

Blue Ocean Strategy

These days companies can find themselves in shark invested waters - fighting with very determined competitors. But some firms are finding new waters, so called blue oceans, where they can swim alone, without competitors. Join me, NN, this week on IBM as we discuss blue and red ocean strategies in business.

Monday: Blue Ocean Strategy - defined

Tuesday: Cirque du Soleil

Wednesday: Creating new market areas

Thursday: Information as a Key

Friday: Trend spotting

Monday: Blue Ocean Strategy - defined

Does your organization operate in a saturated market? Do you feel like the competition is increasingly like sharks? You're not alone.

I'm NN with IBM. This week we're talking about how companies can chart their own course in today's competitive environment.

In the book, *Blue Ocean Strategy*, authors Chan Kim and Renée Mauborgne suggest that business firms often operate in what they call a red ocean. That's a competitive, war-like market with limited terrain to fight over.

In contrast, some organizations have moved to what they call "an uncontested market space," or "blue ocean." There, firms enjoy relatively limited competition and higher profitability.

Southwest Airlines is a famous example of a firm that created a blue ocean in the commercial air market. Its managers realized that the airline would need to find a NEW way to compete. so after lots of research, they created a new business model, rather than following existing approaches. Instead of trying to compete with the airlines that offered comprehensive service, it focused on limited options, cheaper prices and direct flights. And now who's trying the cheaper, more limited service options!?

Tomorrow, we'll talk in more depth about one of the most fascinating firms that created a blue ocean.

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Tuesday: Cirque du Soleil

I'm not a big Las Vegas fan, but I'd visit it every weekend if I could afford to go to one of Cirque du Soleil's performances! So why are SO many people willing to pay more than \$100 to see a show?

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According to Kirk Smith, Associate Dean at Boise State University, Cirque du Soleil is a leader in creating and exploiting untapped markets. Founded in 1984, the circus theater group rivals granddaddy circuses Ringling Bros. and Barnum & Bailey, but adds so much more. The book *Blue Ocean Strategy* shows how Cirque du Soleil realized it could NOT compete in the declining circus industry through differentiation or low cost. Instead, the group created a completely new entertainment market - a cross between circus and theater. It has created a new blue ocean space, instead of trying to compete in the bloody red ocean of existing competitors.

It searches worldwide for the best gymnasts and creative talent; it creates an experience that is unique in either the circus or theater world. No other competitor comes close.

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Wednesday: Creating new market areas

How does a firm create a completely new market and then set the rules for competition? A new book, called *Blue Ocean Strategy*, show how to do that.

I'm NN with IBM. This week we're talking about how companies can find new market spaces where they create their own course.

According to Boise State Asso Dean Kirk Smith, to find an untapped market area - or blue ocean - managers identify an industry's critical product or service features. In the 1960s, Wal-Mart founder Sam Walton realized that a critical feature of the department store industry was that they did NOT come to small towns. So he provided department store like services for people in rural areas with little access to big city department stores.

Some Boise based firms have taken the same approach - and been quite successful at creating new market spaces or blue oceans - check out bodybuilding.com or clickbank.com for new service ideas that were quite unusual when they began.

Tomorrow, we'll talk about the value of information in creating blue oceans.

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Thursday: Information as a Key

When an organization wants to move to an untapped market - or even to one that has not yet been identified, how do managers find information to help them?

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Boise State University Asso Dean Kirk Smith says managers need information about their competition as well as customer AND NON customer preferences. Most managers know about their competition. But They are less familiar with finding customer and non-customer knowledge.

Classic market research tools like questionnaires and statistics give only some help. Their value is in finding out what is currently available in the marketplace. Questions are those like "what features of the iPod do you like or dislike?" But, to find out "what could be" is much more difficult and not easily captured on a survey.

A new book, called *Blue Ocean Strategy*, argues that managers can gain information through non-quantitative efforts like in depth interviews or ethnographic techniques. To get that information, managers or marketers may just watch or talk informally with existing customers, the competition's customers, and customers on the fringe of the market.

Tomorrow, we'll talk about another way to find out what's new - trend scouting.

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Friday: Trend spotting

I teach in a university, so you'd THINK I'd be up on the latest trends among young people. But sometimes I'm not. Even so, being a baby boomer who wants to KNOW what's hip - even if I'm not, I use trend scouting.

I'm NN with IBM. This week we're talking about how companies create their own market arenas. Today we talk about websites that track trends that can show future market gaps.

Websites that use Trend scouting or trend spotting find hot trends - anywhere in the world. They use trend scouts from Kuala Lumpur to Kuna - who send in photos of products, activities, and services.

Trendwatching.com tracks a theme month and shows products relating to it. A recent issue was called Info Lust. The trend scouts claim that even as we SAY we feel overloaded with information - we really LUST for it - at least in some areas - like travel deals, news, or real estate. A site like this lets managers begin to see places where there AREN'T a lot of competitors, so if their firms can move quickly, they could take advantage of them.

Two other interesting sites are [thecoolhunter\(all one word\).net](http://thecoolhunter(alloneword).net) and joshspear.com. both have new product, service and activity ideas ranging from design and travel to books, music and fashion.

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