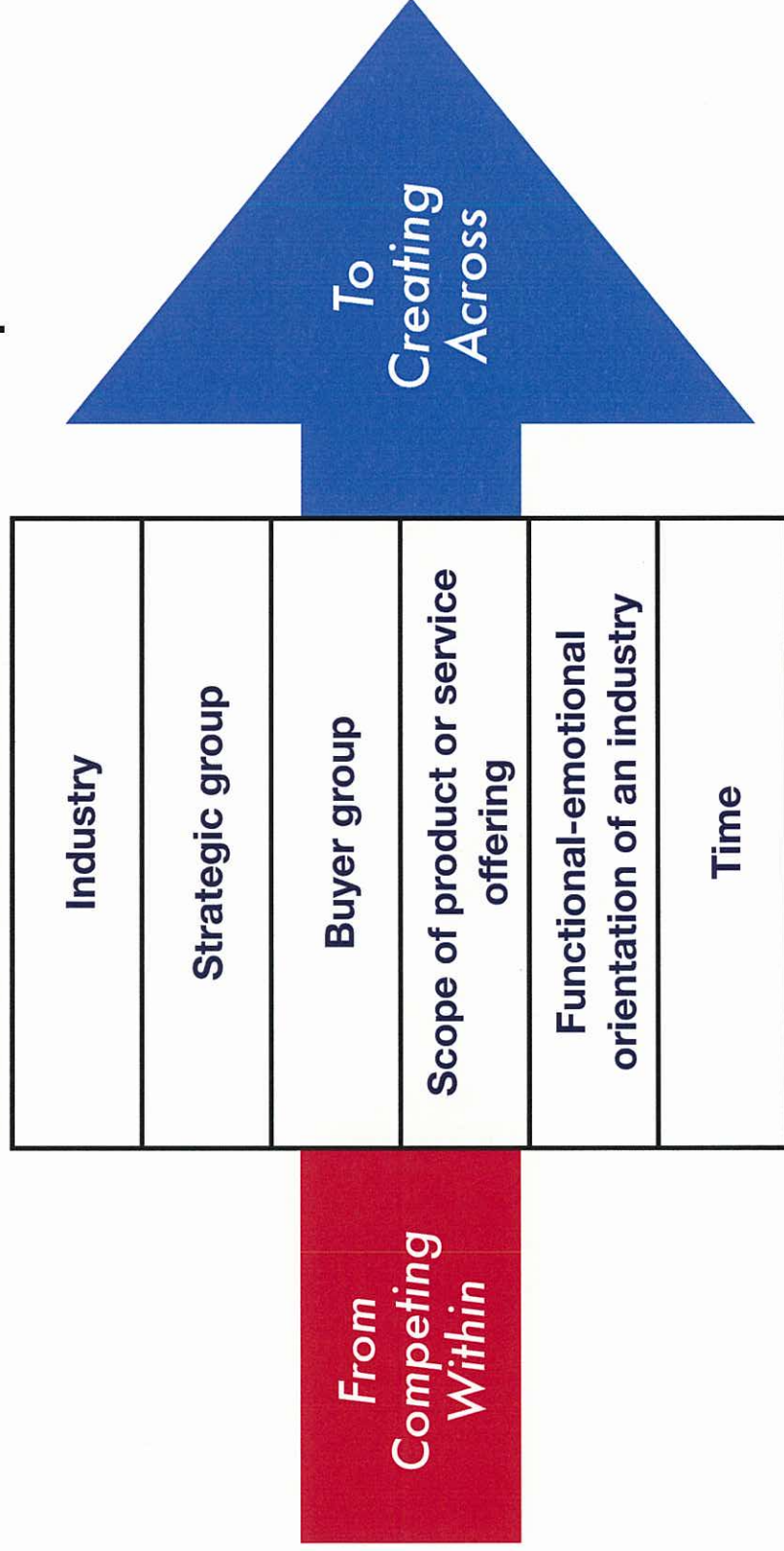
Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's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

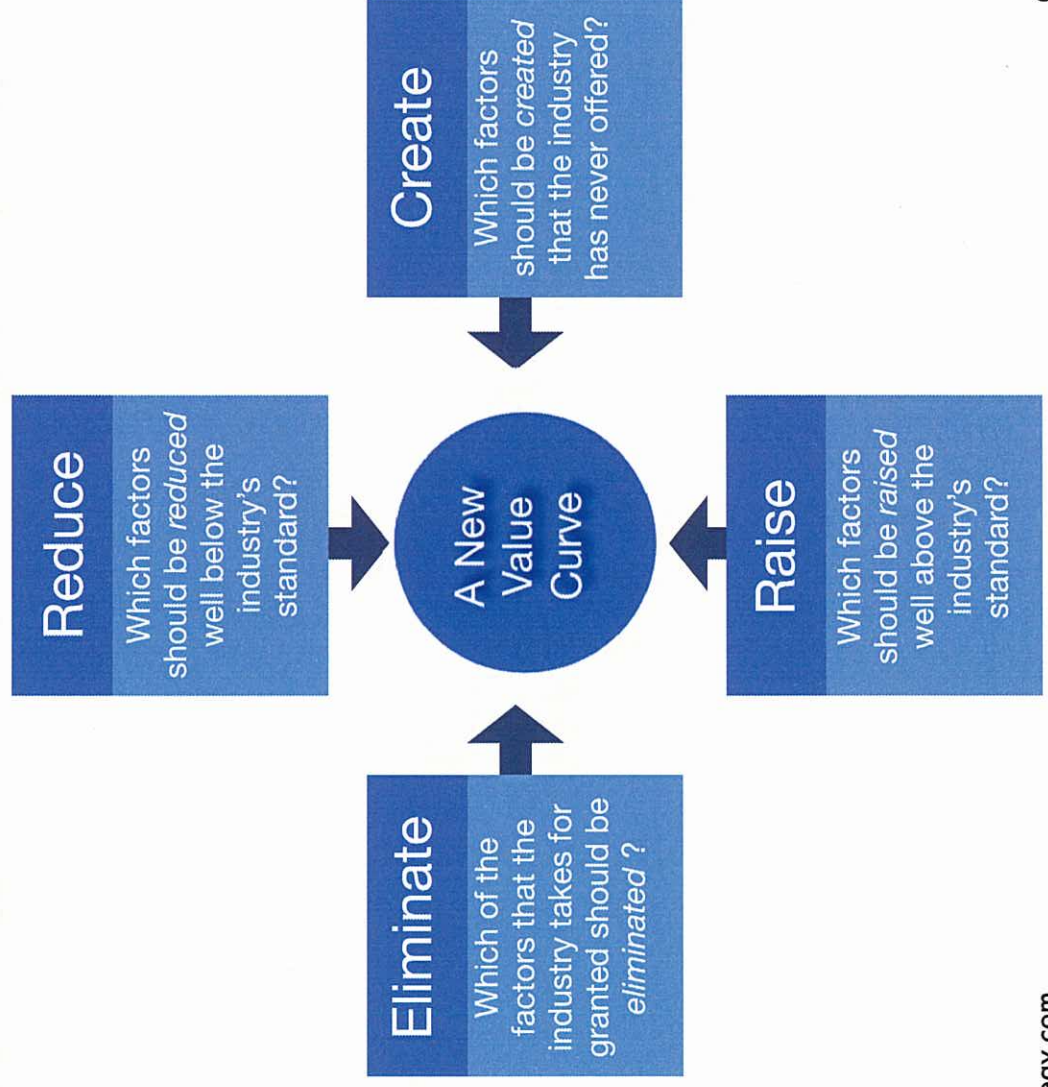
The six conventional boundaries of competition



# 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

**W. Chan Kim • Renée Mauborgne**

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