

Strategic Planning and Market Competition



Blue Ocean Strategy Chapters 1 & 2



ANTON, AUREA AND CHARLES



Have you ever seen a Cirque Du Soleil performance before?



"Cirque's productions have been seen by almost forty million people in ninety cities around the world. In less than twenty years Cirque du Soleil has achieved a level of revenues that took Ringling Bros. and Barnum & Bailey more than one hundred years to attain."

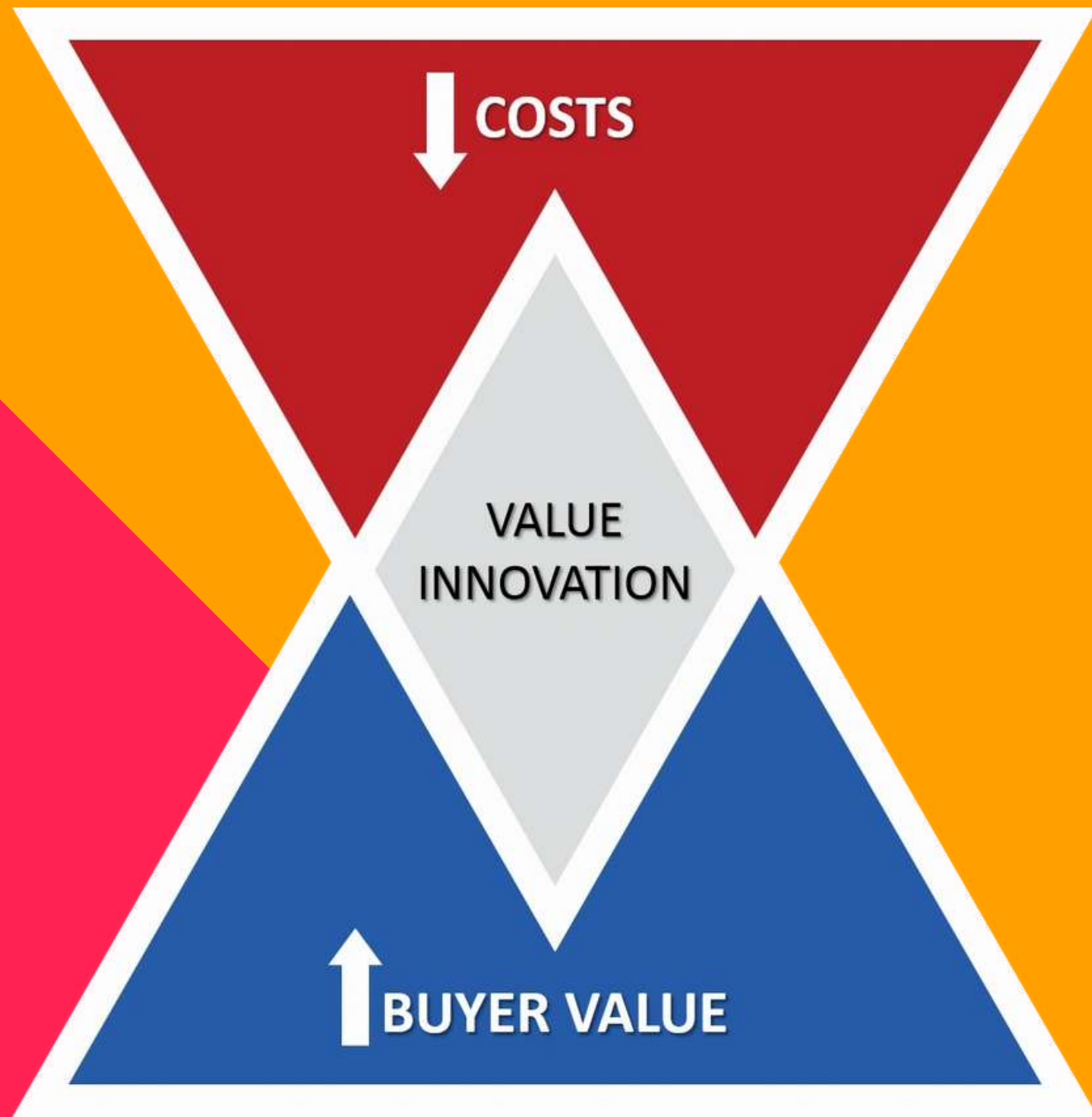


How can a company...

...break out of the red ocean of bloody competition? How can it create a blue ocean?



FIRST NOTE:



The creation of blue oceans is about driving costs down while simultaneously driving value up for buyers.

SECOND NOTE:

Compete in **existing** market space.

Beat the competition.

Exploit **existing** demand.

Make the value-cost trade-off.

Align the whole system of a firm's activities with its **strategic choice of differentiation or low cost.**

Create **uncontested** market space.

Make the competition **irrelevant.**

Create and capture **new** demand.

Break the value-cost trade-off.

Align the whole system of a firm's activities in **pursuit of differentiation and low cost.**

Let's look at the case of an Australian wine company

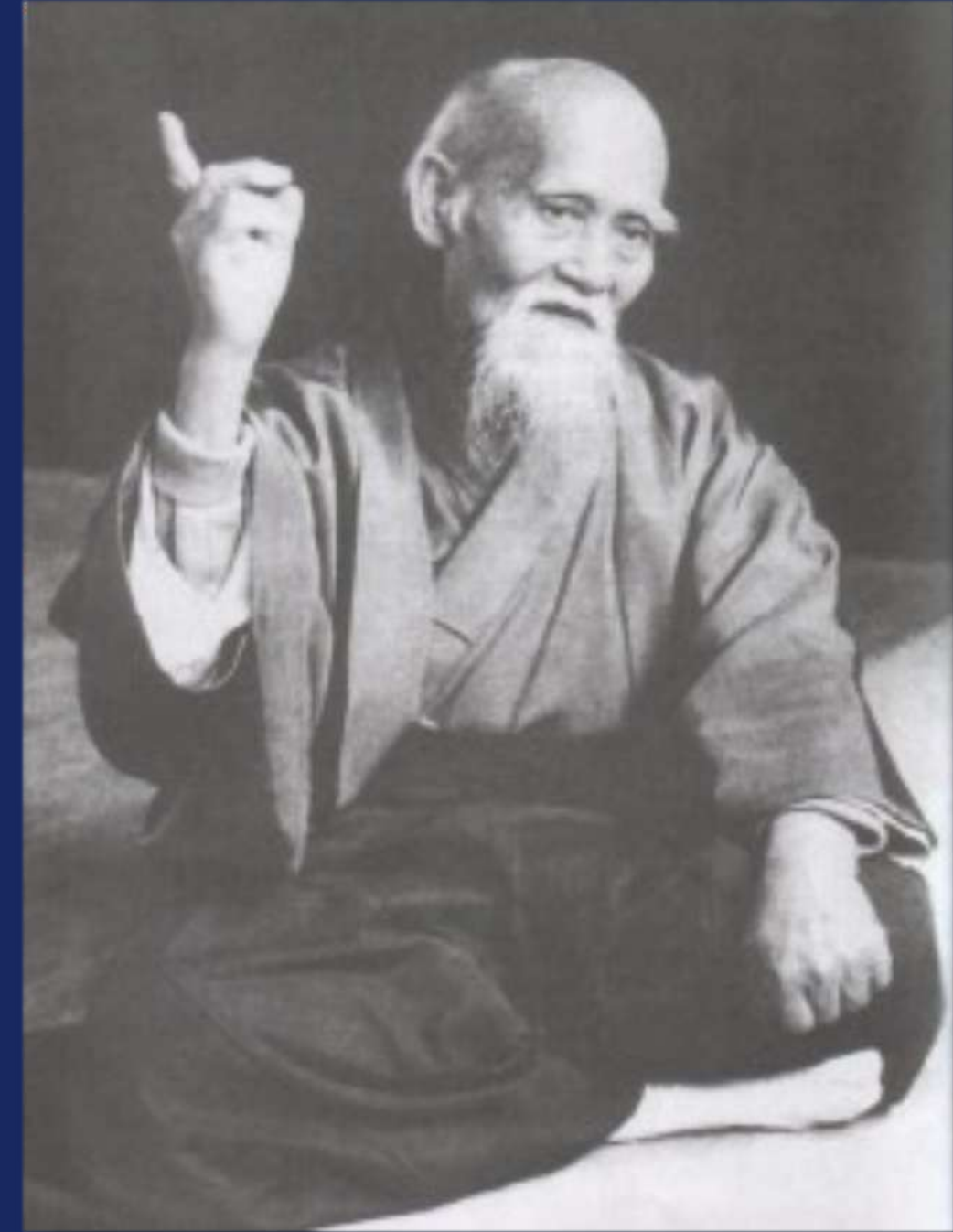




The US wine market is overcrowded

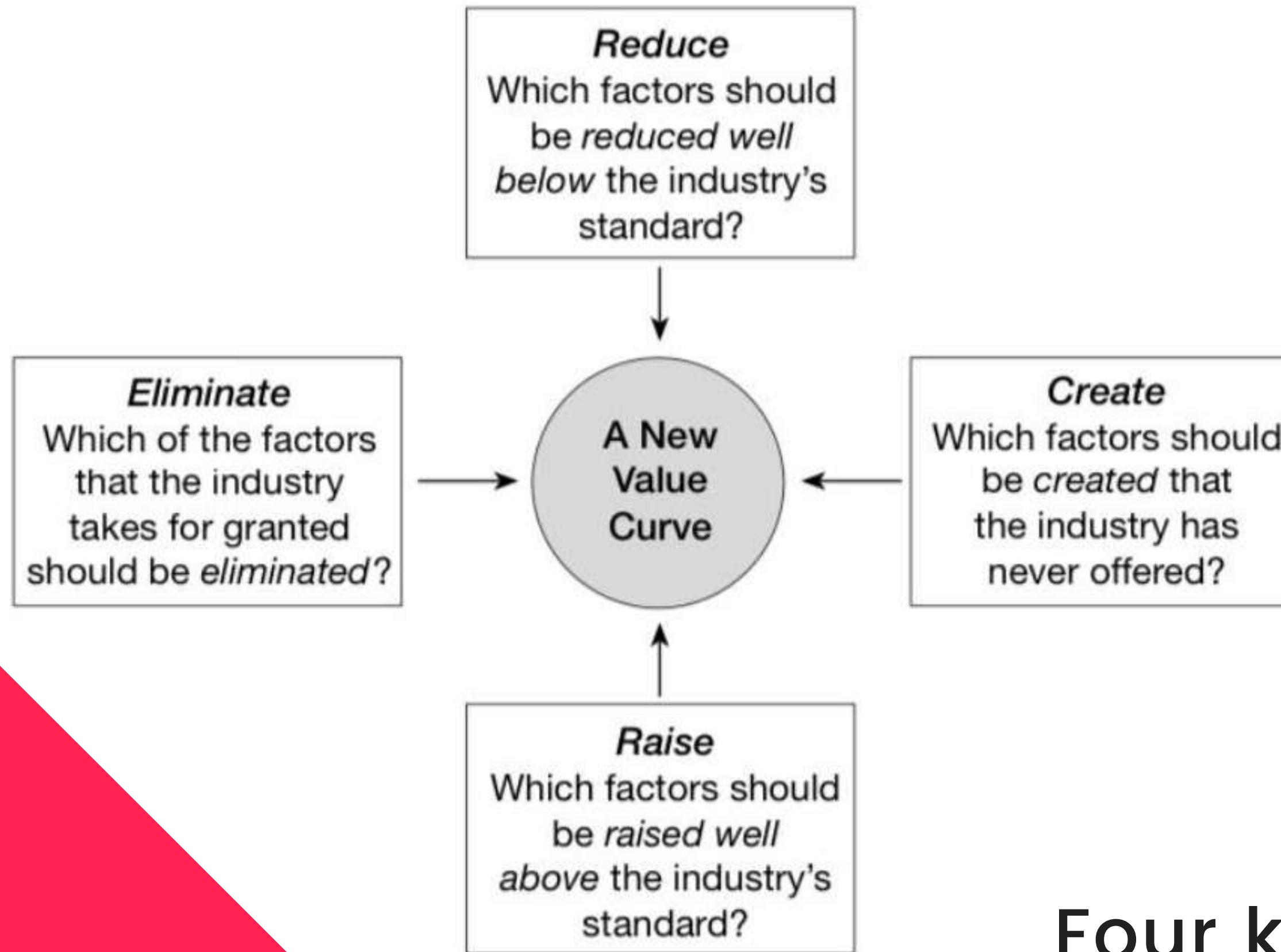
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"You must begin by reorienting your strategic focus from competitors to alternatives, and from customers to noncustomers of the industry."



**How to make a fun
and nontraditional
wine that's easy to
drink for everyone?**





Four key questions...

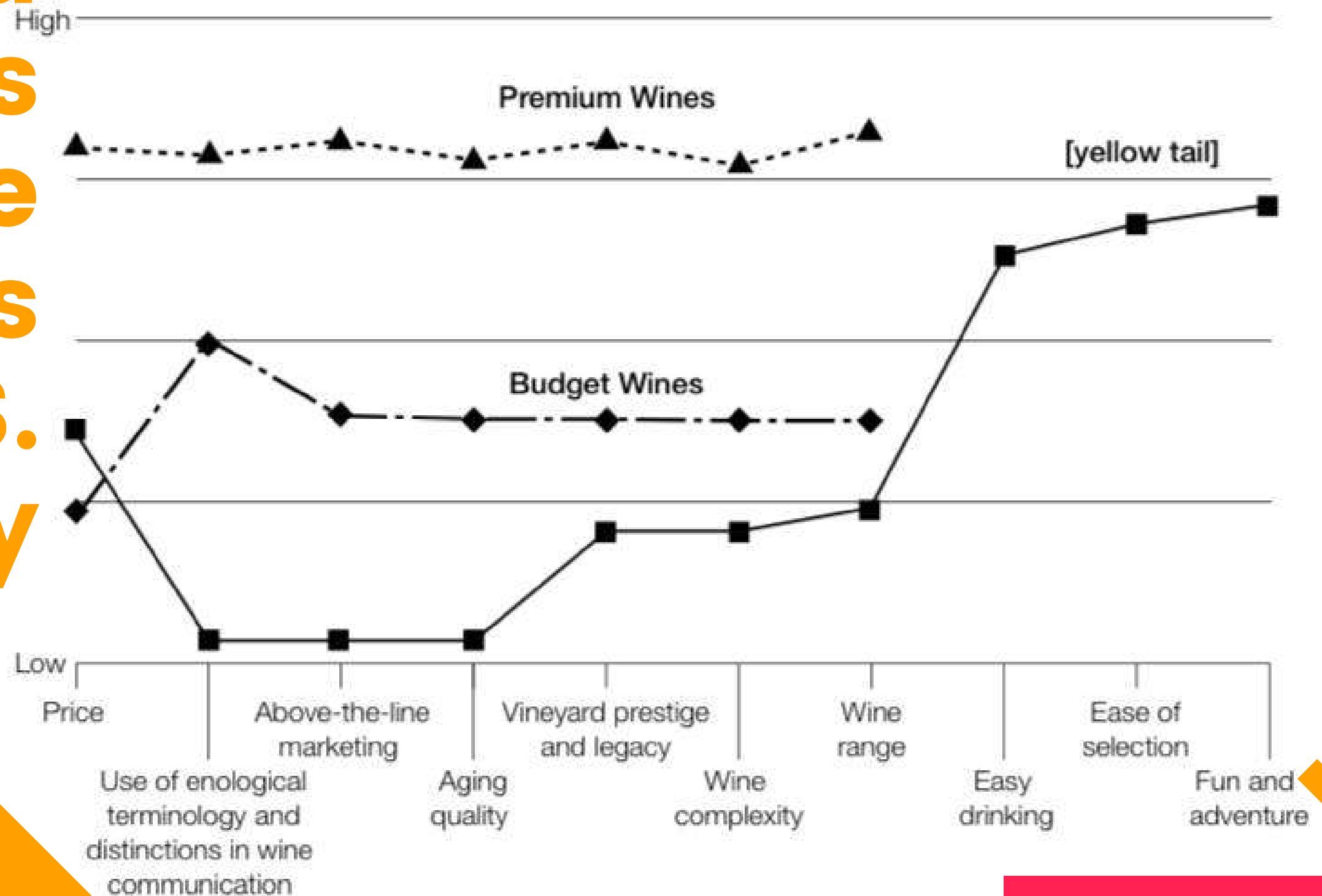
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...a wine whose strategic
profile broke from the
competition

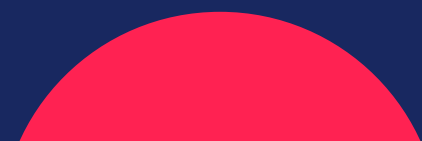
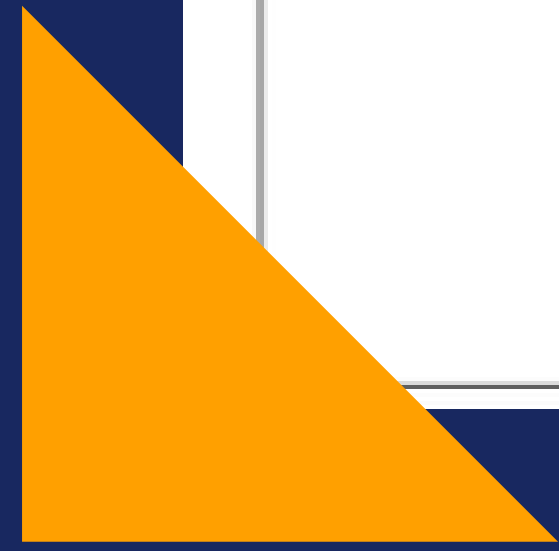
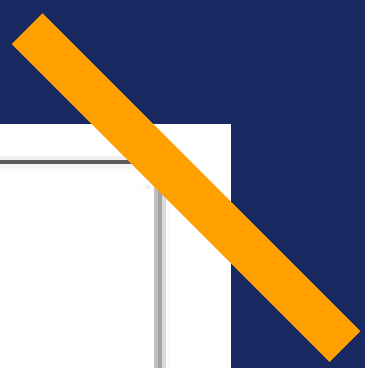
Caseella
Wines
created three
new factors
in the U.S.
wine industry

The Strategy Canvas of [yellow tail]



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<p>Eliminate</p> <p>Enological terminology and distinctions</p> <p>Aging qualities</p> <p>Above-the-line marketing</p>	<p>Raise</p> <p>Price versus budget wines</p> <p>Retail store involvement</p>
<p>Reduce</p> <p>Wine complexity</p> <p>Wine range</p> <p>Vineyard prestige</p>	<p>Create</p> <p>Easy drinking</p> <p>Ease of selection</p> <p>Fun and adventure</p>



Here it is a summary...

Rising Imperatives to Create Blue Oceans

● **ACCELERATED TECHNOLOGY ADVANCEMENTS**

● **CONSTANT DEMAND WITH AN INCREASING SUPPLY AND GLOBAL COMPETITION**

● **INCREASING PRICE WARS**

● **TREND TOWARDS GLOBALIZATION**

● **COMMODITIZATION OF PRODUCTS AND SERVICES**

● **SHRINKING PROFIT MARGINS**

Here it is a summary...

Strategic Moves

- MOVES THAT HAVE DELIVERED PRODUCTS AND SERVICES THAT HAVE OPENED AND CAPTURED NEW MARKET SPACE WITH SIGNIFICANT LEAP IN DEMAND.
- MOVES THAT CONTAIN GREAT STORIES OF PROFITABLE GROWTH AS WELL AS THOUGHT PROVOKING TALES OF MISSED OPPORTUNITIES BY COMPANIES STUCK IN RED OCEANS.



Here it is a summary...

Value Innovation



INNOVATION IS
ALIGNED WITH UTILITY,
PRICE AND COST



THERE IS
DIFFERENTIATION AND
LOW COST

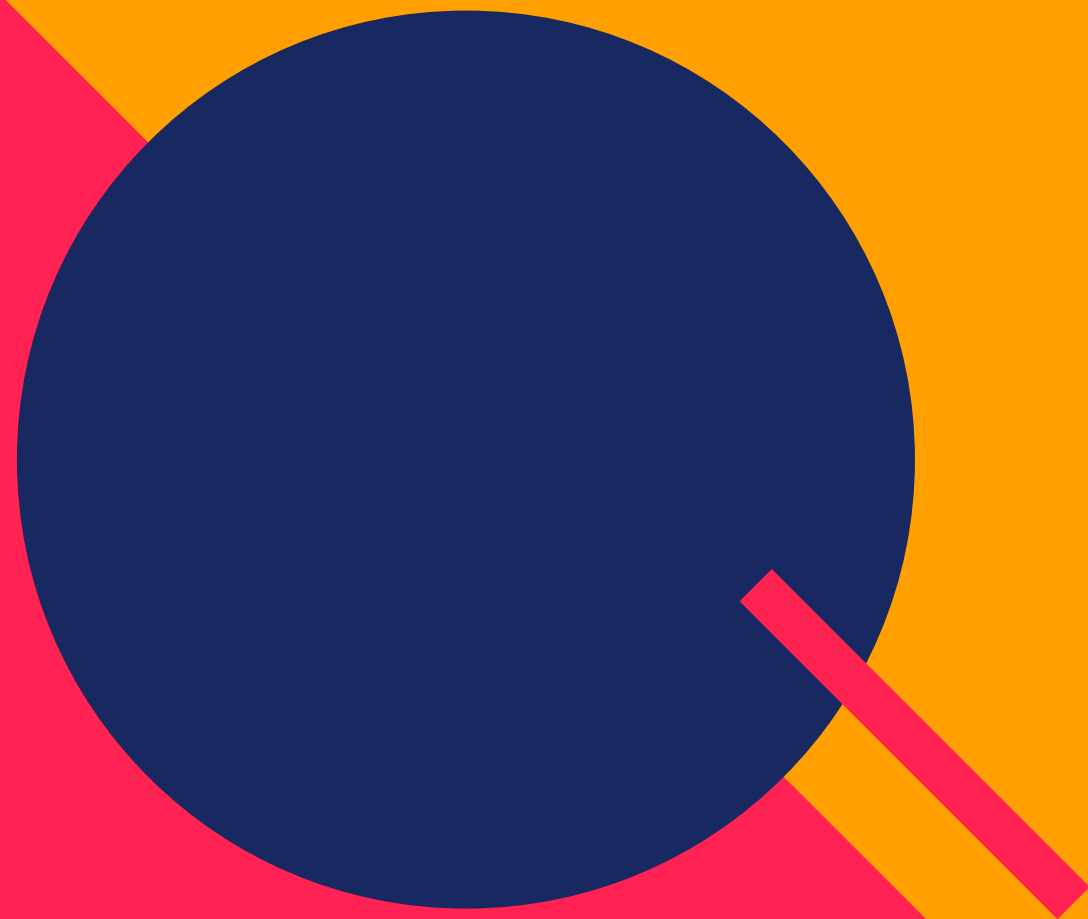


RE-INNOVATION OF
ROLES: ROLES ARE
REDEFINED

Here it is a summary...

Blue Oceans

They cover all sectors that do not exist today. It is the unknown market space. Competition is irrelevant, because the rules of the game are not yet defined.



Strategic Planning and Market Competition



Thank you!

ANTON, AUREA AND CHARLES