

5. “An Analytical Study of Red Ocean and Blue Ocean Strategy with special reference to Indian Premier League Twenty-20 Cricket”

Prof. Afrin Siddique

Assistant Professor, ACBCS, Nashik (Mah.)

afrin.siddique786@gmail.com

Ms. Nusrat Siddique

Educational Consultant, Nashik (Mah.)

nusrat.siddique123@gmail.com

Abstract-

A range of challenges is faced by growing businesses in a globally competitive world; competition is becoming cut-throat day by day. Many companies find themselves struggling and to hold on to competition and market shares these companies are trapped in the sphere of a competition. ‘Red Ocean’ Strategy is a strategy which aims to fight and thrash the competition. In Red Ocean companies try to surpass their rivals to take hold of a greater share of existing demand.

When red is there how could blue be far behind. A different concept of market grabbing, is something called ‘Blue Ocean’. ‘Blue Ocean’ is a new market untouched by competition. ‘Blue Ocean’ Strategy argues that tomorrows leading and foremost companies will succeed and do well not by battling competitors, but by creating ‘Blue Ocean’s’ of uncontested market space. The purpose of this paper is to research the soundness and dependability of the Blue Ocean Strategy and its applicability in Indian Premier League (IPL) Twenty-20 (T-20) Cricket. In a cricket-mad country, the IPL has mass appeal. In India, the single largest sport played is cricket, and inside cricket the IPL is more than just a sporting event. IPL offers “the most appropriate mix of entertainment, sport, celebrity, glamour and style. IPL T-20 Cricket has revolutionized the cricket and made the conventional cricket a profit making business with fun entertainment and pool of young cricket talents blended with sportsmanship spirit coming from different corners of the world and country.

Key words: *Strategy, Blue Ocean, Red Ocean, IPL T-20*

JEL Code: M31, L10

1. INTRODUCTION:

Introduction:

Competition is the rivalry between companies selling related products and services with the aim of achieving revenue, profit and market share growth. Some of the early steps in designing a successful marketing strategy include:

- knowing your competition
- understanding your competition

This cutthroat competitive strategy is known as ‘Red Ocean’

‘Red Ocean’ consists of all companies competing in the market. A Red Ocean Strategy is a strategy which aims to fight and beat the competition. The concept of ‘strategy’ has always been directly linked with competition (Red Ocean). Whenever one talks about strategy, the first and foremost thing that comes to mind is competition.

In the red ocean, industry boundaries are defined clearly and accepted and the competitive rules of the game are known before hand. Here companies try to outperform and surpass their rivals to grab a major share of existing demand. As the market space gets packed out, prospects for profits and growth keeps declining, products become commodities, and fierce cut-throat competition turns the red ocean bloody. Hence, the term is ‘Red Ocean’.

‘Blue Ocean’ Strategy states that the leading companies will succeed and accomplish their goals not by battling competitors, but by creating ‘Blue Ocean’s’ of uncontested and un-captured market space. Creating ‘Blue Ocean’s are not a static achievement but it is an unending dynamic process. ‘Blue Ocean’ is all about new ideas, innovations and out of the box thinking. In ‘Blue Ocean demand is created through innovation and dynamic process rather than fighting over the competition. In Blue Ocean strategy competition is immaterial because the rules of the game are waiting to be set.

Objective and Methodology of Research:

- 1) To research the soundness, reliability dependability of blue ocean strategy with a two way approach
- 2) The first and the primary way of testing the framework of blue ocean strategy is the literature review on theoretical basis
- 3) To contrast red oceans and blue oceans and thus serve as an appreciation of Blue Ocean Strategy

- 4) To test the framework in the second part of blue ocean strategy is to examine the practical adaptability of blue ocean strategy in emergence of Indian Premier League T-20 Cricket

Distinction between Red and Blue Ocean Strategy:

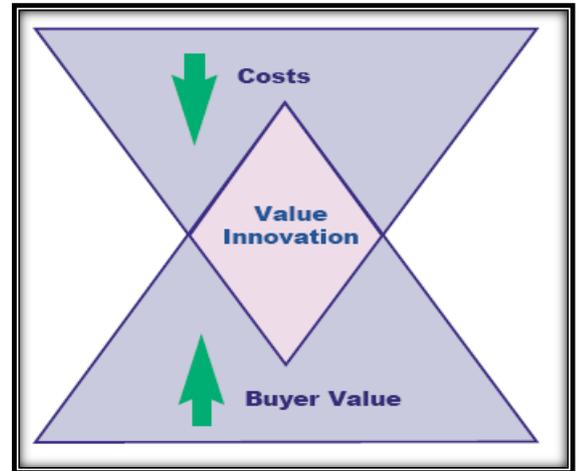
Red ocean	Blue Ocean
It Compete in the existing market space	Create uncontested market space
Beats the competition	Makes the competition irrelevant
Exploit the existing demand	Create and capture new demand
Make the value- cost trade off	Break the value-cost trade-off
Line up the whole system of a firms activities with its strategic and planned choice of differentiation or low cost	Line up the whole system of a firm’s activities in pursuit of differentiation and low cost
Value creation or addition = added value	Value innovation

The Continuing Creation of Blue Oceans:

Authored by “W. Chan Kim and Renée Mauborgne” Blue Ocean is a creating new way of thinking, a new strategic mind-set that charts a courageous new path to win the future.

Many of the industries which are known today by us were unknown hundreds of years ago.

Blue Ocean has constantly been created over time. Automobiles, aviation, mobile, biotechnology, management consultant, mutual funds, courier services, packers and movers are all examples of the blue ocean strategy. Many of these industries which were unknown in the past are now very famous and profit making industry. The key to strength in the business world is to generate new, uncontested market space.



The rising Imperative of Creating Blue Oceans:

Creating a company in blue water has much more benefits of performance rather than floating a company in oversaturated market. Due to the under mentioned reasons there is a rising imperative of creating blue ocean

- In recent years Supply has exceeded demand
- There is a accelerated commoditization of products and services
- There is an increasing price wars
- The profit margins of the companies has started shrinking
- Brands are becoming more analogous

- Globalization has made many brands ever more similar and more of a commodity
- Technological improvement has caused supply to overshadow demand
- It has now become harder than ever to distinguish among brands

Value Innovation:

Creators of Blue Ocean rely on the “novel” strategic logic of Value Creation.

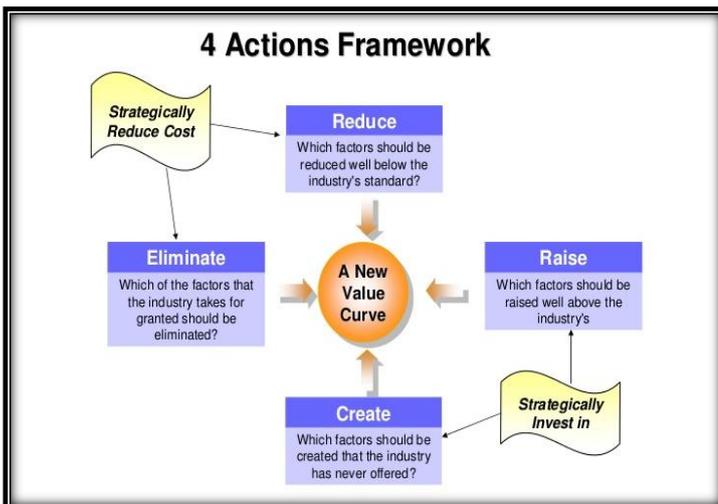
Rather than focussing on beating the competition the focus is laid on eliminating the competition by creating a leap in value for buyers and capturing the market space which has been uncontested.

When organisations associate its product and services with novelty in utility, reduction in price and cost the value innovation occurs. The proper

timing of launching the product is very important as the market must be ready to accept the product. The proper timing is the key factor.

The main focal point in value innovation is differentiation of product offered with reduction in the cost which is advantageous to both the customer and the organisation

In order to do the cost savings the industry which competes on the factors are dropped and eliminated in Blue Ocean. Industry offers the value to its customers in the form of innovative product and services which has never



been offered to the buyers. With the passage of time, cost are further reduced as scale of economies kick in, due to the increase in the sales volume owing to the value innovation.

Four Action Frame work :

The four action frame work is applied to Reduce, Create, Raise and Eliminate the industry practices which helps to create Blue Ocean out of the Red Ocean.

Four action frame work is used to craft the new strategies which help the organization in improving the value of the product. The framework poses the four key question which challenge the standard industry logic.

The first question all the organizations engaged in competing with each other is to ask which of the factors that are taken for granted in an industry can be eliminated. Many organizations competing with each other fail to recognize that eliminating the factors on which the organizations will reduce the cost.

The second question the organization needs to ask is whether the product and service which they are offering is developed over the time to beat the competition and survive in the market. The organization needs to reduce those factors and improve the value curve

The third question urges the organizations to raise those factors which are above the industry standards and which are altogether new to be offered to the customers

The fourth question makes the organization create the blue ocean and offer those factors in the product and services which has never been offered to the consumers. It creates whole new source of value to its consumers.



Three Tires of Non-Customers:

Non-Customers consist of three tires, which can be converted in your customers. These three tiers of customers vary in the relative distance from your market. The first tire customers simply buy the product or avail the service from the industry out of necessity. The second tires of customers are those who refuse to accept the offering by your industry. The third tire of customers are those who has never thought about the offering of your industry

Case Study of Indian Premier League (IPL) Twenty-20 (T-20) Cricket

History of IPL T-20 Cricket :

Subhash Chandra, media baron of Zee group formed the Indian Cricket League (ICL) to counter BCCI's strength in Indian cricket. ICL had senior players from different nations who were on the verge of retirement and few were the budding talents from across the country.

In order to take the advantage of growing popularity of T-20 Cricket, Lalit Modi and Board of Control for Cricket in India (BCCI) pioneered the idea of Indian Premier League, Twenty-20 Cricket with the backing of International Cricket Council (ICC). IPL T-20 was based on the idea of club football in Europe, exclusively the English Premier League.

IPL had all the ingredients of a successful event: top cricket players, entertainment, fun, bollywood celebrities, money, fame, corporate and political flavor.

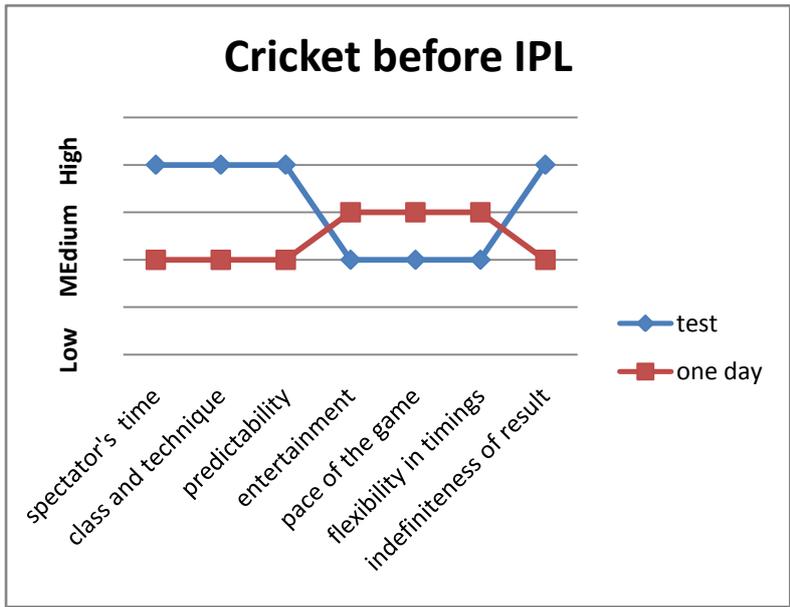
IPL T-20 has taken cricket to a great height. Cricket fever has taken over the minds of the cricket fans. IPL T-20 administrators and organizers have re-energized the game of cricket. It has packed the fun of cricket in the minds of people with full intensity. Many people are of the view that it is the best thing ever happened in the game of cricket.

Blue Ocean strategy applied in IPL T-20 Cricket:

The innovation in IPL T-20 is the most striking thing which has revolutionized the cricket game. The sedate game of cricket has been re-energized with nonstop fun and action and has considerably reduced the time of the spectators. Cricket has been converted into a family event like going to cinema, whether you watch the game at home or in the stadium. The innovation in IPL T-20 has attracted many consumers with its innovation strategy.

Test cricket which used to be a boring affair of 5 days was played in white clothes only oldies cheering on the Lords benches. The white clothes were then replaced by colorful clothes. Every innovation in the game of cricket be it change in colour of clothes or one day cricket match it has brought lots of fun and frolic. Every innovation has changed the rule of the game and also changed the perceptiveness of the cricket fans towards the game. It changed the way people perceived the game, money and fame.

IPL's three hour version with fun, action, cheer leaders, bollywood celebrities, corporate tycoons replaced the prime time soap operas and soon IPL T-20 became the house hold name.



Cricketainment i.e Cricket plus Entertainment

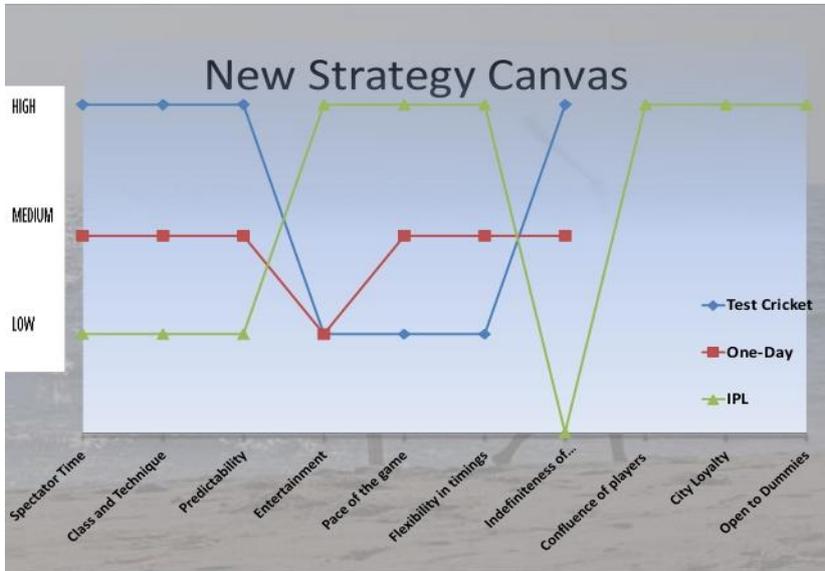
The innovation in sports as a form of entertainment has been the best example in IPL T-20 cricket which has attracted lots of consumers. It showed how competition brings improvement in the world of sports and makes it a money making industry.

Cricket at 'Lords' was a royal affair which did not appeal the masses which was a non exciting 5 days affair. IPL T-20 cricket version is a remarkable example of Blue Ocean Strategy, which attracts the masses, be it a common man, professionals or a housewives.

As Blue Ocean looks across an alternative and all together a new industry, IPL T-20 cricket has replaced a game of cricket as

The strategy of Blue Ocean to conquer uncontested market space in the game of cricket has been conquered by IPL T-20 as a fast game pace which caters to the need of all the segment and not just cricket lovers.

T-20 created a new family entertainment. Test match and one day cricket which took a considerable long time is replaced with T-20 which takes a much less time and is complemented with entertainment along with the game of cricket. The introduction of the cheer leaders has brought the functional appeal towards the consumers. The break value and cost trade-off has been brought by the differential value at low cost. The spectator time has drastically reduced which has brought the three tire customers in the list. It has also pooled the new talents in the game of cricket



Cricket after applying Blue ocean Strategy

Three Tires of Non-Customers in IPL T-20 Cricket:

The first tire of Non-Customers are the working executives who do not get time to watch test cricket and one day cricket due to their tight working schedule. This has been eliminated by IPL T-20 cricket by reducing the time of spectators especially the working executive.

The second tire of Non-Customer in the game of cricket is Women who deliberately refuse to accept the offering by the industry as they find it boring to watch the

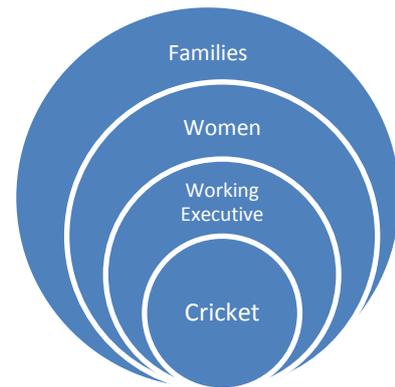
test cricket or one day cricket. This has been replaced by the IPL T-20 cricket by adding the fun, top players of cricket from across the world, entertainment, bollywood celebrities and cheer leaders to the game of cricket.

The third tire of Non-Customers in the cricket are the families who want to enjoy and have entertainment together which is missing in the test and one day cricket. The entertainment in the cricket has been replaced by the IPL T-20 cricket which has made cricket a family entertainment and replaced the prime time soap operas and going to movies with family.

Value innovation In IPL T-20 Cricket

Value innovation is the most important aspect and foundation stone of a Blue Ocean strategy

T-20 is the shorter version of the cricket game as compared to Test cricket and one day cricket which provides more fun and excitement. T-20 cricket is packed in differentiation with cheerleaders, bollywood celebrities, fun, action business tycoons.



Four Action Frame work applied in IPL T 20:

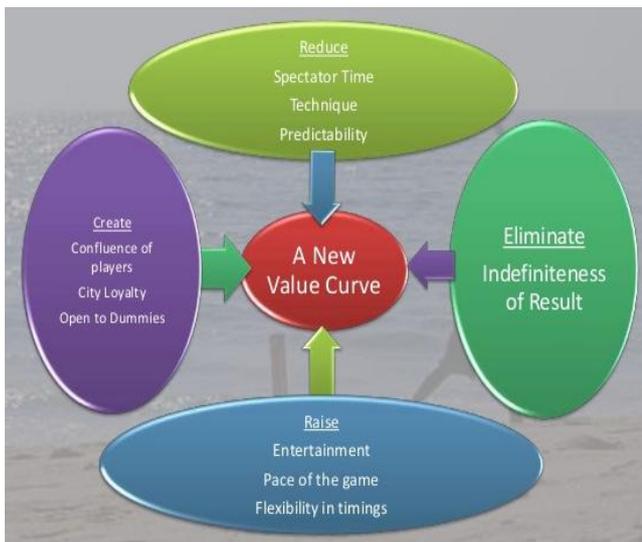
IPL T-20 has broken the conventional cricket norms, the market for the cricket boundries has been reconstructed. It has created a new demand of cricket among the non spectators (Customers) of the cricket. A new value curve has been obtained by applying the four action framework of blue ocean strategy.

Reduce: The spectator time of watching the game the technique of playing the game and the predictability has been reduced.

Eliminate: IPL has eliminated the conventional rules of the games which was applicable in Test match and one day match. The indefiniteness of the result has also been eliminated.

Raise: The pace of the game the entertainment and flexibility of the timings has been raised along with the popularity of cricket to a dizzying height. The IPL T-20 cricket provide marvelous entertainment in terms of batting, bowling and fielding along with the cheer leaders, business tycoons and film stars.

Create: IPL T-20 cricket has created loyalty for the cities among the citizens. The confluence of players coming from different countries, cities and states has created a team spirit and sportsmanship spirit among the players. It has also created opportunities to the upcoming talent in cricket. It has also promote a franchisee driven T-20 Cricket.



Conclusion:

The launch of the IPL in 2008 will be recorded as the start line from where the country's nascent sports business took off. T-20 tournament, where the matches are fast-paced and last about three hours each, gave the sport more popular appeal. It has created a great demand for the Indian Premier League, with renewed interest around the cricket.

References:

Kim, W. C., R. Mauborgne, et al. (2008). Blue ocean strategy: How to create uncontested market space and make the competition irrelevant, Harvard Business School Press

1. Burke, A. E., A. Van Stel, et al. (2009). "Blue Ocean versus Competitive Strategy: Theory and Evidence."

2. Pitta, D. (2009), "Issues in a down economy:

Blue Oceans and new product development", *Journal of Product & Brand Management*, Vol. 18 No. 4, pp.292–296

3. Raith, M. G., Staak, T. and Wilker, H. M. (2008), "*Decision-Analytic Approach to Blue-Ocean Strategy Development*", Magdeburg: Otto-von-Guericke University.

4. Sheehan, N. T., and Vaidyanathan, G. (2009), "Using a value creation compass to discover Blue Oceans", *Strategy and Leadership*, Vol. 37 No. 2, pp. 13-20.

- The literature search has been done mainly via the following internet sites:
- <http://www.utwente.nl/ub/en/>
- <http://scholar.google.com/>
- <https://www.google.com/>
- <http://www.emeraldgroupublishing.com/products/journals/index.htm>
- <http://www.tandfonline.com/>
- <http://www.inderscience.com/>
- https://en.wikipedia.org/wiki/Blue_Ocean_Strategy