

Title: What is your target market?

LO5 -PRODUCE, PRESENT AND IMPLEMENT A SUSTAINABILITY-DRIVEN BUSINESS PLAN

Level2: Applying

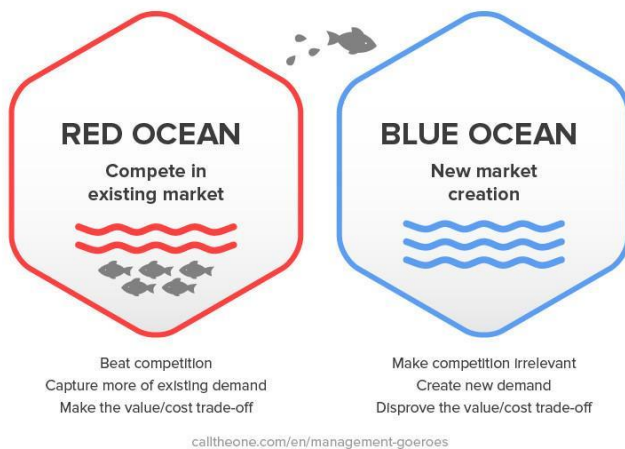
SLO 2.5.1 Student understands the significance of the blue ocean concept as a driver for sustainable entrepreneurship

Index:

1. Blue Ocean concept. Inspiring point of view about sustainable business
2. Exercises

1. BLUE OCEAN CONCEPT. What does it mean?

Sustainability is the ability to sustain oneself, one's community, one's society and the earth. Sustainable impact, profit is important but it's no longer sufficient.



The blue ocean strategy is the fruit of the homonym book, and research conducted by W. Chan Kim and Renee Mauborgne.

To understand and appreciate what makes a blue ocean strategy so powerful, it makes sense to look at a place called the red ocean.

A red ocean is a place where competition is the norm. Players in a

red ocean are all fighting for the same contested space.

This is usually an accepted market, with well-defined boundaries and where players either provide a service at a lower cost, or they differentiate it through higher quality by making that service less accessible.

It is a place where rules are well defined as well, and everyone plays according to them. Innovation is marginal, and even if that happens, it is not a breakthrough.

By nature, a red ocean, as it is a very crowded space, it is also a place where profit margins are narrow, and products and services are commoditized and where differentiation mostly happens on pricing.



Step 2. Introducing and discuss Blue Ocean Rules


Look at the image below. Source: <https://www.slideshare.net/RichKohler/blue-ocean-strategy-concepts>

Step 3. Introducing Blue Ocean Matrix to generate economic, social, environmental and other benefits.


Transformational - Value Innovation Strategy

Traditional	Transformational
<ul style="list-style-type: none"> • Industry Boundaries defined/accepted <ul style="list-style-type: none"> - Competitive rules of the game known • Compete in existing Market Space • Divide up existing Demand <ul style="list-style-type: none"> - Zero sum game - Products become commodities - Price Wars • Benchmark/Emulate Competition • Outperform the Competition <ul style="list-style-type: none"> - Focus on competitors - Build defensible position - Incremental improvements - Strategy is <u>either</u> Differentiation, Low Cost or Niche • Value and Cost seen as Tradeoffs <ul style="list-style-type: none"> - Increases in Value increase Cost - Innovation linked to new technology, processes 	<ul style="list-style-type: none"> • Industry Boundaries expanded <ul style="list-style-type: none"> - Reset rules of the game • Reconstruct/Create new Market Space • Grow Demand <ul style="list-style-type: none"> - Stimulate new demand - Products create new value - Focus on Value vs. Price • Breakaway from Competition • Make Competition irrelevant <ul style="list-style-type: none"> - Focus on creating leap in Customer and Company value - Value Innovation - Large scale improvements - Strategy is Differentiation <u>and</u> Low Cost • Simultaneously pursue Improvements in Value and Cost to break Value-Cost tradeoff <ul style="list-style-type: none"> - Increases in Value = increase in Cost - Innovation linked to what Buyer's value <ul style="list-style-type: none"> • Simplify the offering, technology • Existing technology can be utilized
Create Uncontested Market Space that makes Competition Irrelevant	


1


 How a company can generate economic, social, environmental and other benefits? The blue Ocean Matrix can help you redesign companies and products to offer new value.


 Look at the following 4 real examples and complete the Blue Ocean Matrix

 <https://youtu.be/coP6KoHMHUHI> (5,10min from “Blue Ocean Shift, beyond competing” Book. Business case; CitizemM Hotels Company. Blue ocean actuation: What about create our own classification? Beyond 5 stars, 4 stars...)



 <https://youtu.be/MJdgouUSfcY> (3,15 min from “Blue Ocean Shift, beyond competing” Book. Business case; Kimberly Clark Brazil. Blue ocean actuation: compressed bag of toilet tissue and an eco-paper, made of recyclable fibre)

 <https://youtu.be/MxANT6uTxhE> (3,30 min from “Blue Ocean Shift, beyond competing” Book. Business case; WAWA. Blue ocean actuation: from convenient store to restaurant of high-quality products)

 <https://youtu.be/HnGaJpykjHk> (6,15min from “Blue Ocean Shift, beyond competing” Book. Business case; National Youth Orquesta of Iraq. Blue ocean actuation: auditions by YouTube and local Iraq music)

The Blue Ocean Matrix

What can we ELIMINATE ?	What can we RAISE ?
What can we REDUCE ?	What can we CREATE ?

Step 4. Think your own business idea. Are you operating on blue ocean? If not, how could you make it a sustainability driven business?

