

## 10 WAYS TO SWIM IN BLUE OCEANS AND AVOID THOSE RED ONES



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The logic and power of finding a Blue Ocean in a world of competitor-dominated Red Oceans is so clear, once you “see” it. Yet as we work with clients at [Simon Associates Management Consultants](#) (SAMC), we are continually amazed at how strongly the power of habits cloud people’s ability to “see, feel and think” in Blue Ocean ways. (Read more about Blue Ocean Strategy [here](#).)

Take one situation: A prospective client was trying to decide whether he should engage us to help him find a Blue Ocean Strategy. In the roofing and house-wrap industry, he had done well when the housing boom was in full swing, but when the recession hit, his business suffered, dearly. What to do?

We began working with his company's management, sales and marketing teams, and I must say, they were reluctant players at the party. Really reluctant! The sales folks were certain that the market was going to return and new construction would pull them out of the doldrums. In truth, the market was slow to recover and competition was keen.

His was a classic case of being trapped by familiarity with and a long-standing affection for the Red Ocean that he, the CEO, and his people knew so well. Put another way, even when we know something is not working, we hold onto it until we are so deep in a crisis we have little choice but to change.

## 10 Red Ocean Traps You Must Avoid

Following are 10 traps that keep you stuck where you are, when instead, you should be looking beyond your current customers and markets at the possibilities that await you. (For a more in-depth discussion, check out the new edition of the acclaimed book "[Blue Ocean Strategy.](#)")

### 1) Customers or Noncustomers...Who Should You Be Looking For?

The first trap you might find yourself in is staying loyal to the old idea that focused on your core customer. You might prefer to improve your offering to them as the way to build your business. If this is a growing market space, you certainly can stay focused. But if the demand factor is shrinking and the supply or competition is growing, that core customer is going to have options to buy elsewhere.

Conversely, Blue Ocean Strategy is founded on the premise that you need to "reconstruct" your market, make the competition irrelevant, and refocus on those who could use you but are not, for one reason or another. You must go exploring for these nonusers or noncustomers who have alternative solutions and aren't thinking about yours. They aren't even using the competition.

The difference between the two actions is profound. Focusing on current customers locks you into doing more of the same with only incremental improvements to show for it. To find new markets, you need to look beyond.

### 2) Blue Oceans are Beyond Your Current Core Business

You certainly can venture beyond your core business. But you don't need to. All too often, the opportunities are right there in your core industry. You just need to believe that they are waiting for you.

Perhaps you need to repackage your offer, restructure how you are delivering it, and rethink how you are telling people about your product, service or solution. Consider how

Uber has upended the taxi business. Or how Zipcar transformed the rental car industry. And then there's Yellow Tail Wine: it has singlehandedly created an entirely new market of wine drinkers by targeting women and young men who don't need "educated palates" to enjoy wine.

### **3) Blue Ocean Strategy is Not About New Technologies**

An important point here: Technology is not a defining feature of a Blue Ocean Strategy. It can be, but only if it is adding real value to the innovation, not just adding new technology to the solution. You don't have to have a technological advancement to open new market space and find noncustomers.

### **4) The "First to Market" Syndrome**

Another important trap: You don't need to be first to market. But you DO need to be first to get it right for the market. Remember, IBM had a tablet they scrapped before Apple came out with the iPad. Blue Ocean is really more about creating easy, simple, more productive solutions to solve people's challenges.

### **5) Blue Oceans and Differentiation are Synonymous**

Classic "branding thinking" focuses on how you are different from other competitors. Brands are supposed to answer the question "Why You?" Typically, to create that meaningful difference, companies believe they must add value at a higher cost, hence becoming a premium product. Wrong.

Blue Ocean Strategy reverses that logic. It instead discards the value-cost trade-off and pursues differentiation and low cost simultaneously. How? By eliminating and reducing products, services or processes that add no value to new customers.

Case in point: Yellow Tail's clientele had no interest in the quality of the grapes or the vineyard from which they came. They didn't care about aging quality or oak casts. They wanted a good wine at \$6.99 that was easy to buy and fun to enjoy.

### **6) Does Low Cost Mean Low Pricing?**

No, not at all. You are not in a bargain basement when you are seeking Blue Ocean opportunities. Conversely, you are changing the cost curve.

Cirque Du Soleil and Southwest have both done very well in their Blue Ocean spaces. Tickets to Cirque Du Soleil are expensive, not like a traditional circus. And Southwest is very profitable—as well as friendly, fast and easy—with low fare prices that make air travel accessible for those who previously might have driven. When we work in Blue

Oceans, we determine the price first and then see how to eliminate and reduce things that add cost but no value.

## **7) Blue Ocean Strategy = Innovation Strategy**

Innovation has become a cliché over the past decade. Blue Ocean Strategy, however, has proven to be a successful strategic approach to opening new markets and creating new demand. Is it about innovation, people ask? Well yes, but about value innovation.

At SAMC, we do a lot of work with idea-generation and innovation. Often we take our clients outside their offices so they can visually observe living, breathing nonusers. In many instances, this stimulates them to see how they can indeed solve problems in new ways—innovatively. As anthropologists, we understand the power of helping them see things with new eyes. The ideas emerge. But then they need to do something with the ideas. Those implementations can be incremental innovations. But if they are going to be value innovations, a total transformation of the organization is needed.

Here's the point: To find and capitalize on a Blue Ocean, you need to align your organization, your price and your value—and get your entire organization to move together toward a new market space.

Value Innovation is not Value Creation. And Blue Ocean is not about incremental changes. It is about adding value in new ways. Yes you can innovate but you won't get very far if the rest of your staff is not aligned and if your new value proposition does not capture the customer.

## **8) Blue Ocean is Not a “Marketing” Strategy**

Blue Ocean is strategy for a business, not carving out a niche. It's all about a “big picture” story, a vision of how to open new markets by adding value in innovative ways. Marketing follows. People always think they should hand this over to their marketing team. Not at all! Blue Ocean is a business strategy.

## **9) Blue Ocean's Approach to Competition**

Be aware that there is a push back to Blue Ocean. People sometimes believe that it is anti-competition. Not true. It is about making the competition irrelevant. If all you're doing is focusing on and competing with your competitors, you often end up looking just like them. Try to stop going to your own trade shows and imitating your competitors. Indeed, Blue Ocean Strategy is about redefining a market boundary, not staying stuck within one.

## **10) Creative Destruction Versus Blue Oceans**

The work of Clay Christensen is very popular right now, preaching the power of “Disruptive Innovation” (when newcomers to a market bring lower-cost solutions that displace earlier technology or processes). Much like Joseph Schumpeter’s concept of “creative destruction,” the new does typically come in to replace the existing. (While the Brownie camera lasted 70 years, Kodak never saw the opportunities for digital photography to eliminate the need for film.)

Blue Oceans, on the other hand, are very different. They are about creating a market. Yellow Tail opened up the wine market to include people who were very happy drinking beer or hard liquor. There were other budget wines out there but they never thought about engaging women and selling wine for the “right time.” Similarly, Wii opened up an entirely new market for games that Xbox and other video games were ignoring, from older adults to girls. Do you see? Blue Oceans create a new market without displacing an earlier one.

So what happened to our roofing and house-wrap client? We went exploring with him and his staff, taking them out to listen to current customers talk about unmet needs as well as areas that were pain points or challenging.

By so doing, a crucial realization emerged: new construction was not happening but stucco remediation was “hot.” Our client had a great product that he never thought to offer to stucco re-mediators or masonry companies. He never thought there was a market for his product when in actuality, there was a big market just waiting for him. And what brought about the “aha!” moment? A casual comment made by one of his distributors.

But to make his Blue Ocean happen, he had to realign the entire organization for a new market—from marketing and sales to distribution, including setting up applications for mobile devices and building a simpler, easier way to get clients the products they needed. And guess what? It worked.

**The Moral: Don’t Get Stuck in the Red Ocean You Might Be Swimming in Today. Choose to Swim in a Clear Blue One!**

I implore you: Push into those Blue Oceans and see what opportunities await you! And please let us know how the process works for you so we can share your stories.

## About the Authors



At [Simon Associates Management Consultants](#), we specialize in helping companies discover innovative ways to “see, feel and think” about their business. As [culture change experts](#) and trained practitioners in [Blue Ocean Strategy®](#), we teach organizations how to [adapt to change](#) by applying the tools, methods and principles of [corporate anthropology](#). [Contact us](#) to schedule a consultation to find out how we might help your organization drive change, overcome challenges and reach your potential for success.

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