Reviewing the Blue Ocean Strategy

Is the Blue Ocean Strategy valid and reliable?

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Abstract

Many companies are familiar with the red oceans and feel accustomed to competition. However the main challenge companies face thereby is their incapacity to create new demand or expand their market share. The Blue Ocean Strategy offers users a framework for creating uncontested market space and change the focus from the current competition to creation of innovative value and demand.

The objective of this paper is to research the validity and reliability of the Blue Ocean Strategy with a two way approach. First testing the framework on a theoretical basis via a literature review, and then examining its practical adaptability.

The theoretical analysis reviews the core basics of the Blue Ocean Strategy, distinguishing between red and blue oceans. Here the focus lies on the opinion of the authors, the framework tools used, the advantages and critiques on the theory. In the practical part of the research the Blue Ocean Strategy is tested on its reliability using a three step cross-case analysis. After the formation collection and data evaluation, a cross-case overview is conducted that illustrates similarities and differences of the cases according to the Blue Ocean Strategy.

The conclusion describes that the Blue Ocean Strategy could be assessed to a set amount as valid and reliable. Also several shortcomings for the theoretical and practical part are mentioned.

In the final chapter recommendations for improvement of the Blue Ocean Strategy are provided for creating a theory that is even more valid and reliable.

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List of Abbreviations

BOS	-	Blue Ocean Strategy
ROS	-	Red Ocean Strategy
PMS	-	Pioneer-Migrator-Settler Map
BUM	-	Buyer Utility Map
UA	-	Unfair Advantage
BOII	-	Blue Ocean Idea Index

Terms

Framework -A framework is structure that is a real or conceptual, with the purpose to serve as a support or guide. Intention of a framework is to building something that expands the structure into something useful. Frameworks sometimes implement tools.

Tool -A tool is an item or implement that is used for a specific purpose. In the academic science also a concept can also be considered a tool.

Principles -A principles is a basic norm, rule or value that illustrate what is desired or positive for a company.

Strategy -A strategy is seen as the way of planning and arranging resources for achieving a desired future, set goals or solution to a problem.

Case -Cases are real life examples of companies or organizations used in scientific studies.

Critiques -A critique is a critical review, commentary or discussion of a specific topic.

Paradox -A paradox is a statement that may contain seemingly absurd or contradictory statements. These statements may or may not be provable correct.

1 Introduction to the thesis

During the past decades some famous strategy frameworks for the creation of new business models have been published. Next to the well-known publications of Porter (1991) a rather new model has been introduced, the Blue Ocean Strategy (BOS) framework by Kim and Mauborgne (2004) which rapidly gained worldwide publicity and acceptance. Until now, no scientific validation of the Blue Ocean Strategy has been done yet. In this paper shall be answered to what amount the Blue Ocean Strategy could be stated as valid and reliable.

1.1 Background

In the last decades lots of different strategy frameworks have been published, some of these frameworks are rather famous, like the five forces framework by Porter (1979), the business model canvas by Osterwalder (2004), or the Blue Ocean Strategy by Kim and Mauborgne (2004).

The Blue Ocean Strategy book has been sold over 3,5 million times, was published in 43 languages and is a bestseller across five continents. Furthermore the Blue Ocean Strategy was awarded with "The Best Business Book of 2005″ at the Frankfurter Book Fair as well as one of the "Top Ten Business Books of 2005″ by Amazon. Next to it the Blue Ocean Strategy was selected "as one of the 40 most influential books in the History of the People's Republic of China" (Kim & Mauborgne, 2007).

1.2 Motivation

The Blue Ocean Strategy as a method for developing sustainable profitable frameworks implies the fundamental idea of developing new innovational markets with a majority of new customers. The Blue Ocean Strategy seems to be a perfect solution for present companies to become sustainable successful.

But at the same time the question arises *to what extent the Blue Ocean Strategy has been tested academically.* The real need for this research can be explained by the fact for giving practical users a scientific verification of the credibility of the Blue Ocean Strategy. Furthermore, a personal motivation and fascination for doing a research about the Blue Ocean Strategy, was to create a research that can be understood by academic and non-academic readers.

1.3 Problem definition

The validity of the often used Blue Ocean Strategy for generating and successfully operating on blue ocean markets has barely been researched yet. The issue about a not tested Blue Ocean Strategy is the fact that it may imply severe errors. Users might cause failure while applying the framework. This research problem was chosen due to the fact, that the Blue Ocean Strategy was not tested before academically to what extent the framework was valid and reliable. In this research the focus lies on finding theories and methods to test the validity of this strategy framework.

1.4 Research questions

To formulate a good research question using the literature review method, the definition of Prentice (2010) is used. The characteristics of a well-defined research question should imply the possibility of different outcomes or opinions; can be answered by collecting and analysing data; should be formulated narrow, clear and as one single question (Prentice, 2010).

Using the guidance of Prentice, the research questions of this paper are formulated as follows:

Is the Blue Ocean Strategy valid and reliable?

Sub-questions:

Is the Blue Ocean Strategy valid and reliable on theoretical basis?

Is the Blue Ocean Strategy valid and reliable on practical basis?

The sub-questions deal with more specific problems, that will be guiding during separate chapters in this research.

1.5 Methodology

The methodology in this research is a mix of a literature review about the Blue Ocean Strategy itself and an additional cross-case analysis.

The literature review shall grant the theoretical fundamentals of the research, while the cross-case analysis shall test the framework on a practical basis.

A cross-case analysis usually is a research method that enables “the comparison of commonalities and difference in the events, activities, and processes that are the units of analyses in case studies“ (Kahn, 2008).

2 Literature review

In this chapter, an in-depth analysis of the theory behind the Blue Ocean Strategy will be conducted to answer the question whether the Blue Ocean Strategy valid and reliable on theoretical basis. Furthermore, the literature review is needed to provide theoretical fundamentals.

The literature review will include the Blue Ocean Strategy book, as well as previously published journals, blogs and other materials by experts and researchers in this specific field of interest. According to Procter (1989) a literature review should and will give an opportunity to provide strengths and weaknesses, in this case of the Blue Ocean Strategy but also provide knowledge.

This chapter gives answers to 1) what already is known about the Blue Ocean Strategy, 2) what the chronological development of knowledge looks like, 3) whether there are any limitations in the Blue Ocean Strategy and 4) if other researchers have identified opportunities for further research. Furthermore the literature review outlines the various positions about the Blue Ocean Strategy topic.

The literature search will be done mainly via the following internet sites:

- http://www.utwente.nl/ub/en/
- http://scholar.google.com/
- https://www.google.com/
- http://www.jstor.org/
- http://www.emeraldgrouppublishing.com/products/journals/index.htm
- http://www.tandfonline.com/
- http://www.inderscience.com/

Academic and journal based search engines may provide beneficial ways of gathering informations from the world wide Internet. Within this research the focus will be mainly on scholarly articles, books, journals and blogs relevant to the mentioned problem statement regarding the Blue Ocean Strategy.

Search words used are listed below:

- Blue Ocean Strategies
- W. Chan Kim + R. Mauborgne
- BOS + analysis
- BOS + limitations / critiques / shortcomings / risks
- BOS + advantages / disadvantages
- BOS + evaluation
- BOS + examples / cases
- BOS + strengths /weaknesses

2.1 The Blue Ocean Strategy

In this paragraph the basics of the Blue Ocean Strategy created by Kim and Mauborgne (2004) will be researched. The first part will deal with the main statement and the essence of the model, followed by a short breakdown and explanation of the tools to ensure a holistic understanding of the topic.

Next the development of the Blue Ocean Strategy will be illustrated, highlighting if and where elementary ideas of the model were used and developed before.
Finally, the critical view on the Blue Ocean Strategy model is described, which also implies the limitations, dangers, disadvantages and risks of using this theory.

2.2 The concept introduction

The main statement about the Blue Ocean Strategy is a way how, companies can create uncontested market space that makes the competition irrelevant. Therefore Kim and Mauborgne rely on their study from 2004 where they analysed 150 companies within 30 industries over 100 years and reasoned that two kinds of markets called the "blue and red oceans", existed in their opinion. But only the companies from the blue ocean markets were able to achieve true success.
The authors compared the Blue Ocean Strategy with the Red Ocean Strategy and found the following differences:

Table 1: Comparison of ROS and BOS (Kim & Mauborgne, 2004)

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 break off
Align the whole system of a company's activities with its strategic choice of differentiation or low cost	Align the whole system of a company's activities in pursuit of differentiation and low cost

2.3 Red Oceans

Red oceans represent the traditional existing industries and known market space, where industry boundaries are defined and accepted, competitive rules of the game are known, outperform the rivals to grab a greater share of existing demand at a crowded market space. The prospects for profits and growth are limited.

2.4 Blue Oceans

The blue oceans stand for completely new and undiscovered markets and opportunities with new value creations, new customer bases and no competition. Demand is created, growth is profitable and rapid, competition is irrelevant, rules of the game are not set,
wide deep potential of market space that is not yet explored, “blue ocean” = vast, deep, powerful, in terms of profitable growth, and infinite (Kim & Mauborgne, 2005).
According to the authors, market boundaries between the red and blue oceans exist only in the managers minds. Core problem is the way how to create a new uncontested market space and change the focus from competition to creation of innovative value to make accessible new demand. Another fact is that many managers are familiar with the red oceans and feel accustomed to competition.

2.5 Idea of new market creations

Obviously, there are quite a few researchers concerned with the idea of creating or developing new markets. Other researchers offer solutions in their paper how organizations could create new market space, some use also integrated theoretical frameworks (Navis & Glynn, 2005) remotely comparable to the Blue Ocean Strategy that offers also frameworks and tools for creating uncontested market space.

Besides Kim and Mauborgne other researchers were also concerned with new market creation, generating their own opinion and insights on this topic.
For example Berry et al. (2006) investigated in their paper "Creating New Markets Through Service Innovation" the different types of the market creating service innovations, describing niche factors they discovered to enable new innovations for market creation.

Anderson and Gatington (2005) showed in their research "Firms and the creation of new markets" that new markets can be generated by certain actions of firms. Thereby new markets are generated by satisfying a hidden and not yet obvious customer needs and offer a solution. According to Anderson and Gatington (2005) a market is being created when economic actors shift resources to that firm's solution to satisfy the latent customer need.

Spencer et al. (2005) researched in their paper "How Governments Matter to New Industry Creation" the influence of governments on new industry creation. The researchers argued in their paper that companies and institutions were influencing the governments' capabilities to support bricolage, or breakthrough approaches to technological entrepreneurship, which also lead to the creation of new industries.

Navis and Glynn (2005) researched in their paper "How New Market Categories Emerge: Temporal Dynamics of Legitimacy, Identity, and Entrepreneurship in Satellite Radio, 1990–2005" how new market categories emerged and were legitimated through a confluence of factors. These factors were internal to the category (entrepreneurial ventures) and external to the category (interested audiences).

Knappe and Kracklaner (2007) proposed in their paper "Dialoge fördern, Absätze steigern, neue Märkte erschließen" concrete acting recommendations for organizations, offering a guide for using Web 2.0 to increase the communication to the customers, increase sales figures and create new markets.

It is also to consider that the Blue Ocean Strategy may combine beneficial features from two separate already existing markets, to create a single unique product with advantages over the competition in both markets (Novinson, 2006).

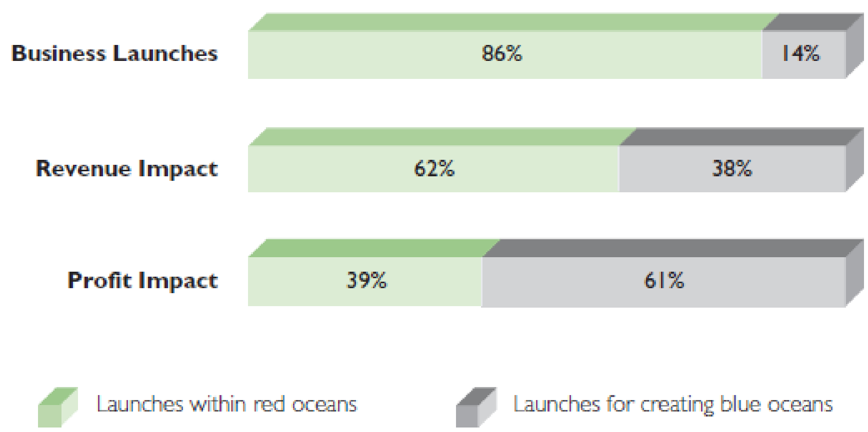
2.6 The Blue Ocean Strategy framework

The Blue Ocean Strategy by Kim and Mauborgne was published in 2004. According to the authors, it provides the analytical frameworks and tools to create and enter new market space. Using the Blue Ocean Strategy, each company should be able to find unique ways to discover new market space. Important to note though, what all companies have in common is that they need to focus on non-customers, and also need to be aware that most blue markets are often created within of existing red oceans (Kim & Mauborgne, 2004).

2.7 The Blue Ocean Paradox

The best way to describe the attractiveness of the blue oceans is to analyse the Blue Ocean Paradox, shown up by Kim and Mauborgne during a study in 2005. The result of the study showed that only 14% of all studied business launches were made within the Blue Ocean markets, but these 14% achieved 38% revenue impact and about 62% of profit impact. Compared to the majority of 86% business launches in red oceans, which were able to get 39% of the total profit impact (Kim & Mauborgne, 2004). These statements can be also found in Figure 1 below:

FIGURE 1. The Profit and Growth Consequences of Creating Blue Oceans



(Source: Kim & Mauborgne, 2004)

This paradox seems to be very appealing especially on businessmen, who are always looking for ways to increase their revenues and profits.
Kim and Mauborgne (2004) stress in their papers about the Blue Ocean Strategy perpetual that companies must stop to compete with each other. The reason for this is at the present technological stage are the shrinking market spaces, and the supply is overtaking demand due to globalization. More and more companies join the existing markets, the competition is made on minimizing cost basis with falling prices as a result, but competing on price cannot be a long-term solution (Kim & Mauborgne, 2004).

Other researchers mention that the Blue Ocean Strategy is most effective when markets are saturated or in decline. Therefore a company should target completely new customer groups to increase their customer base (Novinson, 2006).
Kim and Mauborgne (2004) point out that companies not only have to outplay their competition, but furthermore completely ignore them by searching and entering new and uncontested markets. The main key therefore is to find out 1) what customers seek when they buy a product or service and then 2) define a total solution. Besides that, the process of creating and discovering blue ocean markets is not about predicting and/or preallocating business trends,. It is about leading managers who are able to reordering market realities in a fundamentally new way.
From their researches Kim and Mauborgne (2004) developed their Blue Ocean Strategy model, which provides a series of tools and frameworks as guidance for companies to create unique strategies to create and generate their own uncontested markets.

2.8 Development of the Blue Ocean Strategy

The development of Blue Ocean Strategy took several years of research and publications by Kim and Mauborgne. This chapter shall take a closer look on the development of the Blue Ocean Strategy and which academic articles led to the framework.

General advantages of creating a model like the Blue Ocean Strategy can be found in the Scientific Management Theory, which discloses amongst others the following benefits:

- Increase of productivity due to steady improvements in business operations
- Increase in accuracy due to specified guidelines, models and frameworks
- Improved decision making
- Viable working methods and control instances at an early stage

In the next paragraphs, a short historical development of the Blue Ocean Strategy will be described to better understand the motives of Kim and Mauborgne for creating their framework.

The first theory leading to the “Blue Ocean Strategy“, was the "Value Innovation – The Strategic Logic of High Growth” from 1997. According to the fact that each article published by Kim and Mauborgne does not refer exactly to one topic, it is self-evident that the articles may not directly build one upon each other and developing one topic further with each article, but handling several relating topics that may lead to the Blue Ocean Strategy.

Of course improved theories relish a greater acceptance, due to their increased predictive power (e.g. modification from "Value Innovation – The Strategic Logic of High Growth” (1997) to final "Blue Ocean Strategy" (2004)). Theories that are accepted continue to accumulate evidence over time, what also often indicates the strength of its supporting evidence (N. A. of Science., 1999).

At last it can be said that it is expectable that also the Blue Ocean Strategy may be improved and modification over a specific period of time, by the creators themselves or other researchers. This is a topic to examine later in this research.

Year of publication	Name of the article
1997	"Value Innovation – The Strategic Logic of High Growth"
1998	"Procedural Justice, Strategic Decision Making and the Knowledge Economy"
1999	"Creating New Market Space"
1999	"Strategy, Value Innovation, and the Knowledge Economy"
2000	"Knowing a Winning Business Idea When You See One"
2002	"Charting Your Company's Future"
2003	"Tipping Point Leadership"
2004	"Blue Ocean Strategy"

2.8.1 "Value Innovation – The Strategic Logic of High Growth"

In "Value Innovation – The Strategic Logic of High Growth" published in 1997, Kim and Mauborgne describe the value of innovation for companies. In this article several links to the Blue Ocean Strategy published later in 2004 can be found.

The paper "Value Innovation – The Strategic Logic of High Growth" contains the case Bert Claeys, a Belgian movie theatre company. In a declining movie theatre industry and new arising substitutional products the Belgian's movie visits dropped dramatically. Many movie theatres had to close, but Bert Claeys managed to succeed because of changing in a completely different direction then their direct competitors, developing cinemas into multiplex and achieving spectacular growth and profits. Instead of battling the competition over saturated markets, Bert Claeys made the competition irrelevant (Kim & Mauborgne, 1997). This is a core idea the authors will use in their later developed Blue Ocean Strategy.

In the research Kim and Mauborgne (1997) asked, why and how some companies achieve sustained high growth in both revenues and profits. The authors analysed in a study that high-growth companies paid little attention to beat or match their competitors. Also high small and large companies achieved high growth, in high-tech and low-tech industries. Furthermore new entrants and incumbents, private and public companies, and companies from various countries were able to achieve this high-growth. Following from that a manager interview showed that successful companies with high-growth applied their strategic thinking to business initiatives in the marketplace, what Kim and Mauborgne (1997) called the logic of value innovation. In their article, Kim and Mauborgne (1997) compared the two strategic logics of conventional logic and value innovation logic. While the conventional logic describes the traditional market, the value innovation logic represents the new options for a company.

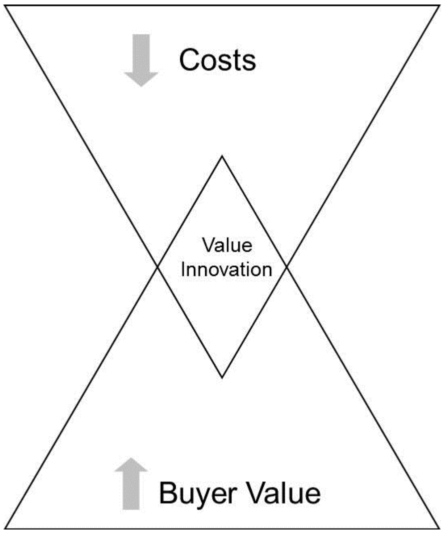
Both strategic logics will be used in an advanced form as the Blue- versus Red-Ocean-Strategy table, which summarized the most important characteristics and challenges of the red and blue ocean markets.
A study from the "Value Innovation – The Strategic Logic of High Growth" examined already in 1997 the result that is known within the Blue Ocean Strategy paper as the Blue Ocean paradox.

Another tool shown in the paper "Value Innovation – The Strategic Logic of High Growth" from 1997 was the so called New Value Curve that asked several questions, e.g. about the elimination, reduction or creation of a companies industry factors to achieve value innovation. In 2004 Kim and Mauborgne developed and evolved it to the Blue Ocean Strategy Canvas model. Also the Pioneer-Migrator-Settler (PMS) Map, which is a tool from the Blue Ocean Strategy, was used in "Value Innovation – The Strategic Logic of High Growth" to test the growth potential of a portfolio of a business.

Kim and Mauborgne highlighted in their study the statement of “trap of competing” which explained that innovative companies will have to deal with imitators and at the same time have to continue being innovative to succeed. This “trap of competing” also plays a significant role in the later researches by the authors.

Below the value innovation is illustrated and highlighting, two basic statements of the Blue Ocean Strategy. While the costs are reduced, customer value is raised, achieving a value innovation. In the red oceans, companies can reduce cost or raise customer value to achieve an increase in value.

Figure 2. Value innovation (Kim & Mauborgne, 2004)



2.8.2 "Procedural Justice, Strategic Decision Making and the Knowledge Economy"

In the paper "Procedural Justice, Strategic Decision Making and the Knowledge Economy" from 1998, Kim and Mauborgne argue that the collective knowledge building is a key for strategic task for a company's success. The creation and distribution of knowledge may only happen when employees cooperate voluntarily, but will fail of individuals are forced. Therefore, the key challenge of facing strategic management is, to obtain the voluntary cooperation of people and to formulate and implement a company's strategic decisions.

According to Kim and Mauborgne (1998), individuals will accept the strategic decision-making processes as long as it is fair. Furthermore, the people will cooperate voluntary if trust and commitment are given. Resulting, employees will refuse to cooperate by hoarding ideas, struggle against change and executing strategic decisions. At last, Kim and Mauborgne (1998) built up a theory, which implemented intellectual and emotional recognition theory, to explain “why procedural justice invokes the side of human behaviour that goes beyond outcome-driven self-interests and that is so critical in the knowledge economy” (Kim & Mauborgne, 1998).

In the “Blue Ocean Strategy“, Kim and Mauborgne (2004) used several ideas of the "Procedural Justice, Strategic Decision Making and the Knowledge Economy" from 1998, such as the fairness for individuals or the transparency of strategic decisions. Kim and Mauborgne (2004) implied these ideas especially in the Blue Ocean Strategy tools, that can be found in the The Sixth Principle: Building Execution into Strategy. Due to the management risk of distrust, non-cooperation and even sabotage, the strategic decisions have to be fair and transparent. Therefore, Kim and Mauborgne (2004) advice the strategy formulation process of the Blue Ocean Strategy to imply engagement, explanation and expectation clarity.

2.8.3 "Creating New Market Space"

Kim and Mauborgne (1999) illustrate in their paper "Creating New Market Space" on one side that the focus of the majority of companies is on match and beat the competition. Resulting, most of the strategies are equal as used by the competitors. These companies have comparable focus and scope of products, customers and services their industry should be offering. According to Kim and Mauborgne (1999), companies end up competing either on the basis of incremental improvements in cost, quality or both.

On the other side, Kim and Mauborgne (1999) propose on their paper the creation of new market space. This requires a different pattern of strategic thinking, compared to the common competition strategies. Unoccupied market space that represents a real breakthrough in value can be found by looking across accepted boundaries that usually define how a company competes (Kim & Mauborgne, 1999). Furthermore, Kim and Mauborgne (1999) describe in "Creating New Market Space" how companies can systematically pursue value innovation, bear down conventionally defined boundaries of competition and create value “across substitute industries, across strategic groups, across buyer groups, across complementary product and service offerings, across the functional-emotional orientation of an industry, and even across time” (Kim & Mauborgne, 1999).

In the Blue Ocean Strategy, Kim and Mauborgne (2004) implement the ideas of ignoring competition and creation of new markets. Kim and Mauborgne (2004) go even further in their Blue Ocean Strategy book and make both of these statements quintessences of the Blue Ocean Strategy also more radical as 1) making the competition irrelevant and 2) creation of completely new and uncontested markets.

2.8.4 "Strategy, Value Innovation, and the Knowledge Economy"

The "Strategy, Value Innovation, and the Knowledge Economy" by Kim and Mauborgne (1999) mentions, that competition has occupied the centre of strategic thinking during the last two decades. According to Kim and Mauborgne (1999), nothing is wrong with building advantages over the competition. In fact, terms such as competitive strategy, competitive benchmarking, competitive advantages or outperforming the competition are linked with the common understanding of strategy.

While striving for some advantages over the competition to sustain in the market, the strategic thinking of companies often ends up in incremental improvement imitation but not innovation (Kim & Mauborgne, 1999).

According to Kim and Mauborgne (1999) solution for sustainable and profitable growth can be achieved due to breaking out of the trap of competition and imitation. This could be done by value innovation, rather than to match or outperform the competition, implementing value innovation as a strategy. For achieving success in the value innovations,
companies should use different market approaches, such as 1) strategic pricing for demand creation and 2) target costing for profit creation.

Companies should focus on value creation for the customer instead of competition and company managers should put emphasis on innovation, to pursue beyond common improvements to completely new ways of doing things (Kim & Mauborgne, 1999). For value innovation, managers must ask themselves two questions, 1) "Is the company offering customers radically superior value?" and 2) "Is the firm's price level accessible to the mass of buyers in the target market?" (Kim & Mauborgne, 1999).

Comparing to the Blue Ocean Strategy from 2004, it can be seen that the value innovation is being used in both of the papers. In "Strategy, Value Innovation, and the Knowledge Economy" from 1999, the statement of value innovation as a strategy was more an early idea of the shift from common competition strategies to new value creating strategies. In the Blue Ocean Strategy book from 2004, the idea value innovation as a strategy has become a basic part of the strategy itself. Also the pricing can be found in the Blue Ocean Strategy in the Fourth Principle: Get the Strategic Sequence right, as the strategic pricing.

2.8.5 "Knowing a Winning Business Idea When You See One"

In "Knowing a Winning Business Idea When You See One" from 2000, Kim and Mauborgne describe three tools that managers may use to reduce uncertainty, that hinders the evaluation of innovations and commercial readiness of new business ideas. The first tool used by Kim and Mauborgne (2000), the “Buyer Utility Map” indicates the attractiveness of customers by a new business idea. The second tool, the “price corridor of the mass”, identifies the price that will achieve the highest amount of customers. The third tool, the “Business Model Guide” offers a model to illustrate how profitable a company can deliver the new business idea and the targeted price. Furthermore, Kim and Mauborgne (2000) describe that also several adoption hurdles have to overcome to achieve innovations.

These mentioned tools are also used in the Blue Ocean Strategy, published in 2004. For example the “Buyer Utility Map” is used in the “Fourth Principle: Get the Strategic Sequence right” within the framework. Also the hurdles can be found in the Blue Ocean Strategy tools within “Fifth Principle: Surpass the Organizational Barriers”.

2.8.6 "Charting Your Company's Future"

According to Kim and Mauborgne (2002), only few companies do have a strategic vision. Therefore, the companies should design a strategic-planning process by developing a four-step process called the strategy canvas. The strategy canvas illustrates the strategic profile of a companies industry by highlighting the various factors that affect the company's competition. Important parts of the strategy canvas are next to the 1) illustrations of the strategic profiles of potential competitors, also 2) the value, where the company compares their business's value curve with competitors' to discover where their strategy the company needs to change.

Due to Kim and Mauborgne (2002), the strategy canvas is unique because of its internal and external holistic view, drawing a strategy profile or value curve to illustrate the investments in the factor of competition and how the company might invest in the future.

In the Blue Ocean Strategy book from 2004, the strategy canvas is one of the more famous tools. It can be seen that the strategy canvas tool has been adopted by Kim and Mauborgne (2004) also in their later publishments, due to the usefulness of the tool.

2.8.7 "Tipping Point Leadership"

The "Tipping Point Leadership" describes the fact that any company, organization or changes can occur quickly when the beliefs and energies of a critical mass of individuals create a movement towards a fundamental idea (Kim & Mauborgne, 2003). Kim and Mauborgne (2003), show therefore the case of William Bratton, who successfully turned around several organizations in short time, with limited budget and demotivated staff. This example demonstrates that tipping point leadership is possible and many organizations and companies are able to change their business model to a more successful version (Kim & Mauborgne, 2003).

To achieve the tipping point leadership several steps were used as shown followed:

1) Put managers face-to-face with operational problems.

2) Manage limitations on funds, staff, or equipment by concentrating resources on the areas, that are most in need of change and that have the most beneficial pay-offs.

3) Solves the motivation problem by singling out key influencers that are people with disproportionate power due to their connections or persuasive abilities.

4) Close off resistance from powerful opponents.

The Blue Ocean Strategy book from 2004 uses the same basic ideas as the "Tipping Point Leadership" from 2003 does. Each company or organization therefore is able to change its business model to a more successful or beneficial version. This task is also described in “Focus on the Big Picture: Not the Numbers” of the Blue Ocean Strategy tools.

2.8.8 "Blue Ocean Strategy" book

In 2004 Kim and Mauborgne published the Blue Ocean Strategy book, as shown in the paragraphs before many ideas were developed in previous publishments of Kim and Mauborgne in the years 1997 till 2003.

According to the review of the published literature it can be stated that the development of the Blue Ocean Strategy can be based mainly on two core elements, ideas and tools.

The basic ideas used for the Blue Ocean Strategy can be summarized as 1) ignoring competition, 2) creation of new markets, 3) focus on new customers and 4) value innovation.

The review showed that most tools used in the Blue Ocean Strategy book from 2004, where developed before by Kim and Mauborgne. Famous examples that will be mentioned and described in more detail later in this research are the 1) Buyer Utility Map, the 2) Pioneer-Migrator-Settler or the 3) strategy canvas.

Concluded it can be said, that the ideas of the Blue Ocean Strategy were developed over several years. In the Blue Ocean Strategy book, Kim and Mauborgne (2004) implemented many basic elements of previous of their publishments. The fact, that the ideas and tools used by Kim and Mauborgne were used and discussed in precedent articles may add explanatory power to the Blue Ocean Strategy theory, used in the correspondent book from 2004.

2.9 Tools of the Blue Ocean Strategy

In this part the tools of the Blue Ocean Strategy will be described and shortly explained to get understanding of the model and the following research. The tools of the Blue Ocean Strategy are part of the framework and used to create uncontested markets. In this research, the tools are subdivided into several principles for more overview.

When the **Principles of the Blue Ocean Strategy** used properly, the Kim and Mauborgne (2004) mention expectable risks and ways to act on them. They state that effective Blue Ocean Strategies should be about risk reduction and not about risk taking. To change the company strategy according to the Blue Ocean Strategy model, a company has to change its focus from competition to new opportunities, but also attach most importance on present non-customers. For the strategic reorientation of the focus, benchmarking the competition is no option to achieve value and cost approach, because this would result in conventional competition. The changed focus from traditional competition and present customers should enable companies and managers to be aware and get insight in order to develop new opportunities, create new customer values and uncontested market space beyond the traditional beyond the traditional industry boundaries. Like shown in the table below, companies may face risk while formulating or executing the Blue Ocean Strategy. The table illustrates as well the risk factors, so that companies may prevent risk taking.

Table 2: Risk factors (Kim & Mauborgne, 2004)

Formulation	**Risk Factor Attenuated**
Reconstruct market boundaries	Search risk
Focus on the big picture, not the numbers	Planned risk
Reach beyond existing demand	Scale risk
Get the strategy sequence right	Business risk
Execution	
Surpass organizational barriers	Organizational risk
Build execution into strategy	Management risk

The **four actions framework** describes a well-defined strategy with a focus on a company’s strategic profile and value curve. Furthermore it has to be different from the competitors and imply an intriguing slogan. Next to the risk prevention, companies may use the four actions framework even before the implementation of the Blue Ocean Strategy as a visionary goal.

The four actions are mentioned by Kim and Mauborgne (2004) are eliminate, reduce, raise and create grid. The actions are shown below and are shortly and explained with Kim's and Mauborgnes first example case of the Cirque du Soleil used in their paper from 2004.

Table 3: Four action framework (Kim & Mauborgne, 2004)

Eliminate Which of the factors that the industry takes for granted should be eliminated?	**Raise** Which factors should be reduced well below the industry's standard?
Reduce Which factors should be raised well above the industry's standard?	**Create** Which factors should be created that the industry never offered?

Table 4: Cirque du Soleil (Kim & Mauborgne, 2004)

Eliminate Star performers, animal shows, aisle concession sales, multiple show areas	**Raise** Unique venue
Reduce Fun and humour, thrill and danger	**Create** Theme, refinement environment, multiple productions, artistic music and dance

2.9.1 The First Principle: The six paths framework

Companies searching for blue ocean opportunities have to look at alternative industries, strategic groups within industries, the chain of buyers, complementary product and service offerings, functional or emotional appeal to buyers but also at the time period to get some insights for reconstructing the market and to create new blue ocean markets. The six paths of the framework are shown below in well-arranged detail.

The six paths framework:

- Path 1: Look across alternative industries
- Path 2: Look across strategic groups within industries
- Path 3: Look across the chain of buyers
- Path 4: Look across complementary product and service offerings
- Path 5: Look across functional or emotional appeal to buyers
- Path 6: Look across time

2.9.2 The Second Principle: Focus on the Big Picture, not on Numbers

Current traditional strategies focus on present industry conditions and competition, the focus on the overall picture, but not on the numbers shall enable a company to “think outside the box“ and create a clear picture of how to break from the competition. To see the “Big Picture“ several actions were developed by Kim and Mauborgne (2004) and are listed below.

2.9.2.1 Focus on the Big Picture: Not the Numbers

The principle proposes a visual four step plan for creating and capturing blue oceans. The focussing on the big picture also can be seen as an alternative to the existing strategic planning process.

1. Focus on the big picture
2. Draw your strategy canvas

- Step 1: Visual awakening
- Step 2: Visual exploration
- Step 3: Visual strategy fair
- Step 4: Visual communication

The description of the steps in more detail is described below:

Step 1: Visual awakening: Compare your own business with your competitors and see where your business strategy needs to be changed.

Step 2: Visual exploration: Explore the six paths to create blue oceans. Observe clear advantages of alternative products. Define which of the factors should be eliminated, created or changed.

Step 3: Visual strategy fair: Create your unique business strategy based on field observations. Collect feedback on alternatives from customers, competitors' customers and non-customers. Benefit from the feedback to design the best future strategy for the company.

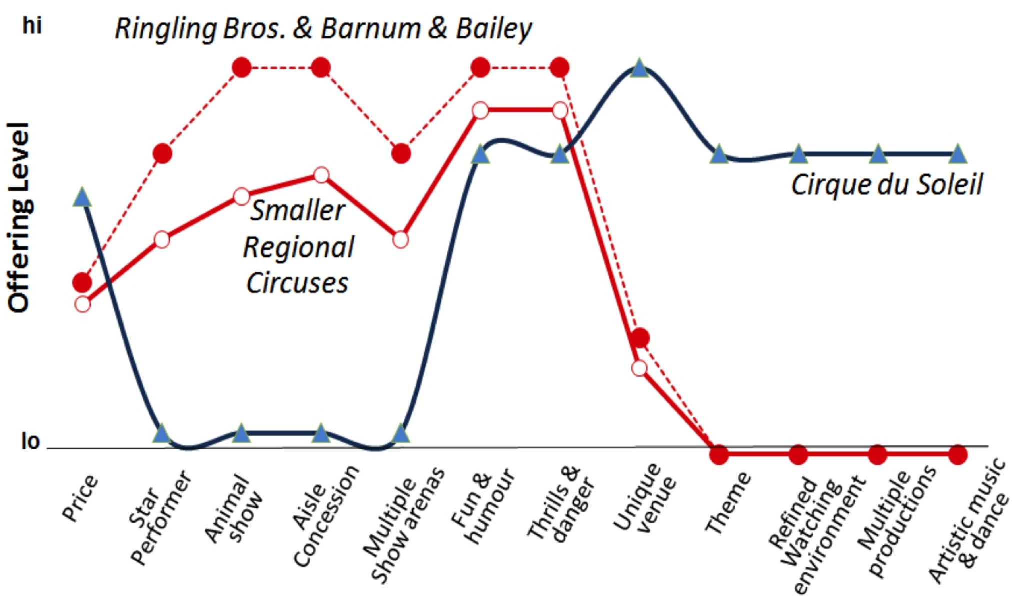
Step 4: Visual communication: Represent all created "best future strategies" each on not more then one page. Compare the strategies, chose the one that allows the company to close the gaps to actualize the new Blue Ocean Strategy.

2.9.2.2 The strategy canvas

For creating uncontested markets with the Blue Ocean Strategy, also the central diagnostic and action framework strategy canvas is used. The tool helps designing value curves like proposed by Kim and Mauborgne (2004). The value curve is the core component of the strategy canvas. It is the visual definition of an organizations performance within the industry. A well defined value curve is described with focused, divergences *but also having* a *compelling tag line.*

The strategy canvas illustrates two axes. The vertical axis shows the offering level that customers receive across all of the key factors, while the horizontal axis captures the range of factors that the industry competes on.

Figure 3. Example of a strategic canvas (Kim & Mauborgne, 2004)



The key factors used in the strategic canvas, such as price, performance or unique venue; are derived from an organizations investment in resources, processes and capabilities. Furthermore the key factors involve strategic choices and impact strategic purpose. It is significant to know the key elements, therefore an organization should invest in research and analysis inside and outside the company. Behalf of that the communication and interactions with customers about the product, service and delivery may grand the organization additional qualitative and quantitative data or information.

After the determination of the key elements was determined, ratings are given to the researched elements. The ratings may be for example on the scale of relatively low, low, medium, high, relatively high.

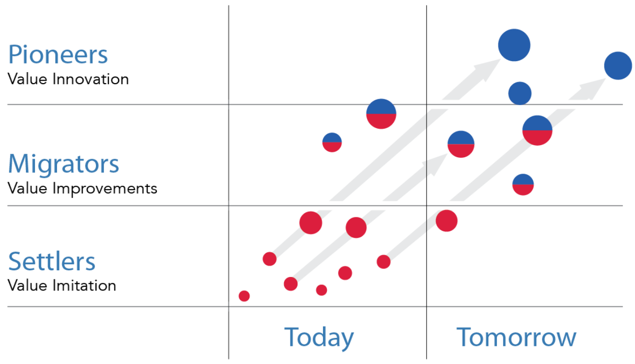
In general the strategy canvas serves two purposes, 1) the capturing of the current state of business in the known market space, and 2) to motivate users of the Blue Ocean Strategy to take action by reorienting the focus from current competition to alternatives but also to switch the company view from current customers to non-customers.

By preparing the strategic canvas, an organization is also exploring how its strategy can be transformed to create blue oceans. The basics of value creation and value capturing are formed to help the organization to create value innovation. It is also possible to adapt the tool of strategic canvas for different strategic groups. For example organizations that differentiate themselves by pricing, but also between the organization itself and its direct competitors.
After applying strategic canvas, the following step is to include substitutes and alternatives in the strategic canvas rather than core competitors within the industry. Finally, the 4 action framework is used to create Blue Oceans.

2.9.2.3 The Pioneer-Migrator-Settler (PMS) Map

Another useful tool used is the **The Pioneer-Migrator-Settler (PMS) Map** which illustrates the company's current and planned portfolios. The pioneers, migrators and settlers represent how many blue ocean strategies, me-too businesses or business offerings that are more beneficial than most offerings in the market space a company has. The PMS Map is helpful for companies to plan beyond present performance. Of course, changes in the environment are rapid and predictions cannot be made exactly. But the main statement of the PMS is that companies should put a focus on their future portfolio toward pioneers, to ensure a path to profitable growth.

Figure 4. Example of how a Pioneer-Migrator-Settler (PMS) Map (Kim & Mauborgne, 2004)



2.9.3 Third Principle: Reach Beyond the Existing Demand

Kim and Mauborgne (2004) advice not to focus on customer differences,but on the distance of non-customers to the market. Therefore Kim and Mauborgne (2004) developed the **Three Tiers of Non customers** model which describes, based on the current market, the distance and attitudes from the non-customers.

First Tier “Soon-to-be“ non customers:

Near to the current market, do not use company's products or services, search always for better offers. Advice: find out what they are looking for exactly.

Second Tier “Refusing“ non customers: Can not afford or do not use market offerings. Their needs are attended by other means or are ignored.

Third Tier “Unexplored“ non customers: Needs have not been explored or thought by industry actors. These customers are seen as participants of other markets, results could be outstanding.

Kim and Mauborgne (2004) mentioned that there is no specific formula on which tier to focus. The specification of a tier may change over time and industry or be different at all. A tough goal to achieve would be to unlock the potential across all three tiers, discovering and attending all commonalities.

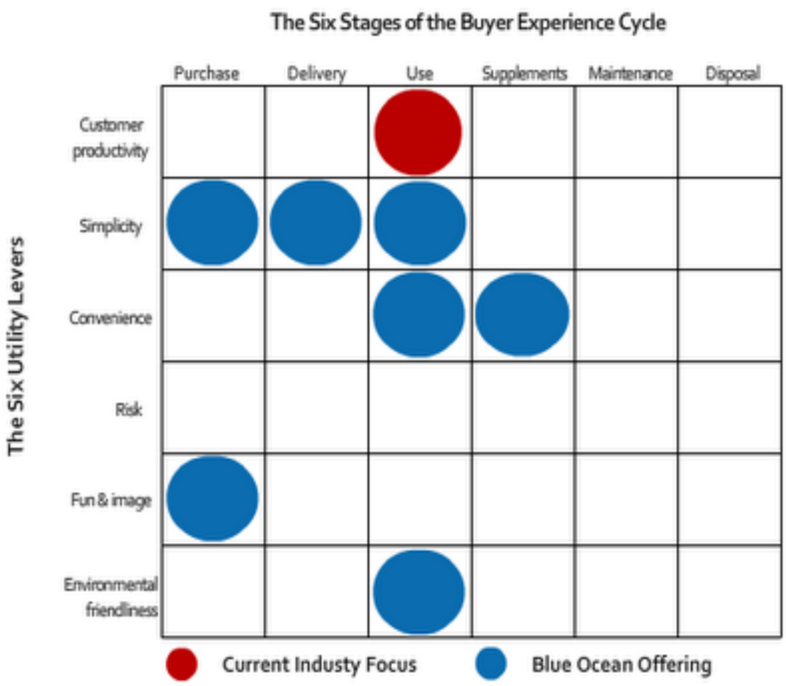
2.9.4 Fourth Principle: Get the Strategic Sequence right

The strategic sequence examines the buyer utility, price, cost and adoption. Asking whether the new strategic sequence has business potential (exceptional buyer utility), if the price is affordable for the majority of customers, whether the costs can be turned to profit at a strategic price and what to do if adoption barriers arise while actualizing the business potential.

2.9.4.1 The Buyer Utility Map

The Buyer Utility Map (BUM) identifies the levers to deliver exceptional usefulness to customers. To achieve the exceptional utility in every stage, each lever has to be analysed. An example of a Buyer Utility Map can be seen below.

Figure 5. Example of a Buyer Utility Map (Kim & Mauborgne, 2004)



2.9.4.2 The Strategic Price

The price corridor of the mass is a famous tool to facilitate the discovery of the right price to attract the majority of buyers. The price tool has two steps, 1) first, identifying the price corridor of the mass market and next 2) specifying the price level within the corridor.
In most cases companies compare products that are very similar in term of form and look inside their current industries. An understanding of the customers' price sensibility is also important, like comparing products or services outside the product group offered by traditional competition, which is completely different. It is also significant to compare products offered outside the industry boundaries, which have different forms and functions but satisfy the same customer needs.
After setting the price corridor for the mass market, companies need to define the highest price that they can afford, to set a corridor without inviting competition from emulation. Also important is the legal protection of new developed products and services, assets and core capabilities to prevent imitation.

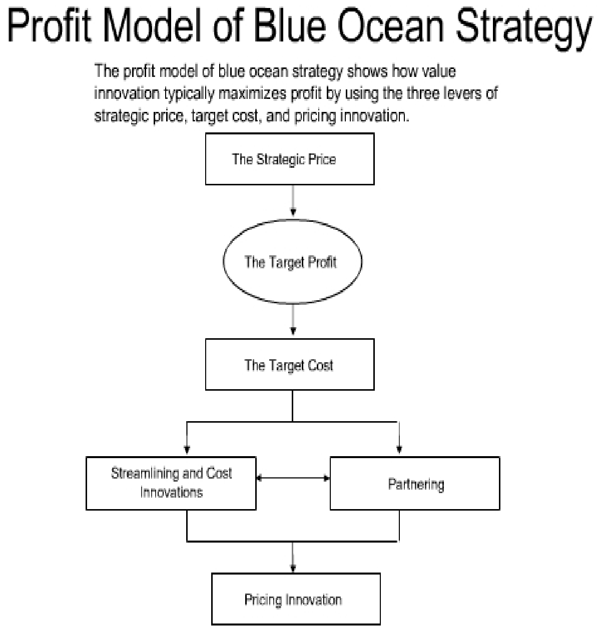
2.9.4.3 The strategic cost

After defining the strategic price, companies need to specify the targeted cost and the desired profit margin side of the business model. It is important to set a cost structure that allows profitability and is hard to imitate at the same time.

2.9.4.4 The Profit Model of Blue Ocean Strategy

The Profit Model of Blue Ocean Strategy illustrates shortly the steps taken from pricing, over profit margin, to targeted cost till the final pricing.

Figure 6. Profit Model of Blue Ocean Strategy (Kim & Mauborgne, 2004)



2.9.4.5 Adoption

Large changes may cause insecurity and resistance among company's stakeholders. Uncertainty and concerns of employees, business partners and general public has to be addressed to prevent resistance and fears.

After successful change of the company's strategy into the Blue Ocean Strategy, awareness should be created to communicate the benefits for all participants.

2.9.4.6 The Blue Ocean Idea Index

The last part of the strategic sequence describes the vision of the whole Blue Ocean Strategy and contains a Blue Ocean Idea Index (BOII) that helps to keep that systemic vision. In general the idea index is formed by answering the following questions via placing a plus or a minus signal to each question to get an overview whether the Blue Ocean idea is still being achieved.

Basic questions:

•Is there exceptional utility? Are there compelling reasons to by the offering?

•Is the price easily accessible to the mass of buyers?

•Does the cost structure meet the target cost?

•Were addressed adoption blocks up front?

2.9.5 Fifth Principle: Surpass the Organizational Barriers

The implementation of the Blue Ocean Strategy is challenging exercise and attention has to be paid to some issues that will be addressed in this part. There are some barriers or hurdles that have to be handled for a successful strategy execution. The cognitive hurdle explains the resistance to change. People who are unwilling to change need to be aware of the importance and necessity of the strategic change.

The Resource hurdle, illustrates the fact that resources are independed on the change level. Due to Kim and Mauborgne (2004) it is exactly the contrary. The motivation hurdle explains the importance of having the key players motivated to go faster and change the status quo as fast as possible.

The political hurdle illustrates the situation to determine who will assist the change and who will resist and probably work against it.

2.9.6 The Sixth Principle: Building Execution into Strategy

For changing and executing the strategy everyone within the organization who is important or everyone from top to front lines should be aligned. Creating a culture of trust and commitment is a fundamental basis of implementing a new Blue Ocean Strategy.

Therefore the task of the sixth principle is to relieve the management risk of distrust, non-cooperation and even also sabotage.

To solve this, a core aspect is to shape the processes of implementing a new Blue Ocean Strategy, fair and transparent. Adherent are several statements that enable the implications of a fair process with attitudes and organizational behaviour. The strategy formulation process needs to imply engagement, explanation and expectation clarity. Attitudes will be ensured by trust and commitment. Cooperative and voluntary behaviour should be rewarded. Strategy execution will succeed if the need to exceed expectation is given, which is self-initiated.

Furthermore the authors Kim and Mauborgne (2004) implement the three E principles of a fair process. **Engagement** involves individuals strategic making decisions. **Explanation** contains everyone involved and affected to make them understand the final strategic decisions. While the **Expectation clarity** states that company leaders have to follow the new rules, targets, goals, milestones, responsibilities, key process indicators, standards and the penalties for failure.

A fair process will lead to emotional recognition, trust, commitment, voluntary cooperation and finally strategy execution. Contrary violation of a fair process will lead to emotional indignation, distrust, resentment and finally to the refusal of the execute strategy. Additionally it was mentioned that commitment, trust and voluntary cooperation are difficult to measure and monitor because of their intangibility, but they are very important to convert into a Blue Ocean Strategy.

2.9.7 Concluding the tools

The tools used in the Blue Ocean Strategy introduced by Kim and Mauborgne (2004) ensure on several ways their utility. On one side the tools and framework itself have been accepted by a majority of people represented by the bestseller specifications of the Blue Ocean Strategy book.

On the other side, the tools have been developed and tested before by Kim and Mauborgne (1997 – 2003) via their previous scientific publishments, as shown also in the "Development of the Blue Ocean Strategy" chapter. The illustration of the tools was significant to grant an overall understanding of the Blue Ocean Strategy theory and basic elements of the framework.

2.10 Critiques to Blue Ocean Strategy

Besides numerous supporters, the Blue Ocean Strategy also has to face critiques like to be fragmentary, not scientific or even partly risky to apply.
In this chapter the critical aspects about the Blue Ocean Strategy, and the opponents scientific opinions will be described. This paragraph presents some scientific views on the Blue Ocean Strategy, summarizing the statements at the end within a clear table (see Appendix 1).

2.10.1 Introduction to the critiques

Herman (2008) for example discloses in his blog from 2008, couple of years after the publishment of the Blue Ocean Strategy some weaknesses and disadvantages of the model.
Burke et al. examine in their paper "Blue Ocean Versus Competitive Strategy: Theory and Evidence" from 2009 the Blue Ocean Strategy, having a critical view on the model itself and comparing it to the common competitive strategy.
Another scientist considered the Blue Ocean Strategy critically in his blog was Kraaijenbrink in 2012, assessing the model validity but also weaknesses. For most of the critiques also the statements of Kim and Mauborgne were added to grant both opposite views.

2.10.2 Summarized critiques and weaknesses of the Blue Ocean Strategy

The information seen in the table “Critiques of the Blue Ocean Strategy” can be divided in five core source of critiques [theory, markets, time horizon, innovation creation ability and other critiques]. The sources were chosen included a wide scope of a discerning review. The focus lied on core reviewers that were able to examine the Blue Ocean Strategy as a whole but also zooming in to parts of the strategy. Single critiques were not considered as they mainly focus on one part of the theory, leading to bias in the conclusion about the whole Blue Ocean Strategy (see Appendix 1).

2.11 Analysing the critiques

The following part of the chapter will address the critiques and weaknesses that were summarized in a table (Appendix 1), analysing them and combine several comparable critiques into some overall themes that can be seen below.

2.11.1 Critiques to the Blue Ocean theory

The critiques to the basic theory of the Blue Ocean Strategy contain the critics about the general Blue Ocean Strategy, highlighting common critiques about the theory. Also the background of the Blue Ocean Strategy will be concerned. According to Kim and Mauborgne (2004) their theory of Blue Oceans opposites the theories by e.g. Porter that were more seen as Red Oceans. Therefore some critiques will be shown to point out also critical aspects.

The first impression of the Blue Ocean Strategy is, that it is not new at all, but completely builds on Ted Levitt's old differentiation directive, added with belief of innovation importance, just because this is trendy right now (Herman, 2008).

Kim and Mauborgne (2004) state in their paper “Blue Ocean Versus Competitive Strategy” that the validity of Blue Ocean Strategy as a generic approach depends on two basic but testable assumptions. First, the prediction that competition can be made irrelevant. Second, the trust that sufficient Blue Ocean markets are available to be chosen as a successful generic industry-wide strategy (Burke et al., 2009).

Furthermore, the Blue Ocean Strategy is ascribed with lack in evidence, because only successful companies were studied (Burke et al., 2009). In the original papers of the Blue Ocean Strategy, starting from 2004, Kim and Mauborgne used indeed successful companies to research and study their theory. In previous papers like the “Value innovation: The strategic logic of high growth“ from 1997 Kim and Mauborgne used first ideas, later leading to the Blue Ocean Strategies, but also studied successful and not successful companies to determine what companies created value innovation (Kim & Mauborgne, 1997).

Also one stated critique mentioned the slightly misleading metaphor of the Blue Ocean, which was inaccurate and did not give sufficient credit to the received strategy literature (Kraaijenbrink, 2012). This has also been mentioned by other scientists like Herman (2008) and Burke et al.(2009).

The comparison of the Blue Ocean Strategy to Michael Porter’s work, which describes both approaches as oppositional (Kim & Mauborgne, 2004) implements nevertheless the same and comparable message and attributes. Both approaches go for uncontested market spaces also the Michael Porter’s work does not deny it. But not only the Blue Ocean Strategy contains comparable aspects of Porter's work, also Michael Porter wrote in his papers about differentiation to deliver an unique mix of value and used thereby already decades before basic ideas of the Blue Ocean Strategy (Kraaijenbrink, 2012).

2.11.2 Critiques to Blue Ocean market definition

According to Herman (2008), Kim and Mauborgne (2004) are wrong and misleading in some of their statement. They used the example of Yellow Tail wine and displayed it as a complete success and creation of a Blue Ocean market. However, they did not mention the fact that consumers where buying other types of alcohol that they would have purchased in its absence. Therefore a Blue Ocean market was not created according to Herman but the demand was only drawn from other markets. Herman concluded that the prospect of raising demand infinitely simply does not exist. Kim and Mauborgne (2004) argue that buyers who are far away from the market can be customers of other products, due to several reasons. Therefore the authors do not exclude nor deny the fact Herman (2008). Furthermore the creation of a Blue Ocean market space is about creating new demand and attracting non customers instead of "creating" new customers (Kim & Mauborgne, 2005).

Herman (2008) illustrates the limitation of the Blue Ocean Strategy as the fact that sooner or later someone will copy or even improve your already successful model, due to the certainty that a company cannot really create Blue Oceans, they will always be surrounded by businesses striving to increase sales. Kim and Mauborgne (2004) do not exclude the certainty that imitators will arise, nor that the Blue Ocean Strategy is a "closed-end solution". Kim and Mauborgne (2004) describe the Blue Ocean Strategy also as dynamic strategy, which is always looking for new Blue Oceans to create (Kim & Mauborgne, 2005).

Also Herman (2008) argues that a successful implemented Blue Ocean Strategy will give a company only a limited, relatively peaceful, period of time. This mellows the promise of expressing maximal possible value creation and benefits by the Blue Ocean Strategy.

Next to that, Burke et al. (2009) disclose some interesting statements, namely that Blue Ocean markets are rarely purely uncontested because there is always some competition. Particularly in short-term the Blue Ocean Strategy cannot ignore competition or make it irrelevant.

A successful Blue Ocean Strategy would imply a viable short term competitive strategy in place. Both of these strategies are necessary for a company to survive and perhaps create value innovation. Also the Blue Ocean Strategy has its use within competition and imitation (Burke et al., 2009). On the other side Kim and Mauborgne (2004) divide red and blue oceans strictly and advice to look out for new Blue Ocean markets as soon as imitators appear at the market (Kim & Mauborgne, 2004). Also uncontested markets may be empty for a very good reason, because there is no Blue Ocean market (Kraaijenbrink, 2012). According to that it is to mention that the Kim and Mauborgne (2004) advice companies even while looking for markets to test whether there are any market space, and if the company could do business there. Risk reduction is still an important part, mostly in the planning phase of the Blue Ocean Strategy (Kim & Mauborgne, 2004). It could be also mentioned that due to the Blue Ocean Strategy companies do not find empty markets, but create Blue Ocean markets themselves via value innovation.

2.11.3 Critiques to Blue Ocean time horizon

One of the aspects that seem to be neglected more or less by Kim and Mauborgne (2004) in their Blue Ocean Strategy was the time horizon. The authors of "Blue Ocean Versus Competitive Strategy: Theory and Evidence" (Burke et al., 2009) start their critique with the fact that the provided literature of Kim and Mauborgne's paper does not distinguish between short-term and long-term strategic time horizons (Burke, 2009). Kim and Mauborgne (2004) mention in later papers that a company should focus in short-term on present company business but on long-term on value innovation. Burke et al. goes farther at this point, determining that short-term belongs to competitive advantage, while long-term is a Blue Ocean Strategy attitude.

Kraaijenbrink (2012) also describes the risk of ignoring relevant competition. The reviewer advices to make competition more relevant and to think more about contested market spaces and competition, rather than to follow just the Blue Ocean advice. Also, other scientists have detected and criticized that the Blue Ocean Strategy is made more for long-term solutions. The theory is also written in a way that estimates that companies may succeed only by doing Blue Ocean Strategy. The fact that these companies have to pay attention to their short-term business and daily business is thereby mentioned very short and secondary by Kim and Mauborgne (2012).

2.11.4 Critiques to Blue Ocean innovations

Innovation can be seen as the core tool to create uncontested markets with the Blue Ocean Strategy. Several critiques were mentioned that could affect the innovation process of a company in a negative manner.

Even if Kim and Mauborgne (2004) do not define the differences of innovation between Blue Ocean Strategy and the competitive strategy, Burke et al. specifies the difference between the Blue Ocean Strategy and competitive strategies as different types of innovation. Whereas continuous innovations are part of the competitive strategy, radical innovations are more seen as Blue Ocean specific (Burke et al., 2009). This seems to be a statement that is still lacking in the theory of Kim and Mauborgne.

Furthermore, the Blue Ocean Strategy as a whole seems not very well-suited to foster the kind of creativity that is needed for developing unique strategies. Moreover the used frameworks may even reduce creativity by suggesting strategy making is a multiple choice exercise. The only opportunities would be to go for low costs, high differentiation or a niche. That was also used in 'value disciplines' by Treacy & Wiersema (1993) (Kraaijenbrink, 2012).

Reinventing the wheel is a risk of ignoring upcoming products or services, and also differences between products or services in the market (Kraaijenbrink, 2012).
Of course this risk is given but the authors of the Blue Ocean Strategy stress also that the theory itself is dynamic and therefore a company should always pay attention to new arising products or services, as much as to risk reduction, what is a part of the Blue Ocean Strategy (Kim & Mauborgne, 2005).

2.11.5 Other Critiques

There are also some other critiques that do not fit inevitably to one of the critique themes above.

Herman (2008) introduced the term of Unfair Advantage (UA) for the time period were a company is in a situation in which they become unique and adored by their customers, while competitors do not imitated them. Pointing out that using Unfair Advantage would go against the omnipresent business rules and giving the term a negative touch. Kim and Mauborgne (2004) on the other side advice themselves in their papers about the Blue Ocean Strategy to break the common business rules and "play your own game" to become successful (Kim & Mauborgne, 2004). But also companies in traditional markets with common rules compete not always fair and "play with dirty tricks" to be successful (Chafee, 1940).

At last, illustrated that there are and have already been two main types of differentiation, comparable to the model of Blue Ocean Strategy, the On-Core Differentiation and Off-Core Differentiation. In many cases a combination of the two is being used, but not sold as Blue Ocean Strategies but just as common differentiation (Herman, 2008).

Also the issue is mentioned of whom to address for guiding the Blue Ocean Strategy within a company is open.

Kim and Mauborgne (2004) are very vague at this point and mention only that managers and/or other employees in leading positions within an organization are reliable for the implementation and execution of the Blue Ocean Strategy.

Swimming too far describes the risk of forgetting about the own companies history, strengths, and path dependent competences by following the Blue Ocean Strategy (Kraaijenbrink, 2012). According to the critiques the Blue Ocean Strategy should focus more or implement the option of short-term competition, while looking in long-term for uncontested markets.

2.12 Concluding the critiques

According to the Blue Ocean Strategy analysis, and the common fact that theories do not have to be absolutely perfect to be cogent and accepted, it can be stated that the Blue Ocean Strategy can be seen as partly valid. Considering the actuality, each accepted theory still might be improved to make it more scientifically significant and complete. The critiques mentioned in the research should be revised to grant a complete and solid validity of the Blue Ocean Strategy. A discussion of the critiques in more detail will be explained in the final conclusion chapter.

2.13 Spin-offs of the Blue Ocean Strategy

This chapter addresses the spin-offs of the Blue Ocean Strategy. In general spin-offs are seen offsets of innovations or technologies. For example spin-offs can be found in technology sectors (innovation), business sectors (outsourcing), media sectors (offsets of other publications) or science. In the technological sector for example, spin-offs of existing technologies are used in areas that were not planned or expected for the specific technology. Spin-offs are reviewed in this research to illustrate additional possibilities in the use of the Blue Ocean Strategy.

2.13.1 Spin-off instances

This part of the research highlights some spin-offs of the Blue Ocean Strategy. Goal of this spin-off review is the identification whether advancements of the Blue Ocean Strategy were made, and also if and how the theory could be used, additionally to Kim and Mauborgnes (2004) framework of the Blue Ocean Strategy.

Five spin-offs were chosen to illustrate the use of Blue Ocean Strategy within other researches, not as the main manual by Kim and Mauborgnes (2004) but in modified forms.

Some years after the release of the Blue Ocean Strategy Sangsoo Kim et al. (2008) introduced a new framework that is based on the Blue Ocean Strategy but contains designed and developed software for Korean National Tax Service. This procedure is proposed as an alternative software development process which is especially relevant for blue ocean markets. The framework is called the Value-Innovative-Requirements Engineering (VIRE) and is highlighted by Sangsoo Kim et al. (2008) for not only being useful for the development of new products or markets, but also for (1) re-specifying existing customer requirements, (2) listing new market space, and (3) re-combing two or more existing requirements for rapidly scaling customer value.

The VIRE process itself is subdivided into five steps, that are shown below.

Step 1. Set project goals: Analyses project goals, system boundaries, and system-value propositions via strategy canvas as a diagnostic tool.

Step 2. Identify new values: Identify new value factors that were ignored in the past via using extended surveys that focus non customers.

Step 3. Employ decision matrix: Resolving value conflicts among customers, eliminate-reduce-raise-create options for the new project.

Step 4. Redefine requirements: Redefines requirements from previous steps for a value-innovative product. The result of this requirement redefinition is a new strategy canvas.

Step 5. Validate requirements: Comparing previous and new developed strategy canvases, understand value-proposition changes and validate the redefined requirements for stakeholders. The research by Sangsoo Kim et al. (2008) showed that VIRE-based developed systems created a new market. The framework based on the Blue Ocean Strategy added new customer values and created a new market space. The researchers stated that the framework successfully applied and evaluated the VIRE approach in several case studies. On the other side VIRE still needs further validation about whether the framework is also appropriate for red oceans.

Next to Sangsoo Kim et al's. (2008) paper about governmental research within South Korea also a rather comparable spin-off about a governmental research in Germany was conducted by Krupp et al. (2010).

The paper of Krupp et al. (2010) is about governmental research projects alternations. These research projects become innovations at the moment they establish at the market and are accepted by the users. Due to the fact that the market perspectives are more important, research projects become more significant. To find a precise solution before releasing a governmental-funded research project a framework was created that implements also tools of the Blue Ocean Strategy.

The frameworks mentioned above are seen by Krupp et al. (2010) as the main pillars of the business models. The goal of the research project was a sustainable business model that identifies and conquers market barriers. Market barriers complicate the entry into a new market, therefore new strategies and business models need to be developed to overcome the market barriers (Krupp et al., 2010).

In their paper "Awareness, action and context-specificity of blue ocean practices in sales management", Pravinen et al. (2011) investigated the role of new value creation mechanisms in a firm's sales strategy.

The authors used strategic marketing and value creation to measure the Blue Ocean Strategy and highlight options in which the Blue Ocean Strategy is visible in sales management activities. The researchers also examined the link to business performance and the influence of contextual moderation in their paper.

The research identified four basic approaches to use the Blue Ocean Strategies. The approaches were listed by the authors as:

(1) Strategic awareness-building

(2) Customer-specific solution orientation

(3) Enforcement-orientation

(4) Non-employment of blue ocean thinking

The authors stress that the results of their paper illustrate that implementing the further developed Blue Ocean Strategy in sales management is beneficial for companies. The research displays an early verification between the Blue Ocean Strategy and business performance. Interesting though is that Parvinen et al. (2011) study is one of the first empirical supports for Blue Ocean Strategy.

2.13.2 Concluding the spin-offs

In this chapter several spin-offs were summarized shortly. There already are several ways of using spin-offs of the Blue Ocean Strategy. Also the area of application is not fixed, so spin-offs can be found in governmental researches (Kim et al., 2008) as well as manufacturing (Koo et al., 2008).

The creation of the several illustrated spin-offs may be evaluated as neither good nor bad. For practical users it seems to be handy to adapt the Blue Ocean Strategy to their need.

On the other side, Kim and Mauborgne (2004) did not plan the Blue Ocean Strategy to be used on other terms as it has been created for.

The instances of the chosen spin-offs showed that there is no given or defined way how the Blue Ocean Strategy has to be used by other researchers or developers. For example new frameworks were developed that are based on the Blue Ocean Strategy (Kim et al., 2008), in another case some tools of the Blue Ocean Strategy were used for a new framework (Krupp et al. 2010). Another option used was to take the basic ideas of the Blue Ocean Strategy and developing a new framework that fits the needs of the research. Next to this Yang and Yang (2011) and Koo et al. (2008) used the Blue Ocean Strategy in both of their researches as a whole in combination with other theories more as a tool then a single strategy as intended by Kim and Mauborgne (2004).

The research by Yang and Yang (2011), implementing a case study to show that companies achieved true success by creating value for its customers. In return companies receive value from their customers in form of customer loyalty. All in one this is a 'win–win' situation for both the company and its customers.

Yang and Yang (2011) redefined in their paper the creative value via several categories, followed by a discussion how the category of "creative value" is relating to other forms of value. The study of Yang and Yang (2011) used the concepts of Kano's model and the Blue Ocean Strategy as a combination for stating a discrete and integrated model of "creative value". Furthermore it is explained how the model can be applied, using actions to enhance customer value via (1) implication, (2) enhance customer retention, (3) customer acquisition, and (4) customer margin to achieve the most beneficial company profits.

Koo et al. (2008) illustrated in their research a combination of strategic tools for gaining economic success, using a holistic approach for a strategic formulation. According to the authors the usual amount of innovation strategic approaches within organizations is low.

Therefore companies need 1) to be flexible, 2) be aware of their current state and 3) constantly evaluate their business environment. For achieving the authors recommend companies to use the holistic strategic formulation approach, which implies the application of the marketing tools SWOT, the Balanced Scorecard and Blue Ocean Strategy.

More used applications are the (1) quality management practices, which implies the failure mode and effects analysis, but also (2) the parallel analogy termed success mode and effects analysis that is illustrated to assist the examination of external environment. Furthermore the strategic formulation process is estimated by two indices to rate whether the process itself is favourable or not.

2.14 Literature review conclusion

The research question of this chapter was whether the Blue Ocean Strategy is valid and reliable on theoretical basis. The literature review showed that the Blue Ocean Strategy theory can be seen as valid by certain aspects. Nevertheless, the Blue Ocean Strategy theory is yet not perfect yet. The theory by Kim and Mauborgne still has several weak points that are criticised by other researchers. For an improved version of the theory, Kim and Mauborgne should especially 1) update the Blue Ocean Strategy theory generation, 2) the definition of Blue Ocean markets, 3) the innovation definition, 4) specify the responsibility for the theory implementation but also 5) revise the time horizon aspects and make the short-term focus more important in their theory.

3 Cross-case Analysis

This chapter shall research, to what extend the Blue Ocean Strategy valid and reliable on practical basis. Therefore, a cross-case analysis will be performed. A cross-case analysis is a research method that enables “the comparison of commonalities and difference in events, activities, and processes that are the units of analyses in case studies“ (Kahn, 2008). The chapter starts with a short introduction to basic scientific theory knowledge, followed by an explanation in more detail what a cross-case analysis is and how it will be performed. These steps are summarized in the research method part and illustrate comprehended but complete, the research about the practical use of the Blue Ocean Strategy, on the basis of 23 chosen case studies.

In this chapter the following statement will be researched:, to what extend is Blue Ocean Strategy valid and reliable on practical basis. Therefore, a cross-case analysis will be performed. A cross-case analysis is a research method that enables “the comparison of commonalities and difference in events, activities, and processes that are the units of analyses in case studies“ (Kahn, 2008). The chapter starts with a short introduction to basic scientific theory knowledge, followed by an explanation and intended use of the cross-case analysis method. In total, 23 case studies were selected for testing the BOS for practical use. The chapter will be concluded with an analysis of the cases according.

3.1 Explaining the cross-case analysis

This review will be done via cross-case analysis which is a method to compare commonalities and differences in events, activities, and processes that are usually the units of analyses in common case studies. Cross-case analysis is meant to enhance the researchers capacities in understanding relationships among several cases, but also accumulating from the original core case, refining and developing concepts (Ragin, 1997).

Furthermore, the cross-case analysis is used to build or test theories (Eckstein, 2002). Next to that these kind of analysis enables the researcher to compare multiple cases from one or more settings, communities, or groups. Cross-case analysis provides the researcher with the opportunity to study and learn from different cases, gathering significant evidence.

There exist some well-known cross-case analysis approaches and techniques, that case study researchers may use. The main difference can be made, whether the cross-case analysis is a variable-oriented or case-oriented approach. While the variable-approach researches the variables of several cases, the case-oriented approach questions in what ways the cases are comparable.

3.2 Research Method

This passage shows a general insight about the experimental design and how the research method was carried out. The research method was done in three main steps, which consist in general of the three steps:

- information gathering
- classifying into sub-groups
- case evaluation

The **first step** of the cross-case analysis, **gathering information** was part of the literature review and had its main focus on cases that were directly connected to the Blue Ocean Strategy. Each chosen and used case in this research had to contain a practical Blue Ocean Strategy case. At this point of the research it was not significant whether the Blue Ocean Strategy was applied by other researchers on a case or if the researchers examined a company that was already using the Blue Ocean Strategy. The core selection method for the cases was the incontestable and obvious link between the chosen case and the Blue Ocean Strategy.

The main information for the research was gathered internet and search engines (e.g. http://scholar.google.com/) containing scientific articles relating directly or indirectly to the main topic of Blue Ocean Strategy. For finding the necessary information special key words were used that can be found also in the introduction and literature review part of this research. The key words encircled the phrases "Blue Ocean Strategy" and had to correlate directly with the topic.
Some data that could not be found in journals or books was taken from blogs. Important also for the information gathered from the blogs was the comprehensible connection to the core topic. It has to be mentioned that the majority of the cases where reviewed on journal for scientific relevance. Furthermore it is to consider that at the stage of information collection, neither the specific type of research nor other facts mattered as long as the cases contained the Blue Ocean Strategy. As the sample size an amount of 25 cases were chosen. On one side the sample size should be not too small to ensure variability, to exclude bias and increase reliability, on the other side a too large sample size would cause a disproportionate expenditure of examination compared to the core research. Also the risk exists of an ad infinitum search were more and more also less significant cases could be find that are linked somehow to the Blue Ocean Strategy topic, but do not contribute reasonable to the research. Therefore an amount of 25 cases seemed well-grounded of being not too small but also not too large.

The **second step** of the cross-case analysis, after the information gathering was done by **classification of the data**, which was done case by case.

The main tasks of the second step as followed:

1. Reading the cases
2. Note core ideas of each case, basic events and authors
3. Identify and consider most significant ideas of the cases
4. Identify similarities and differences of the cases with the Blue Ocean Strategy book
5. Use gathered information to perform the final step

The classification of cases was done on the company name, the companies industry, the country or region, the used research method within the cases (which is reduced in this review on inductive or deductive), the author(s), the publish year, and remarks about the cases and companies.
The classification will be summarized in table form for ensuring a general overview. The final table (see Appendix 2) contains the same classifications used in the second step (company, industry, country, research method, author(s), publish year, remarks).

The last and **final step** of the cross-case analysis, is the **evaluation of the gathered and classified data**. Hereby the practical cases were reviewed and analysed for what kind of research method they used, whether the Blue Ocean Strategy is fixed on specific regions or if the date of publishment of the case journals contributes to the analysis. Furthermore the case study journals and blogs will be examined to get additional information contributing for the review.

In this paragraph the following **activities** were performed:

- Discussion of the quintessences of the cases, and the importance to the research question
- Compile basic ideas, subtleties and statements of the cases
- Assess kind of researches, structure and results of the cases
- Gather additional support for the thesis
- Summarizing the findings

The criteria for analysing the cases were:

- Research method used in the paper
- Company case description
- Objective of the research
- Elaboration of the research
- Results of the research

3.2 Step 1 - Summarizing of samples

23 case samples are illustrated that were chosen during the fist steps of the research method (see Appendix 2). The cross-case samples show a variety of similarities and differences, that will be explained in this part of the research. Within each case the company was using the Blue Ocean Strategy (deductive analysis) or it has been applied by researchers successfully on the case company (inductive analysis). The first impression about the cases illustrated is that the Blue Ocean Strategy, or unconscious parts of the basic idea, is being used worldwide (see Appendix 2).

3.3 Step 2 - Case classification into sub-groups

To ensure a clear arrangement of the analysis part this passage will sum up several cases into some sub-groups. This is to ensure a better understanding. The classifications are divided into several head topics, disposing comparable cases.

The review of the cases showed that firms from America, South America, Europe and Asia were represented, representing that most of all continents are covered. The Blue Ocean Strategy is accepted by many countries worldwide, and also in different cultures. Certainly, most of the cases are represented by American or Indian companies. This could be indicate on a drawback of the case analysis, on the other hand it can be stated that America is the world's biggest economy power and India is one of the countries with the highest population globally and has additionally with high economic growth.

The used research methods within the single case studies were intended to test the Blue Ocean Strategy on its practical relevance. In combination with the published date it should be answered whether the model was just used inductive in theory or also deductive in practice.

The case review showed that until 2004 (year of publishment of the Blue Ocean Strategy) all scientific cases were done inductive. Kim and Mauborgne (2004) applied their framework to successful companies to prove the relevance of their theory. The review of this cross-case analysis shows that the distribution of inductive and deductive case studies is rather balanced. This implies that the Blue Ocean Strategy is adopted and accepted by companies globally. On the other hand several years after the release of the Blue Ocean Strategy the case studies show that the model can still be applied to innovative companies. Furthermore it seems to be popular to apply improvement models and its tools to successful companies because of its innovational part (Drucker, 1986).
The remarks of the cases as additional information summarize the study cases in general according to the Blue Ocean Strategy, but also reflect the knowledge gathered previously in this part of the research. Consequential it can be concluded that the Blue Ocean Strategy model is both accepted and used by companies, or parts of the concept are used by the companies. Both ways do contribute to the validity and relevance of the model, due to the scientific affirmation of its practical use.

3.4 Step 3 – Case evaluation

Kim and Mauborgne (2004), also offer the very first cases associated with the framework. Kim and Mauborgne (2004) refer in their book to a couple of cases of different industries and countries that shall represent the benefits of the Blue Ocean Strategy. The following passage summarizes the analysed cases systematically, each sub-passage is described shortly, followed by the analysis of the cases.

3.4.1 Questionable creation of new markets or demand

The case analysis below show that there are several cases striking questionable creation of new markets or demand. The Blue Ocean Strategy was emphasized by the case authors as the successful theory, but nevertheless the review persists disputable.

The first case used by Kim and Mauborgne (2004) is the **Southwest Airline** case, which is also the oldest example for adopting of the Blue Ocean Strategy in book, Southwest Airline is a low-cost carrier airline from the USA. The company faced, like the competition of the industry fierce rivalry and created therefore a new definition of customers, while their offered service stayed the same. The quintessence of the case showed that new customers were attracted by reduced prices and lowered waiting times. Kim and Mauborgne (2004) are researching this case study in their book and used the example to prove that companies were using the basic ideas of the Blue Ocean Strategy, such as cost reduction, or creation of new markets in practice. On the other side the Southwest Airline created new market space before Kim and Mauborgne (2004) researched the case, using some basic ideas but not the tools. The way Southwest Airline changed the market, was described by Kim and Mauborgne (2004) as 1) eliminating many of the rules in the industry, 2) reducing focus on some of the rules below the industry standard and 3) raising the focus on some of the criteria above the industry standard. The company is being described by Kim and Mauborgne (2004) as creating blue oceans by breaking the trade-offs customers had usually to deal between the speed of airplanes and the flexibility of a transportation. For achieving this, the company offered high-speed transportation to the customers, with flexible and frequent departures. By changing some of the existing rules, Southwest Airlines was able to lower cost and offer an attractive price to the mass of customers.

Furthermore the company offered a substitute to other transportation variances, such as cars or trains to the new customers. Therefore the question arises whether the Southwest Airline had really contested a new market or just drawn demand from other markets.

Another example of Blue Ocean Strategy is the **Cirque du Soleil**, a Circus entertainment company from Canada, used also by Kim and Mauborgne (2004) in their Blue Ocean Strategy book. The case study revealed that the company that was acting in a highly competitive and declining was able to reinvent their industry, create new markets and find new non-customers. According to Kim and Mauborgne (2004), following tools for creating blue oceans were also used for the Cirque du Soleil 1) the value innovation logic, 2) the concept of value curve and 3) the six paths framework for creating new market space. The case stated that the company eliminated common industry factors and therefore included animals, star performers, and the three separate rings.

The company reduced much of the thrill and danger that was usually associated with conventional circuses.

Furthermore, Cirque du Soleil developing its own tents and increased the company uniqueness of the venue, rather than performing within the confines of existing venues. At last, the cirque introduced fetching and dramatic themes, artistic music and dance, and refined surrounding.

At first hand, these facts fit perfectly to the ideas of the Blue Ocean Strategy book. On the other hand, it is to mention that also the Cirque de Soleil performed its company and industry transformation before Kim and Mauborgne (2004) were reviewing the case. Furthermore it can be argued that the company did not create a new market as the Blue Ocean Strategy book tries to suggest, but rather created a new compelling product for an existing market. The customers were rather drawn of sophisticated adults who would have attended theatre, cabaret, and similar kinds of entertainment, if they had not visited a Circus.

Tata Motors, a multinational automotive manufacture from India introduced Tata Nano, the inexpensive car in the world. The company focused on the customers that travelled by two wheelers and had low spending capability, but still wanted to purchase an own four-wheeler transportation vehicle.

According to Chandrakala (2013) the Indian market for a four-wheeler was about 50 million to 100 million people. The cheapest car on the market was set at $ 5,000 but still people could not afford it and used motorcycles at a price of $ 1,000 to transport their whole families. Yet, Tata Motors was the first and only company focussing on that market segment and created a blue ocean out of it.

Nowadays the Tata Motors is introducing innovative marketing and financing products in India. The case study was performed by doing several steps. At first the new product, the Tata Nano was conceived based on non-customer insights from an alternative market.

The motorcycle industry illustrated how a strategic price was set against alternatives to capture the mass of target buyers. The second step was done by a team based complementation of a value proposition. The value proposition was performed with a viable profit proposition, by pursuing target costs to deliver anticipated buyer utility at the strategic price. At last, the company ensure the successful execution of a blue ocean strategy by 1) identified the major causes of the setback and 2) illustrated the importance of matching strong value and profit propositions.

The research has several links to the Blue Ocean Strategy. On the other hand, is the company really creating new markets or are they drawing the demand from other markets (Chandrakala, 2013). It is also questionable if the low-cost market for cars was created by Tata Motors or whether it already existed. The idea of selling cars and financing them is not new, but just they adjusted it to the Indian Market.

3.4.2 Application of Blue Ocean Strategy unclear

Some cases showed that the application of the Blue Ocean Strategy by companies was not transparent. On one side the case companies stated that they were using the theory, on the other side many Blue Ocean Strategy case examples failed to explain precisely how the companies have applied the theory.

HBO television is another example of Kim and Mauborgne's (2004) Blue Ocean Strategy book. The television entertainment company from the USA, is known especially for its prime-time television entertainment. Furthermore it competes with indistinguishable shows for declining viewer ship. Famous examples of HBO products are “Sex and the City” which was created for new market of television consumers, the single, urban professional women but became very fast popular and is seen as an example of exploiting demographic trends.
The case illustrates, that HBO television is gaining more profits then the most of the competition. But nevertheless, the company still needs to pay attention what its direct competitors like Netfix are doing. For example, the thread is given of losing other significant market segments, such as the online television due to carelessness or wrong focus by HBO television. Focussing on the other hand on mainly blue oceans, might grant the company the cost advantage of new markets.
Of course this case study is cited by Kim and Mauborgne (2004) as successful Blue Ocean Strategy example, but it is not really clear whether the company really used the tools proposed by Kim and Mauborgne (2004) to create new markets.

Callaway Golf, acting in the Golf equipment industry in the USA, was studied by Kim and Mauborgne (2004) and described as competing to win a greater share of existing golf customers. Therefore Callaway Golf created a Blue Ocean of new demand, by asking the non-customers why a golf club seemed not be attractive to them. As a result, Callaway Golf created the Big Bertha gold club, that attracted new customers were it was easier to play golf, easier to learn the basics and less frustrating difficulty (Kim & Mauborgne, 2004).
The case study explains the customer grow mainly by retaining and expanding existing customers. The company successfully increased their market share and created new demand by focussing on non- customers and their key commonalities but not differences.

Callaway Golf realized that the leap in value was to generate new demand and offer the mass of customers and non-customers, introducing a golf club with a large head that made it far easier to hit the golf ball especially for beginners. The company changed their focus from previous customers to non-customers but as well as existing customers, resulting in a basic understanding of how to generate the new demand and create new markets.
Kim and Mauborgne (2004) stated this case as a successful example of a Blue Ocean Strategy, indeed the case includes like the cases before, ideas of the theory. But the question of the necessity of the Blue Ocean Strategy arises. Did the Callaway Golf company really needed the theory and tools to become successful or did they achieve their results by own efforts and strategies.

Curves located in the USA belongs to the over saturated fitness centre industry and has become a very successful franchise company for fitness centres during the last period, to achieve success on the fitness centre market.
Curves started to eliminate given features from its products and services that had become standard in the industry. The company offered women's health fitness centres that were specialized only on female costumes. The new concept excluded men, most mirrors, spa services and fancy machines from its locations. Nowadays a new Curves fitness centres opens worldwide every four hours.
The case illustrates that the Curves start-up investments are about $500,000 compared to about $1 million for traditional health fitness centres. Also the variable costs are way lower, because of fewer personnel needed, less maintenance of facilities and less rent. The low-cost business model of Curves makes the franchising easier to afford and the success of the company. Most of the new creates franchise fitness centres are profitable within some months. Resulting, the Curves franchises can be found everywhere and in any size.

This case study seems like a very up to date example of the Blue Ocean Strategy, surely some of the comments from the previous case analysis could be mentioned here as well. It is unclear to what extend the company really used the Blue Ocean Strategy to achieve its success.
Furthermore it could be argued that the choice of customer selection is some kind of discriminating and probably unfair. Would not such “mini-gyms” attract male customers as well?

FabIndia, acting in the retailing industry is an unique retail venture in India based on ethnic Indian craftsmanship and clothing. The company operates a network of 87 stores in about 39 cities in India and overseas.
The research performed by Parmar (2010) reviewed the use of the Blue Ocean Strategy on the company. The company FabIndia is known for its work closely to the artisans and villagers, to for example create and develop designs and colour palettes and to optimize products,
production techniques and resources such as raw material inputs. All offered merchandise is being sold one single 'FabIndia' brand, to maintain its brand identity. Nowadays the company has expanded far beyond its core business of textiles. They participate in furniture production; pottery, organic foods, stationery, and body care products (Parmar, 2010). In the year 2007, FabIndia created a new business of 'Artisans Microfinace', the community owned companies. Nevertheless, this was not the first time of such a business, in 1988 the comparable 'Bhadrajun Artisans Trust' model had failed.
In this research paper some similarities between the acting of the company and the core Blue Ocean Strategy idea can be found, there is stated that FabIndia is using the concept, but a clear description is still missing. The claim for FabIndia using the Blue Ocean Strategy seems to be vague, the statements of company growth and business success sound more like normal growth that can be achieved due to common strategies. The review reveals that it is still unclear how the Blue Ocean Strategy should have influenced FabIndia's success concretely.

Shaadi.com an Indian company in the matrimonial website industry created new markets, by removing the geographical barriers applicable on regular marriage broker or matchmaker. The case illustrates that, the company Shaadi.com is the largest matrimonial website in the world with about 20 million registered customers. Till now the website has over 3.2 million matches in the online matrimonial market. This matrimonial website allows interested customers to post their profiles and responses including information such as horoscope, caste, language and religion.
According to the founder, 30% of the website users were from India. Shaadi.com still holds is majority stake in the Indian matrimony market space, although lots of free matrimony sites such as "freeindianmatrimony.com" are emerging nowadays.

Today, the company is also acting in the offline space, offering their services at special created over 100 centres Shaadi Centers across 87 cities. These are networks of selling outlets all across India, offering all kinds of matrimonial related services, from matchmaking to wedding planning.
The company has successfully created uncontested markets in unknown market space that was never entered before (Shukla, 2012). The question arises whether the company really used the Blue Ocean Strategy as intended by Kim and Mauborgne (2004) or if they were creating uncontested markets with own strategies.

The **Campus Monterrey University** in Mexico performed by Salvador a research that proposed a new model that anticipatory approached the understanding of a market's technological context (CTI) with the Blue Ocean Strategy. The authors of the paper suggest that the knowledge of key competing factors, necessary for the Blue Ocean Strategy can be achieved by systematic monitoring of the environment through Competitive Technical Intelligence method. Therefore the model is tested by the context of exploring new opportunities related to an exotic fruit called Anacardium Occidentale, in Veracruz (Mexico). Critical factors of success were identified, and also opportunities and threats.

The results confirmed the attractiveness of this exotic fruit (Salvador, 2011). Even if the Blue Ocean Strategy has been used in this research, it is questionable if they really created new markets or products. Also if the fruit would be accepted on the market and by the customers, that would not necessary attract non-customers, instead consumers from other exotic fruit might be drawn away to the new fruit. It is also unclear if the Blue Ocean Strategy is the right choice for this kind of research. The tools may be handy to use but there is no real company, nor product or service to create, nor an uncontested market.

3.4.3 Blue Ocean Strategies used besides other strategies

The analysis of the cases disclosed that the Blue Ocean Strategy was used in many instances as one of several strategies by companies. It is to mention that Kim and Mauborgne (2004) instruct the users of the Blue Ocean Strategy to use the framework and tools to create new markets, but the practice shows that companies prefer to use a combination of more than one strategy to achieve the goal of new market or demand creation.

A successful example for the use of the Blue Ocean Strategy is the Yellow tail wine, offered by the **Castella Wines** an Australian Wine Industry company. The company has been highlighted by Kim and Mauborgne (2004), for their creation of new markets especially in the United States. Confronted with the statements of Kim and Mauborgne(2004), other researchers state that the real success is measured in terms of how proud the Castella family is to make a contribution to wine making. In July 2001, the company introduces the Yellow Tail, a fun and social drink to the $20 billion United States wine industry. Castella Wines expected to sell about 25,000 cases in their first year, but sold instead nine times that amount. At the end of 2005, the Yellow Tail sales exceeded 25 million cases, outperforming comparable American, French and Italian brands.

The main part of success is about sustaining family relationships, and the passing on wine making skills to the next generation so they may carry on the family tradition (Dufour, 2010).
These two opinions show two different aspects of success on the same company, claiming on one side the Blue Ocean Strategy (Kim & Mauborgne, 2004) and on the other side family structured and traditions (Dufour, 2010) as beneficial factors. Of course the question arises, what if those both success factors might be right or overbearing, also it could be asked whether Castella Wines might have used both or even more yet not researched success factors such as the Blue Ocean Strategy ideas or the family structured and traditions to achieve its success.

Micromax, a consumer electronics company located in India, focused on small towns and agrarian market. Soon the company started to focus on building its brand image and product portfolio. Today Micromax is the third largest GSM mobile phone vendor of India. The fact that a little known Indian mobile handset manufacturing company had been able to beat the existing competition in India by the creation of uncontested markets within known Red Ocean market space seems very impressive (Chandra, 2012).
The case shows, that Micromax focusses on the creation and distribution of products that are innovative and moderately priced at the same time. With the brand promise "Nothing like anything!", the company has rapidly gained a vast market share and popularity on a market that was already occupied by established local brands like Maxx mobile or Onida and international brands such as Nokia or Motorola. Micromax was able to create new markets by developing customisable mobile phones, comparable to Dell's customization service. The company allowed its customers to create their own mobile phones, according to their requirements (Chandra, 2012).
Nevertheless it seems questionable whether the Blue Ocean Strategy really contributed to the success of Micromax, or if other strategies were used for business growth.

ICICI Bank is acting in the financial institute industry in India. Since its entry in the microfinance sector in 2001, the ICICI Bank is known for its 1) conventional branch-banking model, 2) its openness to differentiate it operational model and 3) to foray into rural markets to tap lucrative opportunities. Next to its basic services, ICICI Bank is known for its several offers such as weather insurance, health insurance, remittance services and also commodity derivatives to rural community.
Lately it is known for its restructuring and reshaping of the company. Harsh competition between sector and foreign banks has led the public sector banks to become dominant, while foreign banks had to adjust to the domestic bank sectors.
The research paper contains a study of customers of the State Bank of India a public sector bank, and customers of Industrial Credit and Investment Corporation of India. Furthermore, the case study researches whether the bank model can be successful at the Indian micro-finance sector. Therefore, the research 1) assesses the opportunities and challenges in Indian micro-finance sector, 2) examines the evolution of the micro-finance sector, 3) evaluates growth and feasibility of the company and 4) the evaluation if the competitive scenario and its impacts.
The research showed that various promotion tools were used by ICICI bank while the State Bank of India used tools for Advertising, Publicity, Public Relations, Personal Selling, and Sales Promotion (Mittal, 2012). The research indicates that the Blue Ocean Strategy is not the only strategy used by the banks, but is one of several tools to gain company success.

Apple, a technological company located in the USA is known for “bobbling” along in its own Blue Ocean space, because of its special and hard to imitate company success. The importance to stay innovative is significant to the survival of the company, where new imitators arise fast on new created markets.

Apple has changed, even before the release of the Blue Ocean Strategy by Kim and Mauborgne in 2004 many industries. The company is known for reinventing markets like the music market (iTunes), the computer market (Apple computers or iPad), movie market (introducing the Final Cut Pro program, but also movies via the iPad, iPod Touch, Apple TV or iPhone), the mobile communication market (iPhone) and the portable gaming market (iPod touch) (Harper, 2008). It sounds simple to apply an innovation based concept like the Blue Ocean Strategy to a successful company and state that the model and its tools work.

The case review shows that the company follows several principles that are conformed to the Blue Ocean Strategy. Mainly, Apple implied three basic statements that are described as followed: 1) focus on the market and user, 2) do not fight the market, move the market boundaries and 3) build on your strengths and hide your weaknesses.

Apple has been successful long before the publishment of the Blue Ocean Strategy. Under the former company leader of Steve John, Apple has grown and become successful. Therefore the question arises whether the Blue Ocean Strategy is really important for Apples company success. Nowadays Apple is using the Blue Ocean Strategy but more as an additional strategy to innovation, then the main strategy as it was supposed to be.

Google is another well known Blue Ocean Strategy example from the USA, acting in the information industry. By observing the company, it can be observed that Google had implied formulation and implementation of the Blue Ocean Strategy. The latest invention of Google Maps for trekkers that has 360° views for hiking and biking is one example of successful application of the Blue Ocean Strategy (Kesse, 2012).

The case study reviewed as well that Google was starting to expand and provide by 2007 into television advertisement. The company, values television advertisements as “wastes most of the time” and is planning to improve the advertisements by using its influence in Internet ads and transferring it over to television advertisements.

This might be seen as another example of Google's Blue Ocean Strategy, because no other comparable company is acting at this business sector so far.
Nevertheless, Google as an innovational company itself is using probably several strategies for its future sustainability. Therefore it seems not to be right to award the Blue Ocean Strategy for Google's success alone.

3M is a company acting in the leisure and tourism industry in the USA. The company is known for its innovational strategy, which needs a lot of investment in R&D. The investments are described as useful and necessary to support the implementation in the innovation ideas. This basic idea seems to be simple implement by other companies, therefore 3M implemented the Blue Ocean Strategy. This is also described by the company CEO himself as being more productive for better business results than the traditional focus on operational efficiency (Chatterjee, 2006).
The case study investigates the business model of 3M, revealing that their innovation strategy needs on one side a lot of investments, but is also hard to imitate on the other side. In detail, the company offers their employees paid time off to explore and develop own innovations and ideas. This kind of company thinking could be done, because of the strategic direction of 3M. Result of this paid time off's were the introduction of some of the companies most innovative and successful products. Nevertheless, most ideas also do not succeed and making failures is part of the culture and is also accepted within the company. However, the fact that Google or Hewlett-Packard were inspired by 3M's concept and implemented their strategy in their own models, shows the success of 3M's innovation strategy.
The connection between the case company 3M and the Blue Ocean Strategy is obvious in this example, 3M's is using the framework. Nevertheless it is unclear whether the company also uses other strategies to push and increase its innovations.

Nintendo, acting at the home entertainment industry and located in Japan is one of the most famous and topical examples of the Blue Ocean Strategy. The company is known for using the Blue Ocean Strategy to create new products such as the "Wii" on the home entertainment market. With the "Wii console" Nintendo was able to create a new market of active console players. The company is also known for its steady search for new innovative products and markets (O'Gorman, 2008).
The case study reviews the link between the creation of organic growth of Nintendo in combination with the necessity of learning from non-customers. While most of the industry competitors were focussing on the usual customers, Nintendo looked at the non-customers, like 1) older non-gamers, 2) parents who wanted their children to play active games, 3) the elderly, and 4) very young children, for getting more insight and understanding. After the observation of the non-customers, the company constructed functional elements across the market boundaries, creating a new console that was based on simplicity. The case illustrated that there are way more non-customers then customers, therefore it is significant for companies to capture new demand and focus on the still unfulfilled needs of the non-customers. Furthermore, the case stressed that companies like Nintendo have to systematically generate new level of demand by looking across common market rules and its competition, to create new customer value (O'Gorman, 2008). The objectives of the case study were to 1) show the power of re-orienting Nintendo's strategic focus from competition to alternative markets and from customers to non-customers, 2) to show that new demand could be created, by focussing to non-customers and their key commonalities, not differences and 3) to demonstrate that companies aiming for future growth, have to concentrate not only on customers as well as on non-customers.

This seems like a good example for the Blue Ocean Strategy, the use of the frameworks and tools by the company is stated. Nevertheless it is unknown to what extend the Blue Ocean Strategy is influencing the innovation process of Nintendo.

It seems rather unlikely that it is the only innovation strategy the company is using, and more like by an addition to its innovation process in the current period.

AIDA Cruises, is an American-British company acting in the Tourism crousing industry. The Tourism crousing market is growing as is the competition. Therefore the markets can be described as red oceans. This is a reason for the company to search for new markets. The research paper by Skierlo (2011) was written closely to Kim and Mauborgne's (2004) Blue Ocean Strategy concept. The paper described the application of the 4 action framework, additionally to the new strategic profile of the company. The results showed that the application of the Blue Ocean Strategy within the AIDA company was successful, nevertheless it was also mentioned that the Blue Ocean Strategy was one of several innovation strategies for gaining sustainability.

3.4.4 Blue Ocean Strategy needs improvements

The review of the case Blue Ocean Strategy revealed that several case papers were demanding for improvement of the theory. Of course each of this case examples has its own specified improvement demand, but nevertheless the statement shows that there are some parts of the Blue Ocean Strategy that are amendable.

Amazon is a retailing company from the USA that was researched by Lindiča et al. and described by examination of Blue Ocean Strategy, discovering conditions for high growth and testing the propositions on empirical data. The results of the research showed a gap between the macro level of economic policy trying to achieve higher growth and the micro level of business growth. Lindiča et al. demand therefore a change in the focus of economic policies.

Factors such as company size, industries, and business activities to intra-industry cooperation, but also collaboration between several companies of different sizes, value innovation and creation of uncontested markets should be changed.

The limitations of the Amazon research suggest future research to deepen the reliability of the outcomes and create new and more relevant indicators that are currently missing. It is also mentioned that the Blue Ocean Strategy is primarily relevant to companies that can use it to grow more quickly by creating unique products or services for new markets rather than by competing with rivals in existing markets. Furthermore the authors of the research mentioned that “policy makers” could learn from the Blue Ocean Strategy framework to create new policies that should contribute to a higher business growth (Lindiča, 2012). The authors of the Amazon research used on one side the Blue Ocean Strategy to test the relevance of the framework. On the other side the authors mentioned that the Blue Ocean Strategy is more like a basement that still could be improved and made fit for the company.

Pitney Bowes, an American company acting in the technology industry, is a global organization that provides mainly shipping and mailing solutions, but also data management, engagement software and location intelligence offerings. Michael Critelli, the chairman of the company Pitney Bowes credits the Blue Ocean Strategy especially for the success of his company. This was achieved mainly due to the development of the company's internal Advanced Concept & Technology Group and its innovative activities. For Pitney Bowes an example of creating Blue Oceans was the invention of a machine that enables customers to design and print their own postage from their desktops (DuBrin, 2013).
The case study illustrates, that Pitney Bowes made in the last years about 60 acquisitions of smaller companies. About 25% of its revenues were made from international operations.

While a big part of the company business is still made on traditional conventional mail, Pitney Bowes is looking at the same time for new options and markets to expand its business. The strategy of Pitney Bowes is described as, moving into areas where no or small and not particularly powerful competitors competition are. The company is trying to stay away from a situation where someone can outperform them completely.
In this case the Blue Ocean Strategy was obviously used and implemented. Additionally an own unit has been formed to perform the framework. This creation of an own unit seems like an improvement of the Blue Ocean Strategy, where Kim and Mauborgne (2004) were rather undetermined who exactly should perform the Blue Ocean Strategy.

China Mobile, a company from the telecommunication industry, was researched in the paper of Chang (2010). China Mobile is the largest mobile operator in the country and had record profits of about $ 10.75 billion. Significant about the China Mobile case, is that the company is focussing the rural population that consists of about 700 million people that are mainly farmers in China.
The Blue Ocean Strategy was applied, like it is proposed by Kim and Mauborgne (2004). In the research the bandit cell-phone strategy was analysed, that provided examples in the field of strategy and innovation management.
The case study showed that, China Mobile is not 1) aggressively seeking for customers from their competitors, 2) chasing for more market volume or 3) competing on the price of different packages. Furthermore, the company is exploring new markets to increase their customer base, their revenues and profits. While focussing on the rural population, China Mobile has created their own niches and markets (Chang, 2010). The case confirmed the applicability of the Blue Ocean Strategy.
Additionally it is mentioned that Barney's VRIN concept could be useful to sustain on long-term (Chang, 2010). The idea of combining and improving the Blue Ocean Strategy with basic concepts, like for example the long-term sustain VRIN concept seems reasonable.

SimoBIT researched in cooperation with Krupp et al. who was leading the research, how governmental research project could overcome market barriers and how new business models could be created. To achieve this, the authors created pillars for business models, also including the Blue Ocean Strategy as one of several tools used for creating the business models (Krupp, 2010). In this case the concept of the Blue Ocean Strategy was used, but not as intended by Kim and Mauborgne (2004). The researchers chose parts of the framework that were useful to them to complete their own business model concept. This kind of application was not planned by Kim or Mauborgne, but shows the practical possibilities how the Blue Ocean Strategy can also be used in combination with other concepts.

3.4.5 Failed and good examples of the Blue Ocean Strategy

Next to the other cases, some Blue Ocean Strategy examples were outstanding as being very good or in contrast failing at all. This section will show both kinds of examples that highlight the possible outcome by using the Blue Ocean Strategy.

The Body Shop, a company in the cosmetic Industry, in Great Britain was proposed by Kim and Mauborgne (2004) for ignoring glamorous aspects of the industry and designing at the same time its new image of functionality, reduced prices and modest packaging. The increased value focused on natural ingredients, a healthy lifestyle and ethical concerns.
The case reviewed that the Body Shop created their blue ocean for more than a decade. Suddenly was company is now in middle of a competitive red ocean. It was illustrated furthermore, that the Body Shop found itself in hardship to create new blue oceans while their present business was to defending the companies current markets.
The case stated also the urgency for the company to stay innovative for achieving sustainability and success in the future.

This case implemented some of the basic ideas of the Blue Ocean Strategy, even before the release of the same titled book in 2004. Unique about this case study is the fact that the Body Shop success was originated by Blue Ocean Strategy based on the cosmetic industry and a set of values. Nevertheless the company could not understand the dynamism required in the Blue Ocean Strategy (Kim & Mauborgne, 2005).

Starwood Hotels and Resorts Worldwide Inc., a hotel and leisure company from the USA, has been exploring the way of Blue Ocean. Starwood is one of the largest hotel chains in the world and has established a worldwide presence through its six distinct hotel brands. Each of Starwood's six brands has their own price and image, which meets the needs of different markets but also demands and categories of customers. Because of Starwood's highly competitive business model, the company is always making efforts to further differentiate each of its six brands. This is done mainly by offering special experiences to its customers, that are be unique to each of Starwood's brands. The objectives of the case study were 1) whether Starwood would be able to enhance its special experience to their customers due to cross-marketing deals or if this would lead to brand clutter and customer annoyance; 2) to discuss if the cross-marketing strategies might lead somehow to cannibalise the distinctiveness of Starwood's other brands and 3) to learn the importance of each single brand under the Starwood main-brand.

The company took the Blue Ocean Strategy approach step by step to implement the concept. Because of the high competitive nature of the hotel industry, the company made efforts of differentiation for each of its brands by offering special experiments to its customers. For achieving this, the company signed cross-marketing contracts with other companies that were expected to reinforce the brand image of each of Starwood's hotel brands.

The task of the research paper was to evaluate and develop an overall direction for the Starwood organization, to deploy strategic tools and to conduct an ongoing analysis of the changing business situation.

Also the selection of competitive strategy, and understand the resource capabilities needed to build a competitive advantage (Enz, 2011). A link between the company and the Blue Ocean Strategy is visible as the implementation process is also mentioned, combined with the companies success after adopting the framework. This seems to be a favourable example of the Blue Ocean Strategy.

3.5 Concluding the cross-case analysis

Concluding it can be said that the practical application of the Blue Ocean Strategy can be quite different. On one side, the Blue Ocean Strategy is being accepted worldwide by many organizations. But on the other side the analysis presents also that the framework still has weaknesses. Companies use and apply the Blue Ocean Strategy differently then intentioned by Kim and Mauborgne (2004). An idea hereby might to rethink the current application of the framework and make it more fit to the way companies implied and use it in practice.

4 Conclusion

The research question in the beginning of this paper was whether the Blue Ocean Strategy is valid and reliable on theoretical and practical basis. This research showed that the framework by Kim and Mauborgne can be considered by certain aspects as valid and reliable.

On one side the Blue Ocean Strategy is not completely valid as a theory. Critiques have been assembled to represent the improbability of the theory. Nevertheless, the Blue Ocean Strategy theory as a whole summarized compelling ideas about innovation and market creation that catches the interest of many business economy and academically readers.

On the other hand, the Blue Ocean Strategy as a concept can also be described as reliable at a high scale, because of its practical application spectrum. The case reviews showed that the Blue Ocean Strategy is being accepted and at last least claimed to be used by many companies. However, the analysis also revealed that the framework by Kim and Mauborgne was used often in other ways as intended by the Blue Ocean Strategy creators. The strategy was in some cases combined with other strategies, for the users necessary parts were taken from the Blue Ocean Strategy or an improvement was demanded. Thus the Blue Ocean Strategy concept can be seen as practical useful but should be adjusted to the users' needs and demands.

A company that plans to use the Blue Ocean Strategy must be aware, that the creation of Blue Oceans is a dynamic process and not a single task of implementing a strategy. A reason for this is the fact that sooner or later, competition will arise in new created uncontested markets. This addresses the sustainability of the Blue Ocean Strategy and challenges the “right to exist“ of the concept. The question appears if a theory like the Blue Ocean Strategy is useful, even if it can never achieve success in the long term.

Hereby the authors of the model conclude that there is no permanent excellent, nor existing industry, neither permanent excellent, nor existing companies. The Blue Ocean Strategy is, according to the authors no closed-end solution, but offers tools and basic understanding for being successful (Kim & Mauborgne, 2004).
The core message of the Blue Ocean Strategy of creating new markets is not new. But the theory provides a new set of frameworks, which may help companies to create their own unique, competition-ignoring and -avoiding, value-creating Blue Ocean Strategies (Kraaijenbrink, 2012).

Within the current entrepreneurship the belief that innovative ideas are the only way for a company's sustainability, business is pushing the companies on this key success factor (Andersen, 2008). This seems to increase the popularity of the Blue Ocean Strategy.
The research of the Blue Ocean Strategy examined the critiques of the model highlighting the weaknesses of the theory but also mentioned risks that might appear using the Blue Ocean Strategy concept. This paper showed that the Blue Ocean Strategy by Kim and Mauborgne is not a perfect theory, but still has its benefits. It is to consider that the Blue Ocean Strategy is, compared to other established theories like the works by Porter or the competitive strategies, a rather new model that gained popularity and recognition in quite a short time.

Summarized the conclusion states that the Blue Ocean Strategy theory still has some weaknesses that are mentioned in the critiques review. According to that, the advised is to:

- update the Blue Ocean Strategy theory generation
- define of Blue Ocean market definition more precisely
- improve the innovation definition
- specify the responsibility for the theory implementation
- revise the time horizon aspects and make the short-term focus more important

4.1 The implications for science

The Blue Ocean Strategy theory can be seen as valid by certain aspects. However, the theory is yet not perfect and there are a couple of building lots and weak points within. For an updated version of the Blue Ocean Strategy, the authors should especially improve the critical aspects of the Blue Ocean Strategy theory generation, the definition of Blue Ocean markets, innovation definition, but also revise their time horizon aspects and make the short-term focus more important in their theory.

As shown in the critique chapter of this research, several critiques were illustrated about the Blue Ocean Strategy. It was pointed out that the critical reviews on the theory were not focused on one single part of the Blue Ocean Strategy but highlighted various different weaknesses of the theory, starting from the theory background itself till, the innovational understanding of the Blue Ocean Strategy. Resulting it can be said that the Blue Ocean Strategy has its weaknesses (Herman, 2008; Burke et al., 2009; and Kraaijenbrink, 2012) as shown by several reviewers, but on the other hand the theory itself still could be accounted as “young”. Therefore, Kim and Mauborgne should consider the weaknesses and critiques in a constructive way of improving their theory and revise their theory, excluding the weak points such as the definition of the Blue Ocean markets. Disposing the weak points of the theory, the Blue Ocean Strategy would become an even more complete and therefore reliable theory.

4.2 The implementation for practice

The Blue Ocean Strategy is being used worldwide in practice by many companies. Nevertheless, it has been disclosed that in many cases the Blue Ocean Strategy has not been used as advised, or intended by Kim and Mauborgne (2004). Instead the Blue Ocean Strategy was used as one of several strategies within a company to achieve innovation or create new markets.

Also multiple case examples, that used the Blue Ocean Strategy demanded an improvement of the framework or made it fit to the needs of the companies. The authors Kim and Mauborgne should shift its perspective of the Blue Ocean Strategy as “the one and only solution“ for creating markets, to a strategy that can be used next to other innovational strategies. Also they should explain in more detail who should perform the Blue Ocean Strategy within a company. It could be plausible that one business unit within a company works with the Blue Ocean Strategy on creating new markets, while the rest of the company is focusing on the current strategies and business. This would change the understanding of the framework as an exclusive strategy, and make it more beneficial for practical use.

Also the reliability and testability of the theory was asked. This was solved by the cross-case analysis methodology. The result of this analysis illustrated that the Blue Ocean Strategy is not only a bestseller on theory business books but is also used and applied successfully in real life example cases, which proves the reliability of the Blue Ocean Strategy to some amount.
Nevertheless, companies applying the model should be cautious of its weaknesses and risks. An of improving addition to the Blue Ocean Strategy would be, not to use it as “the only choice“ strategy, but just as an addition to the common business strategy. Creating a business unit within the company that is focused on the uncontested markets, by using the Blue Ocean Strategy. While some BU's operate in the daily business to assure short-term success in the business competition, other BU's focus on long-term success via the Blue Ocean Strategy. It can be concluded that the Blue Ocean Strategy is neither a new idea, not yet perfect. It assembles useful ideas and tools for companies to succeed in business.

The conclusion of the analysis practical case review starts with some general remarks on the Blue Ocean Strategy. As shown in the cases, the use of the Blue Ocean Strategy can bear risks. It is stated by Kim and Mauborgne (2004), that the framework, also after its implementation will need permanent rework. Some case companies underestimated the dynamism of the Blue Ocean Strategy. This could lead at the worst case to a complete fail of the strategy. Furthermore the visibility of how companies use the framework is often unclear. Many companies promote that they use the Blue Ocean Strategy, but the interesting facts such as the use of tools stay hidden. Also the analysis showed that the framework could be applied to many successful companies, that were not using the Blue Ocean Strategy at all. This leads to the question of the necessity of the framework. If companies can be successful without the Blue Ocean Strategy, do they really need it? Also usual company growth and company success could be contributed misleadingly to the Blue Ocean Strategy, while the framework did not really contribute to it. The cases, especially the inductive researches showed that innovation could be achieved also due to conventional strategies, therefore it is questionable if the need for the Blue Ocean Strategy is as urgent as illustrated by Kim and Mauborgne (2004).

According to some of the cases the Blue Ocean Strategy's definition for market creation and new customer demand seems to lack in practical use. For example companies created new market space also without the use of the Blue Ocean Strategy framework. In some cases it was claimed that a Blue Ocean was created while the demand or customers were just drawn drawn other existing markets. In one example the creation of a new product for existing markets was claimed as a Blue Ocean. In fact the application of the framework seems to be rather vast but also vague defined. In their book Kim and Mauborgne (2004) define for example what uncontested markets or new customers are, but in practice the users seem to apply the framework more fitting to their own needs.

The case analysis has illustrated that the Blue Ocean Strategy is often used in combination with other strategies. This might lead to wrong conclusions that the framework is being claimed for the company's success. The case may be that other not mentioned factors or strategies were responsible or jointly responsible for the success. In practice the Blue Ocean Strategy is being used as an additional strategy not as the main innovation strategy. This kind of application seems to be a practical way of how companies are thinking about the Blue Ocean strategy.

In the cases, it was illustrated that the Blue Ocean Strategy was used differently than intended by Kim and Mauborgne (2004), in combination with other strategies or using some but not all of the given tools, made fit for the companies demands. In one case the framework is being used more like a basement that still could be improved and made fit for the case company. The analysis shows that companies improve parts of the Blue Ocean Strategy themselves and make them fit to their company needs. An example of a case research is a comment where the researcher proposes to improve the Blue Ocean Strategy with Barney's VRIN to make it sustainable on long-term. The comments on improving the Blue Ocean Strategy in practical use seem reasonable, because the case companies that used the framework in real terms may realise its shortcomings more obviously. The Blue Ocean Strategy could be seen in this analysis as a “product” that is being delivered to the customers, the customers test it and mention how they use it and were it could be improved.

It can be stated that the Blue Ocean Strategy is being accepted by many the companies worldwide. Nevertheless, it has several shortcomings in practical use and the authors Kim and Mauborgne should think about adoptions of these mentioned deficits. Examples of improvement might be to offer the Blue Ocean Strategy as one innovational strategy next to other or to improve it on long term with Barney VRIN concept.

Summarized, it is concluded that also the practical application should be reassessed by Kim and Mauborgne. For example, the Blue Ocean Strategy should be shifted from “the one and only solution“ for creating markets, to a strategy that can be used next to other innovational strategies. It is proposed that Kim and Mauborgne should eliminate the revealed weaknesses of their Blue Ocean Strategy to make it even more valid and reliable and fit needs of the practical users.

4.3 Limitations and further research

The limitations of this paper can be found in the methodology of the research. Due to the focus on a literature review and a cross-case analysis, extensive statistical analysis was excluded. This might limit of course the statistical explanatory power of the research. Also no set samples were given, therefore a review and analysis of different samples might produce other results. Nevertheless the whole study had been performed under precise accuracy and correctness to exclude bias such as different outcomes as much as possible.

For further research it would be interesting to know whether other sample cases would produce the same results as in this report. Furthermore it should be studied, whether Kim and Mauborgne really update the Blue Ocean Strategy framework. It is expectable that some years after the publishment of Kim and Mauborgnes framework also comparable strategies and theories about new market creation might be released. Therefore the question arises whether theories from other authors might become as popular as or even more then the Blue Ocean Strategy, a comparison between the new strategies and the Blue Ocean Strategy might be appealing.

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Appendix

Appendix 1 – Critiques of the Blue Ocean Strategy

Critique to the Blue Ocean Strategy	Weakness of the Blue Ocean Strategy Theory
1. Basic idea is not new and explained misleading (Herman, 2008)	Deceptive description of basic Blue Ocean Strategy idea
2. Customers and demand are not created but drawn from other markets (Herman, 2008)	Wrong and misleading description of demand rising and uncontested markets
3. No Blue Ocean Markets can be created, competition is always present (Herman, 2008)	Elusive explanation of no competition in Blue Oceans
4. Blue Ocean Strategy does not achieve perfect results on long term (Herman, 2008)	Wrong definition on the strategies long term achievements
5. Period of Blue Ocean Strategy success is time of Unfair Advantage (Herman, 2008)	Blue Ocean Strategy imply's unfair aspects
6. Basic ideas of Blue Ocean Strategy are used in differentiation strategies (Herman, 2008)	The Blue Ocean Strategy is not necessary nor.
7. Blue Ocean Strategy literature does not provide distinction between short-term and long-term strategic time horizons (Burke et al., 2009)	Too vague aspects of time horizon application of the Blue Ocean Strategy
8. Blue Ocean Strategy validity depends on irrelevant predictions and believe in sufficient Blue Ocean markets (Burke et al., 2009)	Lack in theories validity
9. Blue Ocean Strategy lacks in evidence (Burke et al., 2009)	Threat of testing only successful companies
10. Blue Ocean markets are rarely purely uncontested (Burke et al., 2009)	Fragmentary and faulty definition of Blue Oceans
11. No definition of innovation type of the Blue Ocean Strategy (Burke et al., 2009)	Vague formulation of innovation

12. Blue Ocean metaphor is also slightly misleading (Kraaijenbrink, 2012)	Inaccuracy of Blue Ocean definition
13. Blue Ocean Strategy and Michael Porter's work are not opposed but imply comparable aspects (Kraaijenbrink, 2012)	Inaccurate formulation of Blue Ocean Strategy basics
14. Blue Ocean Strategy framework may reduce creativity of a company (Kraaijenbrink, 2012)	Threat to company innovation
15. Issue of missing respondents for the Blue Ocean Strategy (Kraaijenbrink, 2012)	Missing definition who is accountable for guiding the Blue Ocean Strategy
16. Ignoring relevant competition	Threat of failing company business on short-term
17. Losing focus on significant market innovations (Kraaijenbrink, 2012)	Threat of ignoring competitors innovations while focus just on own business
18. Too strong focus on new markets may lead to loss of companies basic skills (Kraaijenbrink, 2012)	Threat of losing e.g. companies core strengths
19. Blue Oceans may be empty with good cause (Kraaijenbrink, 2012)	No markets available

Appendix 2 - Summarizing of samples

	Company	Industry	Country	Research Method	Author	Remarks
1	AIDA Cruiser	Tourism crousing	British-American	Deductive	Skierlo (2011)	Implementation of BOS by AIDA succeeded
2	Southwest Airline	Low-Cost Carrier	USA	Inductive	Kim (2005)	SW Airlines created a blue ocean by offering the speed of air travel with the low cost & flexibility of driving
3	Cirque du Soleil	Circus entertainment	Canada	Inductive	Kim (2005)	After studying Cirque du Soleil in their study, the company uses still the BOS model
4	The body shop	Cosmetic Industry	Great Britain	Inductive	Kim (2005)	Created functional cosmetics that defied the industry which sold emotionally appealing cosmetics
5	Casella Wines	Wine Industry	Australia	Inductive	Kim (2005)	Casella wines created Yellow tail, a blue ocean wine that succeeded
6	Nintendo	Home Entertainment	Japan	Deductive	O'Gorman (2008)	Nintendo invented the Wii using the BO as a strategy
7	HBO	Television	USA	Inductive	Kim (2005)	Produced "Sex and the City" for an uncontested market of television consumers: single, urban professional women
8	Callaway Golf	Golf equipment industry	USA	Inductive	Kim (2005)	Creates "Big Bertha," a golf club that attracted new customers
9	Curves	Fitness centre	USA	Inductive	Kim (2005)	Fitness centre only for woman that succeeded and grew rapidly
10	Apple	Technology	USA	Deductive	Harper (2008)	Apple states itself that it used the BOS model to sustain its innovation process
11	Google	Information	USA	Deductive	Yaw Kesse (2012)	Google is using the main ideas of BOS to develop constant innovations
12	Amazon.com	Retailing	USA	Inductive	Lindiča (2012)	Research at Amazon.com case showed that companies use BOS to grow faster.
13	Tata Motors	Multinational automotive manufacturing	India	Deductive	Chandrakala (2013)	Tata Motors became famous worldwide by introducing the Tata Nano, the most inexpensive car in the world
14	Micromax	Consumer electronics company	India	Inductive	Chang (2012)	Company known for using the BOS increased its market share in the smartphone segment in India to 22%.
15	ICICI Bank	Financial Institute	India	Inductive	Mittal (2012)	ICICI Bank growing during and after the financial crisis, using the BOS frameworks
16	Fabindia	Retailing	India	Inductive	Parmar (2010)	Using the BOS, Fabindia created in 2007 community owned by floating wholly owned subsidiary companies.
17	Shaadi.com	Matrimonial website	India	Inductive	Shukla (2012)	Shaadi.com is known as the world's largest matrimonial website using BOS to create uncontested markets.

18	3M	Leisure and Tourism	USA	Deductive	Chatterjee (2006)	3M is known for its culture that had created ground breaking products, even more with the use of BOS.
19	China Mobile	Telecommunication	China	Inductive	Chang (2010)	Chinas opening markets and new opportunities allow lots of blue oceans, also for China Mobile.
20	Pitney Bowes	Technology	USA	Deductive	DuBrin (2013)	The Executive Chairman of PB credits the BOS especially for the development of the internal Advanced Concept & Technology Group and its innovative activities.
21	Starwood	Hotel and leisure	USA	Inductive	Enz (2011)	Company saving space and cost due to using Blue Ocean basic ideas.
22	Campus Monterrey	University	Mexico	Inductive	Salvador (2011)	Using BOS to explore new business niches like the exotic fruit, Anacardium Occidentale in Mexico.
23	SimoBIT	Governmental	German	Deductive	Krupp (2010)	Use of BOS in governmental institutions as a strategy for resolving market barriers.