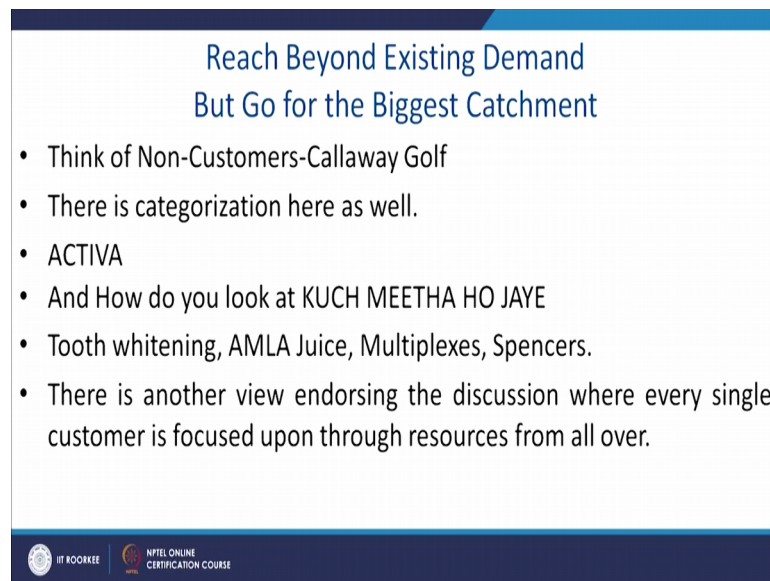


Innovation, Business Models and Entrepreneurship
Dr. Vinay Sharma
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Lecture – 20
Blue Ocean Strategy-II

Hello once again and this is the last discussion we would be having in this segment of innovation, entrepreneurship, business development and now which is culminating into a Blue Ocean Strategy perspective. As we tend to discuss in the last segment you know that how blue ocean framework can be visualized. Now, we move towards blue ocean tools and strategy canvas and I will demonstrate in a short while that what does it implies.

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Reach Beyond Existing Demand
But Go for the Biggest Catchment

- Think of Non-Customers-Callaway Golf
- There is categorization here as well.
- ACTIVA
- And How do you look at KUCH MEETHA HO JAYE
- Tooth whitening, AMLA Juice, Multiplexes, Spencers.
- There is another view endorsing the discussion where every single customer is focused upon through resources from all over.

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But before I go towards that I would just like you to recall that there is an element of Blue Ocean which suggests that reach beyond existing demand. And also go for the biggest catchment kind of and that is where the context of blue ocean tends to take a particular kind of a shape, where in we as demonstrated earlier also we think of non-customers. How non-customers can be brought into this sphere as I refer to this goal for example, earlier as well.

You may categorize this thing you know the thought process associated with going for non-customers in different categories that for example, active wise an example that you

are looking for people who were using other two wheelers to attract them towards a segment of you know, a broad base segment of as far as two wheelers go. It is a it is an innovative new kind of a product which includes several kinds of customers all together.

So, you can say that there is an element of, imbibed element of somewhat you know some sort of some form of computation there. But definitely it is an example of Blue Ocean where in you know that tends to take your thought process towards associated customers. And those associated customers have a portion of non-users as well who were not riding two wheelers or using two wheelers to an extent or for every sort of purpose.

Because they somehow you know were not finding the product apt for them or they were trying to adjust with the products being offered till now. For example, elderly now ride Activa very comfortably, women and you know kind of school students they had different kind of choices associated with that, but now it has become a universal kind of a choice more or less.

So, that is that is where categorization also evolves and but largely when we think in terms of you know attracting non-customers Activa is one of those examples. Then have you heard of [FL]. So, Cadbury they sort of projected their chocolates with the perspective of not only chocolates or not only the users of or let us say customers of chocolates. They projected chocolates with the perspective of if you have a craving for having some sweets.

So, alternative to sweet as such. So, one means one may say that they were trying to compete with the sweet segment, but I would say no they were trying to attract non-users or associated users at large with as far as [FL]. And as I said and in the last discussion also there are places where there is a very thin line of understanding between these contexts. But definitely when you look at these with reference to the examples and the execution of those examples; in practical life you would realize that definitely the organization in parts they were they can be categorized under blue ocean framework as such.

Then there are tooth whitening toothpastes which can be looked upon with this kind of a perspective. Amla juice have you heard of earlier before Patanjali launch that I did not hear of that at all. So, that is one of those multiplexes when they came into being that was again you know reaching beyond existing demand.

Now, today you go to multiplexes to watch movies and spend lots of money as compared to what one did in earlier stages of going to cinema halls. Now, it has become an experience and it has become a matter of enjoying a particular time period while watching the movie and eating food products. And you know spending some time and comfort with the families and so on.

So, it has gone a way beyond as far as reaching beyond existing demand. Stores like Spencer's and big stores like Big Bazaar's they have changed the way people used to shop and it is not to be mentioned although there is whole lot of virtual or online stores available; But still Big Bazaar's and Spencer's and these kind of stores you know sometimes on especially on holidays and weekends you do not find a place to you know it is crowded.

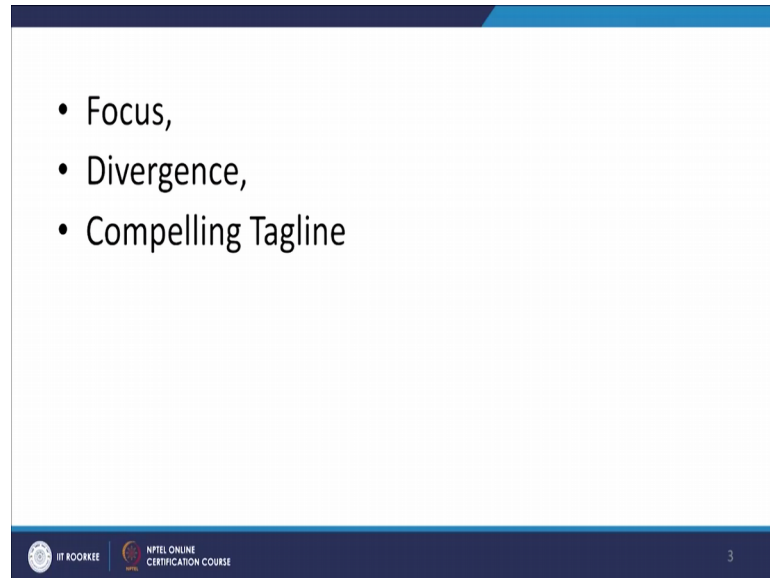
So, there is another view endorsing the discussion where in every single customer is focused upon through resources from all over and that is where Prahalad and Krishna they have demonstrated creative innovation perspective. And it is also interesting to be noted here that you know kind of whole lot of world is looked upon as a resource and so, many resources are you know utilized for satisfying an individualistic need of the customer through co-creation perspective.

So, that is also a view which supports and endorses reaching beyond existing demand. Now, the as a discussion says tools and strategy canvas so, when we think in terms of tools with reference to blue ocean the first important element which we have to learn is focus. Focus on the kind of offerings we are going to make, focus on our customer, focus are the requirements and the needs of the customer. Focus on the perspective of the customer focus on how customer has been compromising up till now, as far as the satisfaction of particular kind of one goes.

Focus on that what kind of non-users can be brought in as far as particular ambit of offering scope divergence. How divergent one can be as far as the existing offering set of offering scope. We are focusing on the customer's needs and your offerings, but then simultaneously you have to focus upon the divergence which is as compared to the existing offering state as such.

So, as we have fondly demonstrated about Apple or Amul or LIC or several other examples which you know which have demonstrated focus and divergence simultaneously.

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Then there is a compelling tagline which definitely is required to generate not only generate a recall, generate pull and to justifiably suggest what you are up. And then one of my favorites is [FL].

Now, that is very assuring kind of a tagline wherein you see they the LIC has a product which is called Jeevan Anand. And the product entirely is related to this tagline which is definitely the company's tagline as such. So, you see you pay a particular kind of a premium and when the policy gets matured you get the maturity amount. And once for example, I have that I have purchased that product, once I die the maturity amount once again would be given to my daughter.

So, you get the maturity amount twice [FL]. Now, that is an important kind of a product and the policy which is very popular nowadays as far as LIC's product offerings go. But LIC tends to suggest the customers that they stand by this, line that you know they not only assure a customer within his or her lifetime, but also it would stand by the people who you know the successors or the people who are associated with the buyer of their policies. While you know settling their accounts and you know giving them the money, which they you know they deserve in terms of the products which they have purchased.

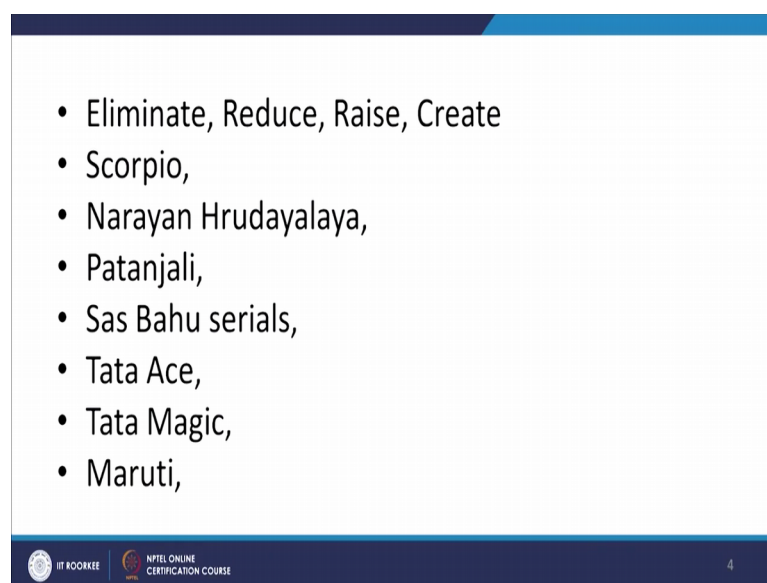
So, compelling tagline that is that is very important and there are many popular compelling taglines which have attracted lots of attention from the customers and non-users as well kind of. So, so Pepsi has one of those you know taglines and then Lifebuoy has one of those taglines and then several other.

Amul has one of those taglines and Bata they have one of those taglines and taglines like [FL] is very important tagline. And at the end of the day, but just to draw your attention on one very important point that most of the taglines they exemplify hope. And that is where we always say that integrated marketing communication works on the basis of two key words hope and fear.

And most of the integrated marketing communication and taglines they are related to hope and hope is the key word, which propels the thought process of the customer. Because as human beings we tend to believe in a better world which may come and under which we always are looking for better times kind of. So, hope is a very important thing. There is a saying in Urdu that [FL].

So, that is that is a wonderful kind of a thing when we say that hope propels things actually. So, that is where compelling taglines the context to compelling taglines comes in. Now, there is a framework or further you know categorization of tools which we utilize in blue ocean strategy and that refers to eliminate, reduce, raise and create.

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- Eliminate, Reduce, Raise, Create
- Scorpio,
- Narayan Hrudayalaya,
- Patanjali,
- Sas Bahu serials,
- Tata Ace,
- Tata Magic,
- Maruti,

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I would I would demonstrate that in a short while from now but just to reiterate some examples before demonstrating this, these tools which would be you know, which constitute blue ocean strategy canvas.

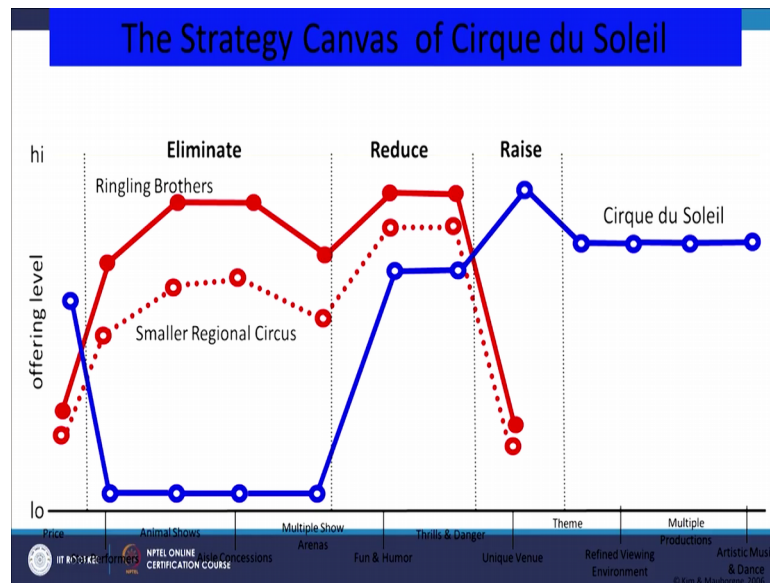
And I would try to demonstrate how we can go for forming blue ocean strategy canvases for in case of several products and offerings. I would say offerings for precise execution of whatever we have been discussing up till now. And once you tend to practice developing these canvases or blue ocean canvas in terms of several offerings you may have in mind; you would definitely reach to a point wherein you would master the art of developing you know Blue Ocean thought process. And that is what is the culmination of everything, which we have discussed up till now.

So, for example Scorpio. Now, this is a story which tells us that how Scorpio actually worked upon all the elements which we have seen up till now. So, reconstructing the market boundaries, developing a product wherein non-users were attracted. Systematic innovation perspective was associated with this product. Value innovation perspective immerse along with this product and lots of rationality came and when this product was thought of in due course of time and it came when then it created a market for itself.

So, it created an uncontested market space for itself wherein you know it diminished the line between a car and MUV and SUV and so on. So, that that is an important example which we talk of at this moment when we are culminating towards blue ocean and we are about to form blue ocean strategy canvas. So, Narayan Hrudayalaya as we have seen we have discussed this, Patanjali it is it is a very favorite example of today's contemporary times. And then [FL] serials which emerged on television and you see these soaps they these tele-serials they actually wrote a different kind of history. And they also constitute all the elements which we have seen up till now in with reference to blue ocean perspective.

Then Tata Ace is a product which I definitely categorized in a similar category and then Tata Magic is there and Maruti definitely wrote a history when they came up with the cars. You know they offered the product offerings which they had and today also they have offerings which are related to you know lots of blue ocean approach from their stable.

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Now look at this, this is a canvas which we are referring to on the one side you have offering levels. You may choose to categorize that offering level according to any scale you desire for 0 to 100 or 0 to 10 or whatsoever. And this is the offering level and offering constitutes of all the four-piece kind of you see, if you if you look at those offerings in terms of marketing and elements of marketing then definitely product, price, place, promotion constitute the offering level.

So, that is you and you can refer to any standard marketing text for understanding what offering and what an offering is largely. So, but when we say offering it is largely the combination of all the four-piece which is related to a particular kind of a product. So, offering level you know is this on one side and on the other side you have kind of you know offerings.

So, here is an example of this example I have borrowed from Kaman Rainey's book on blue ocean strategy and this these slides are available on the web. And the sources would be revealed to you know you as well and as far as the reference material goes. So, the this is an example of Cirque du Soleil you know kind of circles which existed and this circles recently close down finally. But not because of they could not stand in the market, but definitely there might be different reasons. But at the time when this was looked upon by the authors this circus is an elemental example of how blue ocean worked for

this circle. For example, authors have chosen to talk about contemporary circus, which were in competition with this circus.

Ringling Brothers or smaller other circus and they say that there is a price level, then you see there are star performers. There is a level of star performers, then there is a level of animal shows. Then there is a level of aisle concessions, then there is a level of you know multiple show arenas. Then there is a level of fun and humor, then there is a level of thrills and danger and then there is a level of unique venue which is demonstrated by red lines and red spots.

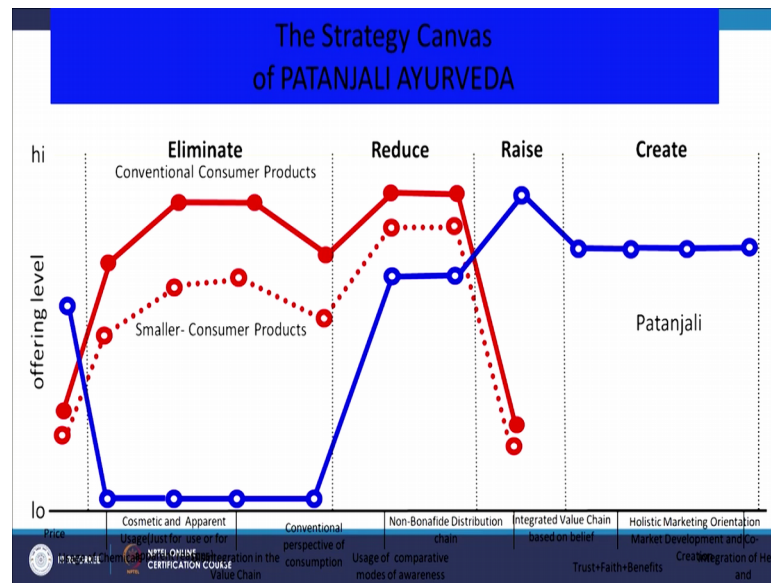
What this circus did was; this circus eliminated star performers, animal shows, aisle concessions and multiple show arenas. Now, what is a circus if eliminating such kind of things is left with, now that was the catch. They reduced fun and humor and thrill in danger. Now, you see that is where reconstructing the market boundaries come in; you tend to reduce and eliminate the things which actually constitute the meaning of a particular kind of a an offering or a business in larger context. But what they did was they actually raised unique venue.

They created a particular kind of a beautiful ambience associated with circus and you if you would have visited circus you would have realized that its, the ambience is not so conducive. So, they created a wonderful beautiful ambience and then they went for creating a theme around that show. Refined viewing environment wherein you could go and enjoy and relax and the show is going on. Multiple productions and artistic music and dance associated with that particular kind of a circus.

So, you see they attracted non-customers and went into an uncontested market space. They differentiated with low cost while reducing all the costly elements existing within a circus and that is how this you know example is demonstrated aptly in blue ocean strategy; written and demonstrated by Kaman Rainey's. And their website also demonstrate these kind of examples through wonderful slides and one of those slides is in front of you right now.

So, that is where you know blue ocean execution within the framework or for elements of eliminate, reduce, raise and create comes in. Now, slightly look at another example Patanjali.

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You know again as I said that we have to sort of develop strategy canvas in terms of the offerings, which we have understood. What we feel that they come under blue ocean strategy framework or we feel that they can come under blue ocean strategy framework, if they go with a particular kind of methodology which we have discussed in earlier discussions.

So, Patanjali for example, now you know when you go for conventional consumer products which Patanjali is now into. So, again a with red dotted line you can see that they have a particular offering level in terms of price. And then you know they have a usage of you know sort of chemicals or let us say a kind of they have particular kind of composition of different kinds of chemicals or those kind of things which are definitely not bad for; but they are also sometimes not good for as far as the health of and skin of people go.

And although they do lot of research in terms of you know kind of the benefits which they can give and pass on to the customers. And definitely they go through very strict processes wherein they cater to the customers with lots of you know research and development associated with producing good products. And products which are not only not detrimental to the health of the customer, but beneficial for the customer, but still chemical usage is there.

So, then there is a cosmetic and apparent usage just for the use basically. So, terms of cosmetics products are used just for the usage kind of; then there is an integration of you know kind of non-integration of value chains kind of. So, wherein whole of the value chain is this integrated form of when you have the reference to these cosmetic and you know consumer products they especially go.

So, conventional perspective of consumption contemporarily we go for brand awareness and that brand awareness tells us that sometimes it says that, it is good for one to be tall dark and handsome and sometimes that brand awareness is that you should be fair. So, and then whatever brand orientation we develop in due course of time and we get attracted towards a particular kind of a product and then we go for conventional consumption.

Usage of comparative modes of awareness that is a red ocean perspective, you know you are advertising with a similar kind of an orientation. Non-bonafide distribution chains scattered and fragmented distribution chains and so on.

So, what Patanjali did was they eliminated the usage of chemicals and cosmetic and apparent usage. They said that this is not for cosmetic and apparent usage of the consumer products; it is for the benefit of the health of the people. They eliminated disintegration in the value chains and the eliminated conventional perspective of consumption. They reduced usage of comparative modes of awareness, wherein they you know sort of although they have tend to move towards that a big, but they reduced that sort of. They focused upon the quality and advantage of the products they have in their you know constitution or the products are consisted of.

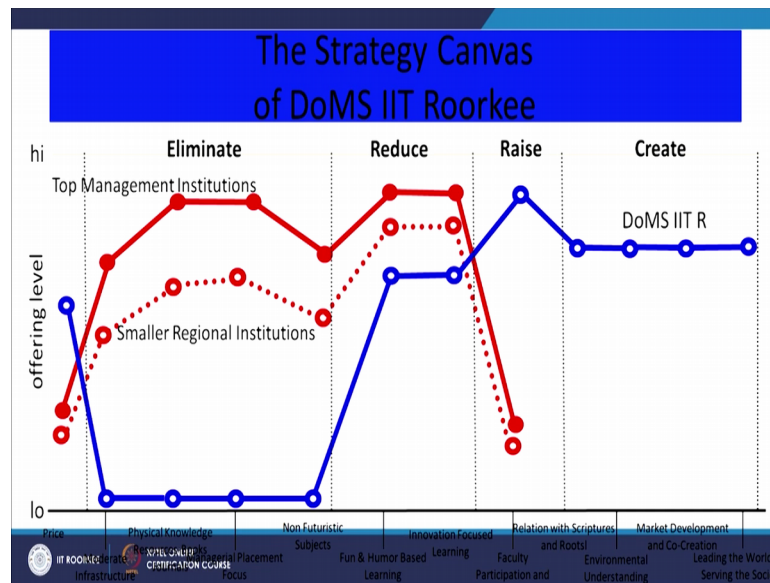
Then they eliminated non-bonafide distribution chains kind of. They raised integrated value chain based on belief kind of they belief which talks of natural products, which talks of benefit of the customers. And they created and a context to trust, faith, benefits, holistic market orientation, market development and co-creation and integration of health's and prosperity.

So, this is where you know an important perspective evolved around Patanjali and as we have seen that it has become a rage as far as you know development of marketing, addressing non-customers and going for uncontested market space and so on. So, that has become an important kind of an organization in which has a retained a particular kind of

a history in the consumer market landscape, as far as India within a very short span of time.

And it is a very apt example of as far as blue ocean framework goes so, that is where you know the Patanjali example rests.

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I would end this discussion with an apt example of my own department of management studies at IIT Roorkee, which I look at with this strategy canvas frame of you know blue ocean strategy. 2008 I am not going into the entire history of this department, but 2008 this department had few students who were taking up PhD as you know the few research scholars 10 or 11 in numbers. One batch of 60 students of MBA, 16 first year, 16 second year and 7 faculty members all in all and many visiting faculty members coming to teach the students..

The department with reference to being a B-school or full-fledged B-school did not at all exist on the landscape of you know as far as B-school scenario in India goes. What is to be done? If you go by a red ocean framework then you have to compete in the existing market space and then B-schools which have been existing for n number of years and who have a cumulative acumen for a very long time; you just cannot beat them.

And the students also look at you with a particular kind of a categorization industry and you know future employers of your students where your student as go you know as a

product goes and serves there. They also look at you with a particular kind of a categorization and so on.

So, you have different kinds of problems associated with if you look at this scenario with the red ocean perspective. Now, if you look at the scenario with the blue ocean perspective, which department incidentally try to do and then further propel it strategically. You see that is how the scenario was that offering level is there and top management institutions and others similar management institutions with a perspective of you know a B B-school shown by red dots and red lines was there.

There is there was an element of price, infrastructure, physical knowledge, resources, books and material and then lots of focus on managerial you know acumen which was precisely developed within a certain framework and lots of focus on placement; which still is the call of this industry.

And then non-futuristic subjects you know contemporary subjects and which generally were felt mandatory for being taught in B-schools generally and which were being taken from other countries, who definitely had relevance to the context of the subjects they were offering. But many of the subjects were largely being taken randomly from whatever was being offered abroad; the methodological and pedagogical framework which was being offered there, because compulsory the content was being borrowed from the other countries.

So, and then there was a context to fun and humor-based learning you know kind of how we can infuse fun and humor for as far as learning management goes. Then there was an innovation focused learning also infusing concurrent thought and concurrent industrial acumen in inputs as far as management acumen goes. Then there was you know other elements to it and faculty participation and so on.

Now, what we somehow did was that we moderately eliminated as far as you know going for a full-fledged separate B-school based infrastructure goes we because we are a part of a very big and you know established institution. So, we utilized the infrastructure of IIT aptly which was required. We eliminated physical knowledge and resources and books and material because IIT has that you know you know at a very large level. And we got we are we are on national knowledge network which can be utilized by our students from wherever they are the whole of the resource is available to them.

Then we sort of eliminate eliminated the zeal for focusing everything in terms of placements kind of. We said that placement definitely can be a culmination of whatever you do and everyone has to be employed someday. But we would not be focusing on placements for as far as delivering the education goes and then we eliminated non-futuristic subjects. We continuously deliberated upon the you know existing subjects and then we try to come up with changes in the course structure and syllabus continuously many a times and very frequently kind of.

Then we reduced fun and humor-based learning and innovation focused learning. We said that you know unilateral innovation wherein, if it is not collated with the requirement of the existing world and the future which this world should have would not do good. So, we slightly reduced and rationalized that and fun and humor definitely was rationalized because it was consuming lots of time.

And then we raised faculty participation and you know kind of the level of faculty participation exists in B-schools kind of and faculty acumen also was raised. Because faculty started taking up the highest levels of researches they could reach to and I am very pleased to feel pleased to share with you that national institutional ranking framework last year ranked department of management studies IIT Roorkee, second in terms of management researches in this country.

The team of 15 faculty members has produced an output in terms of scholars as well as research acumen as well as published publications in terms of papers and books which is higher than best of the B-schools in the country and even cumulatively in totality also.

So, that kind of faculty participation research and culmination of that research towards the benefit of the students and that was raised and that worked wonderfully for us. And then we talk of you know creating a few things for example, you know relation with the traditional knowledge that that was infused by many of the faculty members. And that traditional knowledge got culminated into the demonstration in terms of our delivery of our courses. Environmental understanding, market development and co-creation perspective was introduced as far as whole of the delivery of courses go.

And then leading the world with the perspective of serving the society was also infused. And everyone sort of focused on that kind of a thing and whole lot of a culture got developed in due course of time, wherein student they tend to believe that this is how

they should be looking or forcing their roles in times to come. So, that is how department of management studies from 2008 and now we are standing in 2018.

By 2017 last year according to the rankings and ratings given to us by authentic you know agencies or an especially Government of India, Ministry of Human Resource Development, National Institutional Ranking Framework; we are now considered amongst the best B-schools in the country. And also in research acumen we are loaded with you know ratings higher than many of the institutions.

So, that is where you know things are and I rest the discussion here. There can be you know a sort of elaboration on several other aspects which remain undiscussed. But definitely there is a paucity of time and there is a limit to what kind of you know, how much we can digress or let us say how much we can elaborate in due course of time.

Thank you.