

IDENTIFYING A COMPREHENSIVE THEORETICAL PICTURE OF BLUE OCEAN STRATEGY

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Abstract:

Taking into account the growing concerns about concept of blue ocean strategy, this paper presents textual findings in a background conceptual history. In particular, it brings various definitions to the concept. The purpose of this paper is to provide readers with some of the key terms that are relevant to a consideration of the relevance of BOS (Blue Ocean Strategy) and to introduce some of the debates on the concept, beside that to present the experiences of Companies in the application of 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, as a strategy to rely on innovation in creating value for the customer.

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، وتبسيط 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

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الكلمات المفتاحية: الاستراتيجية، استراتيجية المحيط الأزرق مبادئ استراتيجية المحيط الأزرق، تطبيقات استراتيجية المحيط الأزرق.
تصنيف JEL: D41, L22, M10.

1. Introduction

What is distinctive about blue ocean strategy as a theory? How is 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 is the result of a comprehensive empirical study based on the analysis and discussion of 150 strategic moves covering more than 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. The aim of BOS is NOT to out-perform the competition in your market, but to create new market space or Blue Ocean, thereby making competition irrelevant. BOS is a process with frameworks & tools, covering both strategy formulation and execution. The researcher paper has aim to answer the main problem, which is :

What is Blue Ocean Strategy ?

To answer, 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 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 Blue Ocean Strategy.

The idea of "Blue Ocean" was first raised by Dr. Hill from Michigan State University. He believed that Porter's idea is partial because distinction might mean cost leadership and a company which provides its products with less price has an aspect of distinctive strategy. He notes that to attain a stable 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 somehow similar to 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 is low. The BOS has features to identify markets that actually 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 in management literature and the business world for the past few decades. However, there is still no consensus and universal definition of strategy at this time. Mintzberg (1978) defines strategy as a sequence of top management decisions that show a consistency or pattern over time. However, he views strategy as a phenomenon with various meanings. Therefore, he proposes five interconnected definitions for strategy that explicitly interpret its multiple meanings to help people negotiate this difficult field (Hou Hong, Hoe Chai, & Wan Ismail, 2011, p.86).

The word “strategy” is maybe one of the most used words in business and in everyday life. In the business world there are many preparatory strategies for almost every potential activity, starting from strategies for managing the employees and to the strategies for knowledge management. According to Henry Mintzberg, business strategies could follow one of three modes: planning, entrepreneurial, and adaptive mode. 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 opportunity of highly profitable growth is to “offer buyers a huge leap in value”. Which may develop into a new uncontested markets. (Düsseldorf & Wubben, 2012 , p.106)

Many organizations began to adopt the concept of strategy into their businesses after World War II. The main theme of strategy during that period was based on sales forecast and operational budget in relation to coping with the rapidly growing economies and rising consumer demands. The key 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 drastically increasing demands . The prominent contributors to the strategy literature at that point in time 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 drive from management in relation to business growth. Based on Chandler’s work, Andrews (1965) asserted strategy as a set of clear direction that defined a company’s businesses and activities. He also introduced the SWOT (Strength, Weakness, Opportunity and Threat) analysis framework to support companies 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 the existence of unused market spaces created within Red Oceans through the differentiation from others. The main factor affecting the formation of the Blue Ocean is jump value creating the innovation value

increase for the customer on the one hand, and for business on the other hand. Blue Oceans releases new demand and excludes competitors from the game. The Blue Ocean strategy must be seen as a combination of low cost and differentiation strategies. Customer Value is determined by cost-benefit ratio, the source of value for the companies are 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 as a radical departure from Porter's static and rivalry-centered approach to strategy (Bologna, 2015, p17). Blue ocean strategy (BOS) literature presents a largely descriptive approach into assessing how successful companies are capable of creating business model transformations that provide a foundation for creating completely new value offerings to the marketplace. Such new and even disruptive approaches are presented as key for competitive advantage. The corner stone of Blue Ocean Strategy is achieving both differentiation and low cost dynamics underpinning value innovation. Value innovation is created in the region where a company's actions favourably affect both its cost structure and its 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 strategy that results in the creation of a blue ocean and a break from the competition. (Basbeth, p.10)

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

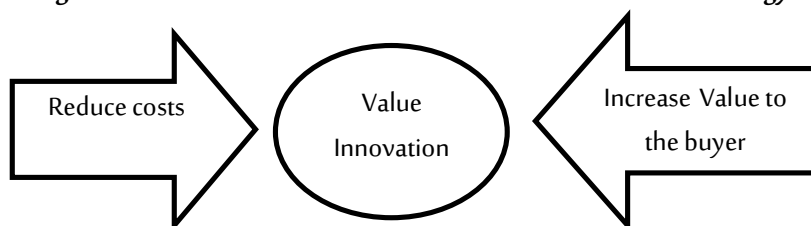
As we said before, a different approach to strategy making, namely blue ocean strategy use "blue ocean" to describe all of the markets that do not yet exist, and the strategizing to create demand and make competition irrelevant for large and fast profit margins is termed blue ocean strategy. Therefore, instead of focusing on the competition in existing markets, 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 blue ocean strategy is firmly grounded on a study of 150 strategic moves made by companies in a range of industries. However, there are only a few empirical

studies being conducted to support the validity and practicality of blue ocean strategy. (Hou Hong, Hoe Chai, & Wan Ismail, 2011, p.88)

Value innovation (**See Fig1**) is deemed to be the cornerstone of Blue Ocean Strategy and 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, to create 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-favorable 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 implement strategies that will result in the creation of a blue ocean and withdrew from the competition. Competitive strategies based on innovation and value creation, one of the common challenges that include: choosing the value or cost. (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 favorably affect both its cost structure and its 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 reduced further as scale economies kick in due to the high sales volumes that 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 the 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, as a result of the revolution in the Information Technology and Communication advances and the rise of the global knowledge based economies across the world. New markets have

emerged with different market players, demanding new market strategies and skills, to produce new products and services to compete in the same market space. Current market strategies and occupational skills are quickly becoming outdated with the new technologies and new industries emerging in the market. So for strategy implementation, it becomes essential for the companies to look at new dimensions in their strategic planning, which gives them effective strategic directions to their corporate goals. An effective, actionable strategic plan will give a company an edge over the others in the industry, where there are many competitors that have the same objectives; same resources, same skills, and competing 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 pattern of organization is 'making the competition irrelevant'. It is a reconstructionist view from traditional competitive theories, it creates demands and competition is avoided by following specific pattern for 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)

2. 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.

This paradox seems to be very appealing especially on businessmen, 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 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.

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.

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. (Kabukin, 2014, p p.17-18)

3. Principles of blue ocean strategy :

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

3.1 Reconstruct market boundaries: This principle identifies the paths by which managers can systematically create uncontested market space across diverse industry domains, hence attenuating search risk. Using a Six Paths framework, it teaches companies how to make the competition irrelevant by looking across the six conventional boundaries of competition to open up commercially important blue oceans.

3.2 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.

3.3 Reach beyond existing demand: To create the greatest market of new demand, managers must challenge the conventional practice of aiming for finer segmentation to better meet existing customer preferences, which often results 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.

3.4 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 sequence 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 blue ocean strategy.

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

3.5 Build execution into strategy: This principle introduces fair process to address the management risk associated with people's attitudes and behaviors. Because a blue ocean strategy represents a departure from the status quo, fair process is required to facilitate both strategy making and execution by mobilizing people for the voluntary cooperation needed for execution. By integrating execution into strategy formulation, people are motivated to act.

4 .The Importance of blue ocean strategy :

Company in the Blue Ocean extends and achieve to more successes, more and more companies and organizations try to enter this market. Thus, the issue of creation barriers is considered very important to entry of new competitors and suppliers of imitation. Blue Ocean Strategy align seven principle 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 quality level of each activity in value chain,
- Reaching beyond demand,
- Overcoming key obstacles,
- Obtaining accurate strategic order by using an extreme leadership style

5. Eight key points of blue ocean strategy :

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

5.1 It's grounded in data : Blue ocean 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.

5.2 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 either create greater value for customers at a higher cost or create reasonable value at a lower cost. Here strategy is seen as making a choice between differentiation and low cost. In contrast, blue ocean strategy seeks to break the value-cost tradeoff 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.

5.3 It creates uncontested market space : Blue ocean strategy doesn't aim to out-perform 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, blue ocean strategy prompts them to break out of the accepted boundaries that define how they compete. Instead of looking within these boundaries, managers need to look systematically across them to create blue oceans – new and uncontested market space of new demand and high profitable growth.

5.4 It empowers you through tools and frameworks : Blue ocean strategy doesn't aim to out-perform 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, blue ocean strategy prompts them to break out of the accepted boundaries that define how they compete. Instead of looking within these boundaries, managers need to look systematically across them to create blue oceans – new and uncontested market space of new demand and high 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 skillfully achieve this. It empowers you through tools and frameworks to skillfully achieve this.

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

5.6 It maximizes opportunity while minimizing risk : Blue ocean strategy is an opportunity-maximizing risk-minimizing strategy. Of course any strategy will always involve risks – be it red or blue. However, blueocean strategy provides a robust mechanism to mitigate risks and increase the odds of success. A key framework here is the Blue Ocean Idea Index.

5.7 It builds execution into strategy : blue ocean strategy is a strategy that expressly joins 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 level of the individual, people embrace it of their own accord and willingly go beyond compulsory execution to voluntary cooperation in carrying it out.

5.8 It shows you how to create a win-win outcome : With its integrated approach, blue ocean strategy shows how to align the three strategy propositions – value, profit, and people – to ensure your organization is aligned around your new strategy and that it creates a win for buyers, the company, and for employees and stakeholders.

Beside that, Five basic pillars or dimensions of Blue ocean strategy can be summarized as (Shafiq, Tasmin, Takala, Qureshi, & Rashid, 2017, p.76) :

- Creating uncontested market space ;
- Making the competition irrelevant ;
- Creating and capturing new demand ;
- Breaking the value-cost trade-offs ;
- Achieving differentiation & low cost.

The procedure of implementing blue ocean strategy has the following steps (Jedi, Zade, & RahMani, 2015, p.1435):

- **Reduction:** It should be shown that which one of the indicators of products and services intended by the customers can be reduced in comparison with other competitors. It is evident that major indicators in this step are intended by customers the reduction of which is accompanied with the significant reduction of production costs and expenses of providing different services.
- **Elimination:** In this step, it is verified that which one of the indicators of products and services which the competitors use to compete can be eliminated in the products and services of one's company. This work is risky and weird but such an analysis leads to significant reduction of production costs and consequent supplementary actions eliminates this deficiency
- **Increase:** In such a case, it is verified that increase in what indicators can increase the differentiations of your company from other ones and create higher value-added for the customers.
- **Creation:** The most important and the most difficult step in the blue ocean method is to create values in products and services which haven't yet been provided by others. The key to success in this method is the quality and efficiency of this analysis.

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

Blue ocean strategies tend to focus specifically in on 6 paths, which are a different approach than the six strategies that red ocean companies seem to look at, it 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 travelers. Netjets looked at the existing alternatives and found that when business travelers want to fly they have two principle choices: on 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 own 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 by looking across alternative industries, so can they be unlocked by looking across strategic groups. The term, strategic groups, refers to a group of 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. Mercedes, BMW and Jaguar, for example, 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 common definition of who the target buyer is. In reality, though, there is a chain of buyers who are directly or indirectly involved in the buying decision. The purchasers who pay for the product or service may differ from the actual users and in some cases there are important influencers as well. 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 channel, 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 theaters - 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, largely on calculations of utility; their appeal is rational. Other industries compete largely 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 the functional/emotional orientation of their industry 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 protecting the environment. Looking at these trends with the right perspective can show you how to create blue ocean opportunities. Identifying a trend 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 1990's. By 2003, more than 2 billion illegal music files were being traded every month. While the recording industry fought to stop the cannibalization of physical CDs, illegal digital music downloading continued to grow.

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 strategic group	Looks across strategic groups within 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)

7. Examples of implementation of Blue Ocean Strategy:

Blue ocean strategy knows a wide implementation from different companies, reflecting the effectiveness of this strategy is to achieve marketing objectives. Can be described as follows (Eskandari, Miri, & Allahyari, 2015, p.143):

The coolest and most famous example of a company that has captured the blue ocean, is a Canadian company namely: the "Sun Circus". The circus clients are adults. Circus had the services in decline and Sun Circus changed the fate of the industry, in its establishment in 1984. Children preferred the computer games rather than the circus and animal protection groups have under the supervision of circus. For this reason, managers of "Cirque du Soleil" dropped out of the race and overtaking the competitors. Instead of hiring more popular clowns, the circus manager decided to create 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 cook the food quality like: fast food, CURVES company that is a chain of women's sports complex, DECAUX JC company that the use of street furniture launched a new style of urban advertising.

Another example, the implementation of blue ocean strategy is the company MediaTek. Over the past decade, the brand issue, is considered one of the top competition in the mobile market, but a MediaTek company and its partners have changed the rules of the game by creating a new business model in China and then rest of the world. MediaTek Inc. That has been established in 1997, is a leading company in the field of Digital and in particular multimedia products. 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 statistics of the World Union of the semiconductor industry, this company is considered among the top five companies in this field. Lower costs and create high added value for mobile phones has helped to MediaTek Inc. that to be considered the largest supplier of chips for industry of (bandit cellphone). However, in the past, large companies, such as: Samsung and Birdcom had captured in this field.

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

As already pointed out, "value innovation" is the most important 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 to assembly operations of mobile phone.

These factories allocate few resources for related activities to research and development (R & D), therefore, through the creation of factors, the industry never did not provide them, increase the value for buyers. This factories, easily able to provide by means of innovative designs, demand and the needs of this segment of the market. Thus, mentioned companies, will be able quickly sent new models of “Bandit Cellphone” to the market. In addition, providing an agile distribution, the Internet minimized the costs of advertising, too, for this sector of industry. Also, costs will be reduced by economy of more scale.

8 .Cocnclusion :

Blue Ocean Strategy is a kind of new strategies in the modern and contemporary strategic management which based the idea of the two reaserchers 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 a thorough analysis of your market and a careful development of a well-thought out plan.

This strategy is based on the idea, it is not necessary to the organization that you want to achieve success in the march of her career that occupies a strong competitive position, but can make a success without competition, so that adopt these organizations new markets where the exposure of new products, and this organization can achieve profits abundant, and her intelligence and leadership strategy Tstia 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 in the face-to-face against your competitors in order to participate in the existing market, it is like to compete in the «Red Ocean» where the way in which it competes by determining the performance of your competitors well, trying to overcome them. But the best strategy is to do a search for «ocean blue» as an alternative as an untapped market that did not pay attention to any person which is available by the probability of occurrence of significant growth. So, The best way to defeat your competitors is to stop competing.

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