

Blue Ocean Strategy: Turning unconventional ideas into successful strategies

In a nutshell, **Blue Ocean Strategy** is a systematic framework for transforming unconventional ideas into successful strategies. Its provocative core premise named 'Value Innovation' states that for successful strategies differentiation and lower cost are pursued simultaneously in a way that new demand is created, leading to uncontested, or 'blue ocean' market space. Notice that this in itself is a seemingly counterintuitive concept, going against traditional management views professing that you can do one or the other, be either a highly differentiated or a low cost provider, but not both.



So how does it work? Here are a couple of my personal examples. Back in the 1980's I was studying at the University of St. Andrews in Scotland, and I happened to go to a classical guitar concert in town. When I entered the building, I was greeted with something unexpected. The stage and chairs from the concert hall have been removed and the room stood empty. At the entrance was a huge pile of diverse pillows and a sign that invited spectators to take off their shoes, grab as many pillows as they wanted and proceed into the hall to freely configure their own sitting environment anywhere on the floor. And in lieu of the stage, the guitarist's performance stool was placed right in the center of the room, so people could surround him from all sides. I chose 5-6 cushy pillows and arranged

a very comfortable, supine position for myself near the performer. As I looked around, everyone else was in similarly individualized, relaxed formations throughout the hall.

The so called Pillow Concert was incredibly enriching. It allowed me to be completely absorbed in the music and to enjoy a live performance on my own terms. Think about what happened here from a strategic perspective. Ordinarily, a couple of the key elements of a live performance venue are the quality of staging and the comfort level of audience seats. These to a large extent determine the experience of spectators and performers alike. But what happened in this concert? Instead of competing on, or being judged on relative stage and seating quality vis-à-vis other venues, the Pillow Concert eliminated both elements altogether. And they were substituted with something new and unconventional, and disarmingly unsophisticated: a heap of pillows. By doing so, the maintenance/operational cost and technical requirements of the concert hall were reduced, and simultaneously differentiation for the consumer was achieved. In fact, both spectators and performer received a more enriching, closer bonding experience. Note also that today forward looking companies are striving not to create the perfect design for consumers but rather to enable consumers to create the perfect design for themselves. An obscure Pillow Concert in a Scottish town was already doing this back in 1985.

A more recent and even more simple illustration is from air travel. Whenever you embark on a long trip with multiple layovers, you would traditionally receive multiple boarding passes—one for each flight segment. A layer of difficulty and hassle arises from having to keep these boarding cards in order, remembering which you can discard and which you still need as your trip progresses. I have always found this annoying. However, I gleefully noticed a while back that Northwest Airlines (which has since been acquired by Delta) started issuing a single boarding pass that listed all connecting flights of an itinerary. Again, what a simple yet double-barrel idea: It simultaneously cuts cost and boosts environmental friendliness for the airline (in having to use less paper, ink, and electrical power) and improves consumer experience via the elimination of superfluous travel documents.



Both of these examples are seemingly trivial, but that is precisely the point. Blue Ocean moves can be done at all levels of an offering, and often the most powerful ones are those which seem the most insignificant and simple in hindsight—but unlock considerable consumer enrichment. Think about how apparently trite both of my examples appear on the surface. But their effect is profound. The Pillow Concert still sticks in my memory some 25 years later as one of my all-time favorite cultural experiences. And all because the chairs and performance stage were removed. Similarly the single boarding pass for me is a differentiator. Other things being equal, I would choose NWA over another airline for this extra convenience. And all because some excessive documentation was removed.

What examples can you think of where a company has eliminated some dimension or element from its offering, and consumers viewed it as more enriching? Can you think of any such experiences with you as the consumer? Better yet, can you think of examples of your company achieving this and come up with ways you can do it again and again?

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