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Identifying a Comprehensive Theoretical Picture of Blue Ocean Strategy

Manel REBBOUH[1♦]

[1] Phd Student, University M'hand Akli Oulhadj, Bouira (Algeria)

e-mail :m.rebouh@univ-bouira.dz

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Abstract:

Considering the growing concerns about the blue ocean strategy, this paper presents textual findings in a conceptual background history. In particular, it brings various definitions to the concept. The purpose of this paper is to provide readers with some key terms that are relevant to BOS (Blue Ocean Strategy). In addition to introducing some of the debates on the concept. Also, presenting the experiences of Companies in applying the blue ocean strategy as the proposed new niches of enterprises apart from the competition. This paper deals with the blue ocean strategy as a new direction for organizations to rely on innovation to create customer value.

Keywords: Strategy, Blue Ocean Strategy, Principles of Blue Ocean Strategy, Blue Ocean Strategy Applications.

JEL Classification: D41, L22, M10.

ملخص:

مع تزايد الاهتمامات حول مفهوم استراتيجية المحيط الأزرق، تقوم هذه الورقة على عرض كافة الأطر النظرية لهذا التوجه الجديد للتسويق من خلال تتبع الخلفية التاريخية له، وذلك عن طريق استحضار مختلف التعاريف، إلى جانب الاستعمالات الأولى لهذا المفهوم.إن الهدف من الورقة البحثية هو التركيز على الكلمات المفتاحية ذات الصلة بهذا المفهوم، وتسليط الضوء على بعض الانشغالات المتعلقة باستراتيجية المحيط الأزرق، إلى جانب عرض تجارب شركات في تطبيق استراتيجية المحيط الأزرق، باعتباره اقتراح لمنافذ جديدة للمؤسسات بعيدا عن المنافسة

تتعامل هذه الورقة مع استراتيجية المحيط الأزرق كتوجه جديد للمنظمات، باعتباره استراتيجية تدعو إلى الاعتماد على الابتكار عند خلق القيمة للزبون

الكلمات المفتاحية: الاستراتيجية، استراتيجية المحيط الأزرق مبادئ استراتيجية المحيط الأزرق، تطبيقات استراتيجية المحيط الأزرق.

♦ **Corresponding author** : **Manel REBBOUH**, **e-mail :** m.rebouh@univ-bouira.dz

D41, L22, M10. :JEL تصنيف

1. Introduction

What is distinctive about the blue ocean strategy as a theory? How is the blue ocean strategy different from a classic differentiation strategy? Is it another form of low-cost strategy? What's the research process behind it?

One of the most successful efforts to do so is found in the pioneering book "Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant", published in 2005 by W. Chan Kim and Renee Mauborgne. This book results from a comprehensive empirical study based on the analysis and discussion of 150 strategic moves covering over a hundred years and thirty industries. (Bologna, 2015, p.17)

BOS is the result of a decade-long study of 150 strategic moves spanning more than 30 industries over 100 years. BOS aims not to outperform the competition in your market but to create new market space or Blue Ocean, thereby making the competition irrelevant. BOS is a process with frameworks and tools covering strategy formulation and execution. The research paper aims to answer the main problem which is :

What is the Blue Ocean Strategy?

The main problem has been addressed in the following points :

1. Defining strategy and Blue Ocean Strategy ;
2 . The Blue Ocean Paradox ;
3. principles of blue ocean strategy ;
4. The Importance of the blue ocean strategy ;
5. Eight key points of blue ocean strategy ;
6. The six conventional boundaries of competition (Six paths to blue ocean strategy) ;
7. Examples of implementation of the Blue Ocean Strategy.

The idea of "Blue Ocean" was first raised by Dr Hill from Michigan State University. He believed that Porter's view is partial because distinction might mean cost leadership, and a company that provides its products at less price has an aspect of distinctive strategy. He notes that to attain regular competition, the companies should use a combination of cost leadership and distinction strategy. Prof. Ridderstrale and Nordstrom confirmed this issue and stated that the competitiveness strategy doesn't lead anywhere, and companies need those strategies that create dynamism. This theory is similar to the blue ocean strategy (Jedi, Zade, & RahMani, 2015, p.1434).

Finally, taking the perspective of Porter's Five Forces model, Blue Oceans occur where rivalry and entry are low. The BOS has features to identify markets that do not yet exist. Kim and Mauborgne highlighted that "most blue oceans are created from within and not beyond red oceans of existing industries" (Düsseldorf & Wubben, 2012, p.106).

2. Defining strategy and Blue Ocean Strategy

Strategy has become the central focus of management literature and the business world for the past few decades. However, there is still no consensus and universal definition of strategy now. Mintzberg (1978) defines strategy as a sequence of top management decisions that show consistency or pattern over time. However, Mintzberg views strategy as a phenomenon with various meanings. Therefore, he proposes five interconnected definitions for the strategy that explicitly interpret its multiple purposes to help people negotiate this challenging field (Hou Hong, Hoe Chai, & Wan Ismail, 2011, p.86).

The word "strategy" may be one of the most used in business and everyday life. In the business world, there are many preparatory strategies for almost every potential activity, from managing employees to knowledge management strategies. According to Henry Mintzberg, business strategies could follow three modes: planning, entrepreneurial, and adaptive. He argues that the right choice depends on contingency variables such as the size and age of the organization and the power of key decision-makers. The "Five Forces" diagram captures the main idea of Porter's theory of competitive advantage. The Five forces define the rules of competition in any industry. (ZEKIRI & NEDELEA, 2011, p63)

A Blue Ocean is defined by an untapped market space, demand creation, and the opportunity for highly profitable growth. The simplest way to reach the possibility of highly profitable growth is to "offer buyers a huge leap in value", which may develop into a new uncontested market. (Düsseldorf & Wubben, 2012, p.106)

Many organizations began to adopt strategy into their businesses after World War II. The central theme of the process during that period was based on sales forecasts and operational budgets about coping with the rapidly growing economies and rising consumer demands. The critical success factor of organizations was largely dependent on the market knowledge and competencies of the top management team.

In the 1960s, organizations exercised planning, including environmental analysis, multi-year forecasts and resource allocation with a longer time horizon, in response to the increasing demands. The prominent contributors to the strategy literature then included Chandler (1962), Andrews (1965), and Ansoff (1965). Chandler (1962) explained how the development of large organizations corresponded to how their organizational structures changed to meet the demands of management concerning business growth. Based on Chandler's work, Andrews (1965) asserted strategy as a set of clear directions defining a company's business and activities. He also introduced the SWOT (Strength, Weakness, Opportunity and Threat) analysis framework to support companies in analyzing their external and internal environment for strategy making. (Hou Hong, Hoe Chai, & Wan Ismail, 2011, p.87)

The Blue Ocean strategy is based on the assumption of unused market spaces created within Red Oceans through differentiation from others. The main factor affecting the formation of the Blue Ocean is jump value starting the innovation value increase for the customer on the one hand and business on the other hand. Blue Oceans releases new demand and excludes competitors from the game. The Blue Ocean strategy must be a combination of low-cost and differentiation strategies. The cost-benefit ratio determines Customer Value, and the source of value for the companies is the cost of ownership; therefore, the value of innovation is achieved through the approach systems for the reconciliation of these three factors. (Štverková, Červinka, & Humlová, 2012 , p.41)

Blue Ocean Strategy is generally considered a radical departure from Porter's static and rivalry-centred approach to strategy (Bologna, 2015, p17). Blue ocean strategy (BOS) literature presents a descriptive approach to assessing how successful companies can create business model transformations that provide a foundation for building entirely new value offerings to the marketplace. Such unique and disruptive methods are essential to competitive advantage. The Blue Ocean Strategy's cornerstone is achieving differentiation and low-cost dynamics underpinning value innovation. Value innovation is created in the region where a company's actions favourably affect its cost structure and value proposition to buyers. Cost savings are made by eliminating and reducing the factors an industry competes on. Buyer value is lifted by raising and creating elements the industry has never offered. Over time, costs are reduced further as scale economies kick in due to the high sales volumes that superior value generates. Value innovation is a new way of thinking about and executing the strategy that creates a blue ocean and a break from the competition. (Basbeth, p .10)

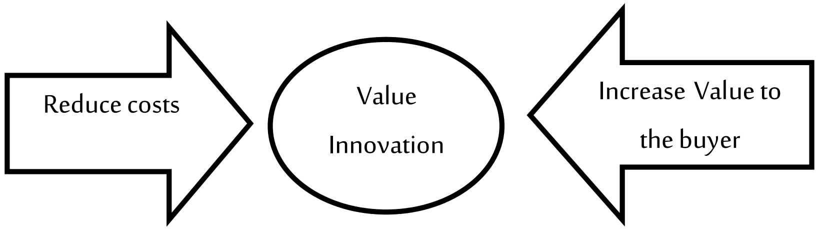
Blue Ocean is a place with no competitor (A new market); therefore, this environment has a high potential of getting lucrative and profitable returns for those firms that create it. In addition, we should consider that a competitive environment does not exist in this market (Burke, Van Stel et al., 2009). Researchers believe that building Blue Ocean is not static progress, it is dynamic. When a firm has a competitive advantage, its better performance shows all the things imitators show themselves in the market. Studies prove that a good blue ocean strategy is hard to imitate. The factors influencing cost structure, value proposition, and value innovations are the firm's action and strategy. The most potent value innovation will cause the least imitation and prevent imitators from entering the market. (Dehkordi, Rezvani, & Behravan, 2012, p.478)

As we said before, the blue ocean strategy uses "blue ocean" to describe all the markets that do not yet exist. The strategy to create demand and make competition irrelevant for large and fast profit margins is termed the blue ocean strategy. Therefore, instead of focusing on the competition in existing markets, the blue ocean strategy posits value innovation to create uncontested market space and break away from the competition to achieve highly profitable and sustainable growth. The concept of the blue ocean strategy is firmly grounded in a study of 150 strategic moves made by companies in various industries. However, only a few empirical studies are being conducted to support the validity and practicality of the blue ocean strategy. (Hou Hong, Hoe Chai, & Wan Ismail, 2011, p.88)

Value innovation (See Fig1) is deemed the cornerstone of the Blue Ocean Strategy. The two authors define it as "the simultaneous pursuit of differentiation and low cost, creating a leap in value for both buyers and the company. Value Innovation imposes barriers to imitation in the marketplace. More precisely, creating a value-innovating strategy sets companies in a status of scale economy production function. Therefore, while these organizations are placed in a long-term position of cost advantage, potential imitators are situated in a less-favourable context of cost disadvantage (Bologna, 2015, pp .19-29).

Innovation value creation focuses equally on innovation and value creation. And new ways of thinking about and implementing strategies will result in creating a blue ocean and withdrawal from the competition (Mirrahimi, 2013, p.40).

Fig. 1: Value Innovation: The Cornerstone of Blue Ocean Strategy



Source :(Mirrahimi, 2013, p.40)

Value innovation is created in the region where a company's actions favourably affect its cost structure and value proposition to buyers. Cost savings are made by eliminating and reducing the factors an industry competes on. Buyer value is increased by raising and creating elements the industry has never offered. Over time, costs are further reduced as scale economies kick in due to the high sales volumes of a superior-value gene. Kim and Mauborgne (2005) argue that the "five forces" analysis is a formula for remaining in "red oceans," where the sharks compete mercilessly for action. The key to exceptional business success, they say, is to redefine the terms of competition and move into the "blue ocean," where you have the water to yourself. The goal of these strategies is not to beat the competition but to make the competition irrelevant.

In strategy implementation, there are many reasons behind an increasing demand to create blue oceans. The global environment has changed rapidly over the past two decades due to the revolution in Information Technology and Communication advances and the rise of global knowledge-based economies worldwide. New markets have emerged, with different market players, demanding new strategies and skills to produce new products and services to compete in the same market space. Current market strategies and occupational skills quickly become outdated with the latest technologies and emerging industries. So for strategy implementation, it becomes essential for the companies to look at new dimensions in their strategic planning, which gives them adequate strategic directions to their corporate goals. A practical, actionable strategic plan will provide a company with an edge over the others in the industry, where many competitors have the same objectives, the same resources, same skills and compete for the same market share. However, this red ocean environment will soon shrink the demand making the competition intensified and unlikely to create real growth in the long run. Therefore, there is a need to look at new strategies in a Blue Ocean.

Blue ocean strategy describes the success factor for the pattern of the organization as 'making the competition irrelevant. It is a reconstructionist view from traditional competitive theories. It creates demands, and competition is avoided by following specific patterns for the success of organizations. (OMBOTO, 2013, p .75)

Table1: Red Ocean versus Blue Ocean Strategy

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

Source :(Shafiq, Tasmin, Takala, Qureshi, & Rashid, 2017, p.75)

3. The Blue Ocean Paradox

The best way to describe the attractiveness of the blue oceans is to analyze the Blue Ocean Paradox, shown 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% profit impact. Compared to the majority of 86% of business launches in red oceans, which were able to get 39% of the total profit impact.

This paradox seems very appealing, especially to business people, who are always looking for ways to increase their revenues and profits. Stress in their papers about the Blue Ocean Strategy perpetual that companies must stop competing with each other. The reason for this is at the present technological stage, the shrinking market spaces and supply is overtaking demand due to globalization. As 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.

Other researchers mention that the Blue Ocean Strategy is most effective when markets are saturated or declining. Therefore, a company should target new customer groups to increase its customer base.

Point out that companies not only have to outplay their competition but completely ignore them by searching and entering new and uncontested markets. The primary 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, creating and discovering blue ocean markets is not about predicting and/or preallocating business trends. It is about leading managers who can reorder market realities in a fundamentally new way. (Kabukin, 2014, p p.17-18)

4. Principles of blue ocean strategy

The six main principles guide companies through the formulation and execution of the blue ocean strategy in a systematic, risk-minimizing manner. The first four principles address blue ocean strategy formulation, which can be described as follows (Hersh & Abusaleem, 2016, p.4):

4.1 Reconstruct market boundaries:

This principle identifies how managers can systematically create uncontested market space across diverse industry domains. Hence attenuating search risk—using a six paths framework teaches companies how to make the competition irrelevant by looking across the six conventional boundaries to open up commercially important blue oceans.

4.2 Focus on the big picture, not the numbers

This principle, which addresses planning risk, presents an alternative to the existing strategic planning process, which is often criticized as a number-crunching exercise that keeps companies locked into making incremental improvements. Using a visualizing approach that drives managers to focus on the big picture, this principle proposes a four-step planning process for strategies that create and capture blue ocean opportunities.

4.3 Reach beyond existing demand:

To create the most significant market of new demand, managers must challenge the conventional practice of aiming for finer segmentation to meet better-existing customer preferences, which often leads to increasingly small target markets. Instead, this principle, which addresses scale risk, states the importance of aggregating demand, not by focusing on the differences that separate customers but rather by building on the powerful commonalities across noncustomers.

4.4 Get the strategic sequence right:

The fourth principle describes a sequence that companies should follow to ensure that the business model they build will be able to produce and maintain profitable growth. When companies follow the series of (1) utility, (2) price, (3) cost, and (4) adoption requirements, they address the business model risk. The remaining two principles address the execution risks of the blue ocean strategy.

4.5 Overcome critical organizational hurdles:

Tipping point leadership shows managers how to mobilize an organization to overcome the critical organizational hurdles that block the implementation of a blue ocean strategy. This principle mitigates corporate risk, outlining how leaders and managers can surmount the cognitive, resource, motivational, and political hurdles despite limited time and resources.

4.6 Build execution into strategy:

This principle introduces a fair process to address the management risk associated with people's attitudes and behaviours. Because a blue ocean strategy represents a departure from the status quo, a fair process is required to facilitate

This principle introduces a fair process to address the management risk associated with people's attitudes and behaviours. Because a blue ocean strategy represents a departure from the status quo, a fair process is required to facilitate strategy-making and execution mobilizing.

5. The Importance of the blue ocean strategy:

Companies in the Blue Ocean are extending and achieving more success, and more companies and organizations are trying to enter this market. Thus, the issue of creating barriers is considered very important to the entry of new competitors and suppliers of imitation. Blue Ocean Strategy align the seven principles below required to embrace by the managers. It can be mentioned as follows (Khouildat, 2018, p.27):

- Re-establishing the market boundaries,
- Not focusing on numbers,
- Constructing implementation,
- Designing the quality level of each activity in the value chain,
- Reaching beyond demand,
- Overcoming key obstacles,
- Obtaining accurate strategic order by using an extreme leadership style

6. Eight key points of blue ocean strategy:

Researchers have identified eight core principles. Here we outline the essence of the blue ocean strategy, which could be mentioned as follows (Chan & Mauborgne, 2014, pp. 2-7) :

6.1 It's grounded in data: Blue ocean's strategy is based on a decade-long study of more than 150 strategic moves spanning more than 30 industries over 100 years. Industries ranged from hotels, cinema, retail, airlines, energy, computers, broadcasting, and construction to automobiles and steel.

6.2 It pursues differentiation and low cost: Blue ocean strategy is based on the simultaneous pursuit of differentiation and low cost. It is an "and-and," not an "either-or" strategy. Conventional wisdom holds that companies can create more excellent value for customers at a higher cost or create reasonable value at a lower price. Here the strategy is seen as choosing between differentiation and low cost. In contrast, the blue ocean strategy seeks to break the value-cost trade-off by eliminating and reducing factors an industry competes on and raising and creating factors the industry has never offered. This is what we call value innovation.

6.3 It creates uncontested market space: Blue ocean's strategy doesn't aim to outperform the competition. It aims to make the competition irrelevant by reconstructing industry boundaries. Whereas conventional strategic approaches drive companies to define their industry similarly and focus on being the best within it, the blue ocean strategy prompts them to break out of the accepted boundaries that explain how they compete. Instead of looking within these boundaries, managers must look systematically across them to create blue oceans – new and uncontested market space of new demand and highly profitable growth.

6.4 It empowers you through tools and frameworks: Blue ocean's strategy doesn't aim to outperform the competition. It aims to make the competition irrelevant by reconstructing industry boundaries. Whereas conventional strategic approaches drive companies to define their industry similarly and focus on being the best within it, the blue ocean strategy prompts them to break out of the accepted boundaries that determine how they compete. Instead of looking within these boundaries, managers must look systematically across them to create blue oceans – new and uncontested market space of new demand and highly profitable growth. Blue ocean strategy offers systematic tools and frameworks to break away from the competition and create a blue ocean of uncontested market space. The field of strategy, by contrast, has predominantly focused on how to compete in established markets, creating an arsenal of analytic tools and frameworks to achieve this skillfully. It empowers you through tools and frameworks to accomplish this easily.

6.5 It provides a step-by-step process: From assessing the current state of play in the industry to exploring the six paths to new market space to understanding how to convert noncustomers into customers. The blue ocean strategy provides a straightforward four-step process to break away from the competition and create a blue ocean of strong, profitable growth.

6.6 Itmaximizess opportunity while minimizing risk: Blue ocean strategy is an anopportunity-maximizinggrisk-minimizingg strategy. Of course, any strategy will always involve risks – be it red or blue. However, the blue ocean strategy provides a robust mechanism to mitigate risks and increase the odds of success. A critical framework here is the Blue Ocean Idea Index.

6.7 It builds execution into strategy: blue ocean strategy is a strategy that combines analytics with the human dimension of organizations. It recognizes and pays respect to the importance of aligning people's minds and hearts with a new strategy so that, at the individual level, people embrace it of their own accord and willingly go beyond compulsory execution to voluntary cooperation in carrying it out.

7. The six conventional boundaries of competition (Six paths to blue ocean strategy)

Blue ocean strategies tend to focus specifically on six paths, which are a different approach than the six strategies that red ocean companies seem to look, can be mentioned as follows (Chan & Mauborgne, 2014, p.66):

6.1. Path 1: Look Across Alternative Industries, the example to illustrate this point is a company called NetJets. NetJets looked at the most lucrative mass of customers in the aviation industry, namely, corporate travellers. NetJets looked at the existing alternatives and found that when business travellers want to fly, they have two top choices: on the one hand, a company executive can fly first class or business class on a commercial airline. On the other hand, a company can purchase its aircraft to serve its corporate needs.

6.2. Path 2: Look Across Strategic Groups Within the Industry. Just as blue oceans can often be created across alternative industries, so can they be unlocked by looking across strategic groups. The term strategic group refers to companies within an industry that pursue a similar strategy. Strategic groups can generally be ranked in rough hierarchical order built on two dimensions: price and performance. Each jump in price tends to bring a corresponding jump in some dimensions of performance. Most companies focus on improving their competitive position within a strategic group. For example, Mercedes, BMW and Jaguar focus on outperforming one another in the luxury car segment, just as economy car makers focus on excelling over one another in their strategic group. The key to creating a blue ocean across existing strategic groups is to break out of this narrow tunnel vision by understanding which factors determine customers' decisions to trade up or down from one group to another.

6.3. Path 3: Looking Across the Chain of Buyers in most industries, competitors converge around a standard definition of the target buyer. In reality, though, a chain of buyers is directly or indirectly involved in the buying decision. The purchasers who pay for the product or service may differ from the actual users; in some cases, there are important influencers. When they do, they frequently hold different definitions of value. A corporate purchasing agent, for example, may be more concerned with costs than the corporate user, who is likely to be far more concerned with ease of use. Similarly, a retailer may value a manufacturer's just-in-time stock replenishment and innovative financing. But consumer purchasers, although strongly influenced by channels, do not value these things.

6.4. Path 4: Look Across Complimentary Product and Service Offerings. Few products and services are used in a vacuum. In most cases, other products and services affect their value. But in most industries, rivals converge within the boundaries of their industry product and service offerings. Take movie theatres - the ease and cost of getting a babysitter and parking the car affect the perceived value of going to the movies. Yet these complimentary services are beyond the boundaries of the movie theatre industry as it has been traditionally defined. Few cinema operators worry about how hard or costly it is for people to get babysitters, but they should because it affects demand for their business. Imagine a movie theatre with a babysitting service.

6.5. Path 5: Look Across Functional or Emotional Appeal to Buyers. Competition in an industry tends to converge not only on the accepted notion of the scope of its products or services but also on one of two possible bases of appeal. Some industries compete principally on price and function, mainly on utility calculations; their appeal is rational. Other industries compete primarily on feelings; their appeal is emotional. Over time, functionally oriented industries become more functionally oriented; emotional industries become more emotionally oriented. When companies are willing to challenge their industry's practical/emotional orientation, they often find new market space.

6.6. Path 6: Look Across Time. All industries are subject to external trends that affect their businesses over time. Think of the rapid rise of the Internet or the global movement to protect the environment; looking at these trends with the proper perspective can show you how to create blue ocean opportunities. Identifying the direction and then looking across time and asking yourself what the market would look like if the trend were taken to its logical conclusion. Working back from that vision of a blue ocean strategy, you can identify what must be changed today to unlock a new blue ocean. A good example was Apple observing the illegal flood of music file-sharing that began in the late 1990s. By 2003, more than 2 billion illegal music files were traded monthly. At the same time, the recording industry fought to stop the cannibalization of physical CDs and illegal digital.

Table2: From Head-to-Head Competition to Blue Ocean Creation

	Head-to-Head Competition	**Blue Ocean Creation**
Industry	Focuses on rivals within its industry	Looks across alternative industries
Strategic group	Focuses on competitive position within a strategic group	Looks across strategic groups within the industry
Buyer group	Focuses on better serving the buyer group	Redefines the industry buyer group
Scope of product or service offering	Focuses on maximizing the value of product and service offerings within the bounds of its industry	Looks across to complementary product and service offerings
Functional-emotional orientation	Focuses on improving price performance within the functional-emotional orientation of its industry	Rethinks the functional emotional orientation of its industry
Time	Focuses on adapting to external trends as they occur	Participates in shaping external trends over time.

Source: (Chan & Mauborgne, 2014, p.79)

8. Examples of implementation of the Blue Ocean Strategy

Blue ocean strategy knows an all-around performance from different companies, reflecting the effectiveness of this strategy in achieving marketing objectives can be described as follows (Eskandari, Miri, & Allahyary, 2015, p.143):

The most excellent and famous example of a company that has captured the blue ocean is a Canadian company, namely: "Sun Circus". The circus clients are adults. Circus had services in decline, and sun circus changed the industry's fate with its establishment in 1984. Children preferred computer games over the circus and animal protection groups under circus supervision. For this reason, "Cirque du Soleil "managers dropped out of the race and overtook the competitors. Instead of hiring more popular clowns, the circus manager created a new market for new customers. These customers have had to pay a higher price. Other resident companies of Blue Ocean are MASTER, A PRET company that cooks food quality like fast food, and CURVES company, a chain of women's sports complexes. DECAUX JC company which uses street furniture launched a new style of urban advertising.

Another example of the implementation of the blue ocean strategy is the company MediaTek. Over the past decade, the brand issue has been considered one of the top competitors in the mobile market. Still, MediaTek company and its partners have changed the game's rules by creating a new business model in China and the rest of the world. MediaTek Inc. That was established in 1997; MediaTek is a leading manufacturer of digital products, especially multimedia products. The Main Base of the company is in Taiwan, and its subsidiaries are active in countries such as China, India, America, England, Korea,

Japan and Ireland. According to the World Union of the semiconductor industry statistics, this company is considered among the top five companies in this field. Lower costs and creating high added value for mobile phones have helped MediaTek Inc. to be considered the largest supplier of chips for the industry of (bandit cellphones). However, in the past, large companies, such as Samsung and Birdcom, had been captured in this field.

MediaTek Inc., in 2003, began the construction of production units, which can be translated into this phrase in Persian as (bandit cellphone) in China. In this business, cell phones were supplied in boxes without brand or unknown brand: (white box). In October 2007, the Chinese government announced that it would no longer apply restrictions to the construction of mobile phone factories. This new policy will encourage most small and medium enterprises to start activities in the field of mobile phones. In this situation, the company of MediaTek enables these companies to provide solutions and facilities for making it easier and faster to produce the considered products than in the past. During a specific time, more than one hundred million (bandit cellphones) have been made, and the company of MediaTek have produced chips for more than 50 % of them.

As already pointed out, "value innovation "is the essential phenomenon in the blue ocean strategy. If MediaTek and its partners create "value without innovation" quickly, they will imitate. Also, if they create "innovate without value "and produce and offer products and services, this is far from the thing that the buyer is willing to purchase or use it. MediaTek Inc. provides all services and facilities for small and medium enterprises in China, which will help assemble mobile phone operations.

These factories allocate few resources for related activities to research and development (R & D); therefore, by creating factors, the industry did not provide them, increasing the value for buyers. These factories can easily provide using innovative designs, demand and the needs of this market segment. Thus, mentioned companies will be able to quickly send new models of "Bandit Cellphone "to the market. In addition to providing an agile distribution, the Internet also minimized the costs of advertising for this industry sector. Also, fees will be reduced by the economy of more scale.

9. Conclusion :

Blue Ocean Strategy is a new strategy in modern and contemporary strategic management based on the idea of two researchers, W. Chan Kim and Renee Mauborgne. As a result, we can say :

- Blue Ocean Strategy is an alternative approach to growing your agency's revenue ;
- It requires a complete commitment, upfront investment and willingness to take a risk ;
- It should only be employed after thoroughly analyzing your market and carefully developing a well-thought-out plan.

This strategy is based on the idea it is not necessary for the organization that you want to achieve success in the march of its career that occupies a solid competitive position. Still, it can succeed without competition, so by adopting these organizations' new markets where the exposure of new products and this organization can achieve profits abundantly. Her intelligence and leadership strategy Ttstia to attract new customers and consumers and make the customer more loyal to their products and services.

In other words, when you enter the competition face-to-face against your competitors to participate in the existing market, it is like competing in the (Red Ocean), where how it competes is by determining the performance of your competitors well, trying to overcome them. But the best strategy is to search for «ocean blue» as an alternative to an untapped market that does not pay attention to any available person by the probability of occurrence of significant growth. So, The best way to defeat your competitors is to stop competing.

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