



International Journal of Management

Original Research

Blue Ocean Strategy: Applications in Modern Business

¹Richard Tran, ²Aaron Richmond, ³Linda Martin

¹Assistant Professor, Department of Banking and Insurance, Università di Nova Roma, Italy

²Research Associate, Faculty of Business Studies, Zenith Institute of Technology, India

Received: March 12, 2020 Revised: March 14, 2020 Accepted: March 16, 2020 Published: March 22, 2020

Abstract

In an increasingly saturated and competitive global marketplace, the Blue Ocean Strategy (BOS) offers a transformative approach for businesses seeking growth through innovation rather than rivalry. Introduced by W. Chan Kim and Renée Mauborgne, BOS challenges traditional competition-focused paradigms by encouraging organizations to find or create uncontested market spaces—termed “blue oceans”—where competition becomes irrelevant. This strategy emphasizes simultaneous pursuit of differentiation and low cost, breaking the conventional value-cost trade-off and unlocking new demand. The article details BOS’s foundational frameworks such as the Four Actions Framework (ERRC Grid), the Strategy Canvas, and the Six Paths Framework, providing a step-by-step guide for identifying and capturing blue oceans. Through illustrative case studies—including Nintendo’s Wii, Apple’s iTunes and iPod ecosystem, Uber’s disruption of urban mobility, and [yellow tail] wine’s market redefinition—this work demonstrates how BOS drives sustainable growth by meeting unmet consumer needs while reducing costs. Additionally, the article examines the strategic benefits of BOS, such as enhanced competitive advantage, market expansion, and cost-effectiveness, while addressing challenges like imitation risks, execution hurdles, and sustaining innovation over time. Best practices for institutionalizing BOS within organizations are also highlighted to ensure continual market renewal. Ultimately, this comprehensive analysis underscores the critical importance of Blue Ocean Strategy as a mindset and methodology that enables organizations to break free from cutthroat competition, create new industries, and deliver superior customer value in the modern business landscape.

Keywords: Blue Ocean Strategy | Value innovation | Market creation | Differentiation and cost leadership | Strategic frameworks

INTRODUCTION

In today’s hyper-competitive business environment, companies frequently find themselves struggling for space in overcrowded markets, leading to diminishing profits and growth opportunities. The Blue Ocean Strategy (BOS), introduced by W. Chan Kim and Renée Mauborgne, presents a paradigm-shifting approach: organizations are encouraged to seek “blue oceans”—uncontested new market spaces—by breaking away from traditional competition-focused tactics. BOS has since become a cornerstone for innovation, enabling both established firms and startups to unlock new demand and achieve sustainable growth by making competition irrelevant^{[1][2]}.

Blue Ocean vs. Red Ocean: Conceptual Foundation

Red oceans encapsulate existing industries where firms fiercely compete for market share, resulting in saturated markets and reduced profitability. In contrast, blue oceans are spaces where new demand is created, and competition is rendered irrelevant. The essence of BOS revolves around the simultaneous pursuit of differentiation and low cost—challenging the assumption

that businesses must choose one or the other for success^{[1][2][3]}.

Key Distinctions Table

Red Ocean (Traditional)	Blue Ocean (Innovative)
Compete in existing market space	Create uncontested market space
Beat the competition	Make competition irrelevant
Exploit existing demand	Create and capture new demand
Value-cost trade-off	Break value-cost trade-off
Strategic focus on either cost or differentiation	Pursue cost reduction and differentiation

Theoretical Frameworks of Blue Ocean Strategy

BOS is underpinned by several core analytical tools and concepts:

The Four Actions Framework (ERRC Grid)

Richard Tran

- **Eliminate** factors that the industry takes for granted but are no longer valuable.
- **Reduce** aspects below industry standards that don't add enough value.
- **Raise** factors well above the industry's norm to enhance buyer value.
- **Create** elements never offered before, generating new demand^{[4][3]}.

The Strategy Canvas

A visual tool that plots how companies invest in competing factors. A divergent value curve on the canvas signals genuine differentiation. For example, [yellow tail] wine's value curve diverged sharply from traditional U.S. wine brands, focusing on simplicity and fun over complexity and tradition^{[5][6]}.

Six Paths Framework

Encourages looking across:

- Alternative industries
- Strategic groups
- Buyer groups
- Complementary product offerings
- Functional-emotional orientation
- Trends over time^[4]

Applying BOS: Step-by-Step Process

1. **Define Current Market Boundaries:** Use the strategy canvas for a snapshot of current industry dynamics.
2. **Identify New Opportunities:** Implement the ERRC grid to discover where value innovation is possible.
3. **Generate Blue Ocean Ideas:** Explore unmet customer needs and alternative market spaces.
4. **Test and Validate Concepts:** Use market feedback to refine potential offerings before scaling^{[4][3][7]}.
5. **Execute with Alignment:** Ensure all activities—value, profit, and people propositions—support the new strategic direction^{[1][3]}.

REAL-WORLD APPLICATIONS AND CASE STUDIES

HealthMedia: Healthcare Reimagined

HealthMedia created digital health coaching, bridging the gap between costly telephonic counseling and generic online advice. This led to rapid growth and eventual acquisition by Johnson & Johnson, illustrating the impact of identifying overlooked needs and innovating accordingly^[5].

Nintendo Wii: Expanding the Gaming Universe

The video game sector's "red ocean" was mired in a battle over graphics power and hardcore gamers. Nintendo moved to a blue ocean by embracing simplicity, family-friendly design, and novel motion controls—expanding the market to millions of non-traditional gamers^{[7][8]}.

Apple iTunes & iPod: Music Industry Reinvented

Apple transformed the music business by combining a user-focused ecosystem (iTunes Store) and an accessible device (iPod), solving piracy and usability issues, and creating a new digital music marketplace^{[7][9]}.

Uber: Disrupting Urban Mobility

Int Med 2020;1(1): 1-3

Uber broke free from the traditional, regulated taxi industry. Through technology, transparent pricing, and a seamless user experience, Uber generated a new on-demand ride-sharing market worldwide^{[7][9]}.

Yellow Tail Wine: Making Wine Accessible

By eliminating traditions that alienated casual drinkers, [yellow tail] made wine approachable and affordable, capturing new consumers and reshaping the U.S. wine market^{[5][7]}.

Blue Ocean Strategy Canvas: Yellow Tail vs. Traditional Wines

A typical strategy canvas for [yellow tail] demonstrates:

- Lower focus on wine complexity, marketing, and sponsorships
- Higher focus on fun, ease of use, and affordability
- A unique value curve divergent from established brands^{[5][6]}

Visualizing BOS: Strategy Canvas Example

The strategy canvas graphically captures how Blue Ocean players diverge from traditional competitors. [image:1]

The above strategy canvas (illustrative) contrasts key competitive factors (X-axis) with value for customers (Y-axis), showing how a Blue Ocean entrant carves out an uncontested market space through a distinct value curve^[6].

Advantages of Implementing BOS

- **Competitive Advantage:** By minimizing rivalry, companies enjoy higher margins and stable growth^[4].
- **Customer Value:** BOS encourages meeting unmet needs, strengthening loyalty and retention^{[4][3]}.
- **Cost-Effectiveness:** Simultaneous cost reduction and value enhancement shift the value-cost frontier^[3].
- **Market Expansion:** Blue Oceans often reveal untapped segments or even create brand-new industries^{[4][7]}.

Challenges in Blue Ocean Creation

- **Risk of Imitation:** Successful BOS adopters may face followers; ongoing innovation is essential^[1].
- **Execution Hurdles:** Internal resistance, resource limitations, or poor alignment can stall innovation^[10].
- **Sustaining Blue Oceans:** Constant market scanning and adaptability are required, as blue oceans can eventually "turn red"^{[4][3]}.

Best Practices for Sustained Blue Ocean Success

- Institutionalize value innovation as a core strategic principle
- Regularly update the strategy canvas with real-market insights
- Empower cross-functional teams to ideate and pilot new concepts
- Engage customers early to validate blue ocean opportunities^{[4][7]}

Notable Recent Case Studies

Company	Industry	Blue Ocean Move	Impact
Tesla	Automotive	Advanced, stylish electric vehicles; eco-conscious focus	Created aspirational EV market, industry-wide shift ^[8]
Zerodha	Stock Brokerage	Digital, low-cost, simple trading platform	Democratized investing in India ^[8]
OYO Rooms	Hospitality	Standardized, affordable rooms for budget travelers	Transformed India's hotel segment ^[8]
Cirque du Soleil	Entertainment	Fused circus with theater, artistry	Created new form of live entertainment ^{[2][11]}

8. "Blue Ocean Strategy Images Template: Break Free from Competition". [MyMap.ai](#), 2024.
9. "Guide to Blue Ocean Strategy | MiroBlog". [Miro.com](#), 2024.
10. "A Blue Ocean Strategy Implementation Scenario Case: Tipping". [INSEAD.edu](#).
11. "Blue Ocean Strategy Canvas Template - SlideModel".
12. "Blue Ocean Strategy: Insights and success stories". [YourStory.com](#), 2024.
13. "Blue Ocean Strategy Examples". [BlueOceanStrategy.com](#), 2022.
14. "Strategy Canvas". [BlueOceanStrategy.com](#), 2024.
15. "Blue Ocean Strategy: Examples & How to Apply It". [ClearPointStrategy.com](#), 2025.
16. "Blue Ocean And Red Ocean Strategy Boost Business In 2025". [SkillCircle.in](#), 2025.

Graph: Blue Ocean vs. Red Ocean Performance

[image:2]

This graph (illustrative) demonstrates profit and growth comparisons of firms pursuing blue ocean strategies versus traditional red ocean competitors over time. Blue ocean firms often realize accelerated growth and profitability before new competition emerges^{[1][2]}.

CONCLUSION

The Blue Ocean Strategy has redefined how organizations approach innovation, market creation, and growth. Modern businesses leveraging BOS have shifted from competing for "a slice of the pie" to creating bigger pies—and sometimes inventing new ones altogether. The consistent success of blue ocean strategies across diverse sectors from healthcare to hospitality highlights both its versatility and imperative in the modern era. Yet, the greatest value lies in its mindset: continuously searching for and capturing uncontested opportunities, guided by data, creativity, and a relentless focus on customer value.

REFERENCES

1. Kim, W. Chan, and Renée Mauborgne. *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant*. Harvard Business Review Press, 2015.
2. "7 Powerful Blue Ocean Strategy Examples That Left ...". [BlueOceanStrategy.com](#), 2024
3. "What is Blue Ocean Strategy | About ...". [BlueOceanStrategy.com](#), 2024
4. "Blue Ocean Strategy". Harvard Business Review, 2004.
5. "What Is Blue Ocean Strategy? Examples & Application". [Quantive.com](#), 2022.
6. "Blue ocean strategy: keys to differentiate yourself in today's market". [blogs.uoc.edu](#), 2023.
7. "Blue Ocean Strategy: Real Examples & How to Create Your Own ...". [ThriveSparrow.com](#), 2025.