

BLUE OCEAN STRATEGIES AND MARKETING 2.0

2011

PROFESSOR
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Business Plan Out
Business Model In

1 *No business plan survives the first customer contact.*

2 *It's the business model, stupid.*

3 *Take time to think through alternative possibilities*

4 *Your business model idea is just a set of hypotheses.*








5 *Don't build your company, until you've verified your Business Model*

The Business Model Canvas


Designed for:

Designed by:

On: Day Month Year
 Iteration: No.

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>WHY IS THIS KEY PARTNERSHIP? Segmentation and specialization Acquisition of full-time employees Acquisition of particular resources and activities</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>KEY ACTIVITIES Production Problem Solving Platform/Network</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? Which bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>VALUE PROPOSITIONS Reduction Pain reliever Customization "Getting the job done" Design Price/Seller Price/Buyer Cost Reduction Risk Reduction Access/Novelty Convenience/Usability</p>	<h3>Customer Relationships</h3>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>CUSTOMER RELATIONSHIPS Personal Assistance Individual Personal Assistance Self-Service Automated Services Co-creation Co-consumption</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>MARKET SEGMENTS Mass Market Niche Market Segment Demographic Geographical Behavioral Multi-sided Platform</p>
	<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>KEY RESOURCES Physical Intellectual/Brand names, copyrights, data Human Financial</p>		<h3>Channels</h3>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PARTNERS 1. Distribution Direct (sell the customer's own or company's products and services) 2. Distribution Indirect (sell the customer's products and services through a partner) 3. Reseller How do the customer's purchase needs, products and services 4. Delivery How do we deliver a value proposition to customer? 5. After sales How do we provide post-purchase customer support?</p>	

Cost Structure




What are the most important costs inherent in our business model?
 Which Key Resources are most expensive?
 Which Key Activities are most expensive?

HOW IS BUSINESS MODEL COST STRUCTURE?
 Cost Structure (dependent on structure, but price value proposition, mechanism, association, external outsourcing)
 Value creation (dependent on value creation, premium value proposition)

FIXED COSTS CHARACTERISTICS
 Fixed Costs (salaries, rent, utilities)
 Independent of scale
 Economies of scale
 Economies of scope

Revenue Streams



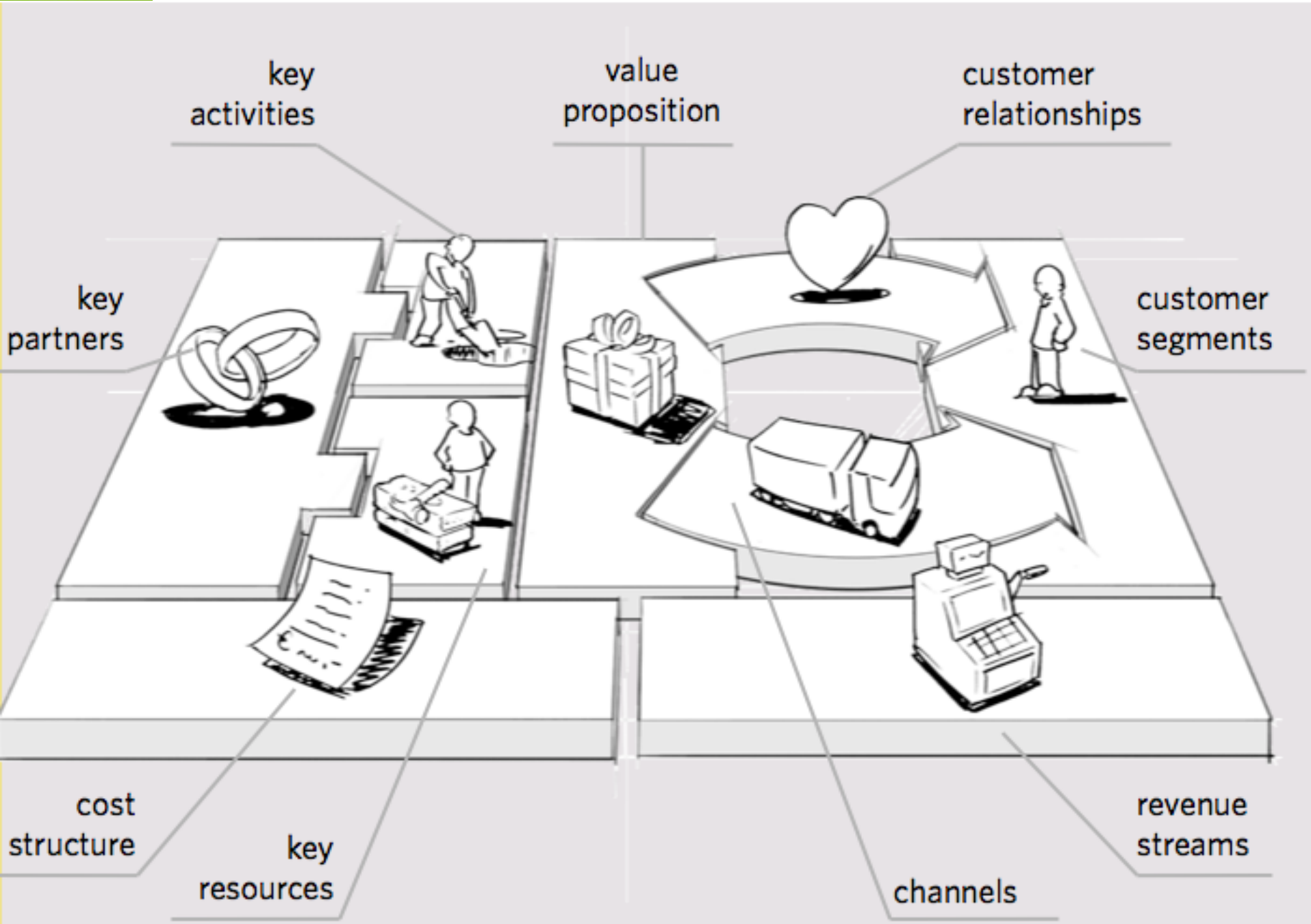
For what value are our customers really willing to pay?
 For what do they currently pay?
 How are they currently paying?
 How would they prefer to pay?
 How much does each Revenue Stream contribute to overall revenues?

TYPE
 Asset sale
 Usage fee
 Subscription fee
 Licensing/Royalty/Licensing
 Advertising
 Freemium/Free
 Advertising

FIXED PRICING
 Flat Price
 Product/Service dependent
 Location dependent
 Volume dependent

YNAMIC PRICING
 Negotiation (bartering)
 Usage Management
 Real-time Pricing



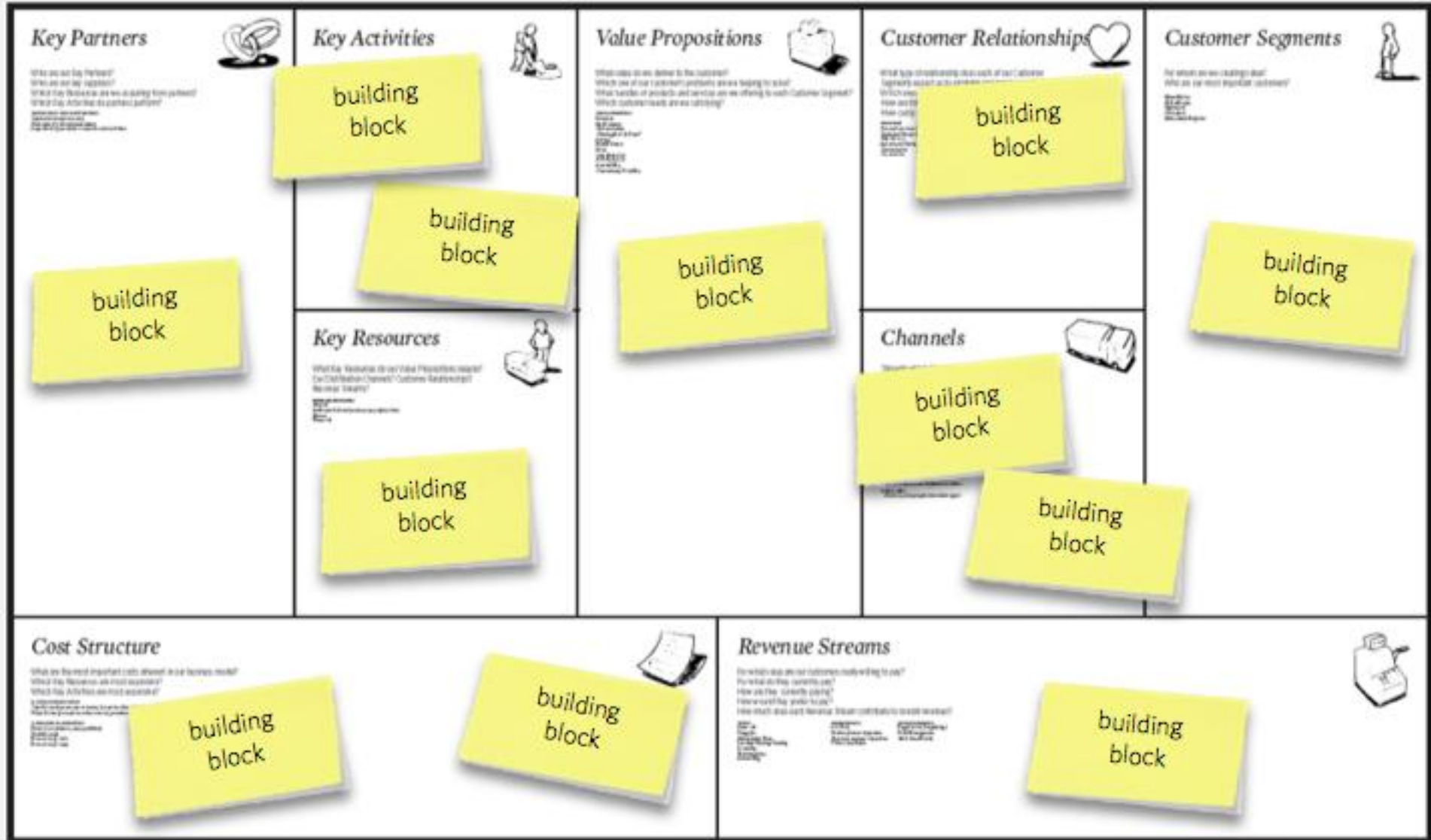


The Business Model Canvas

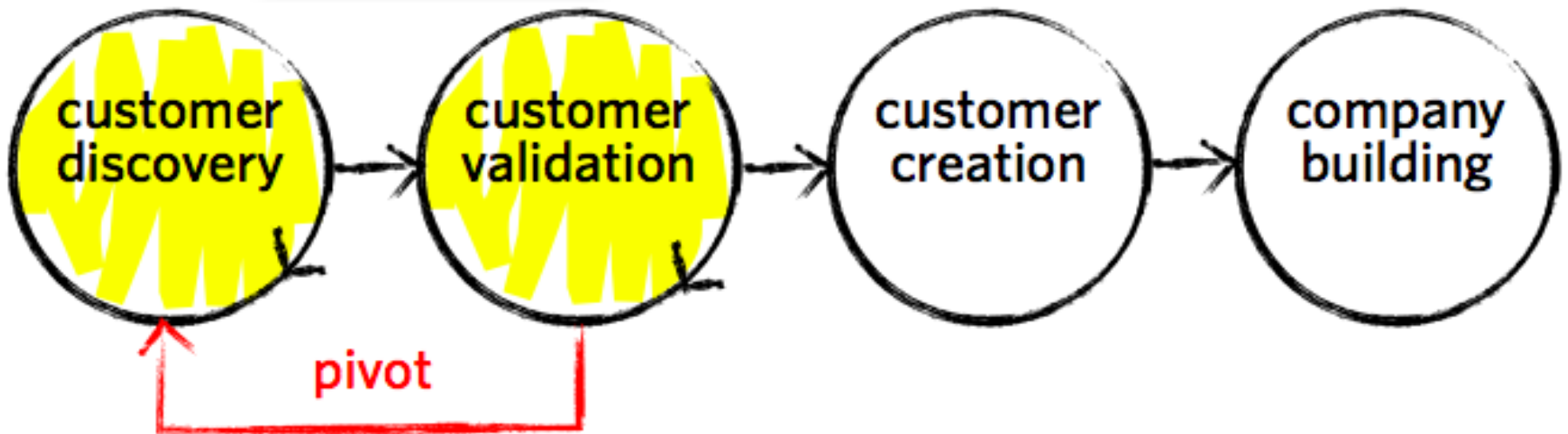
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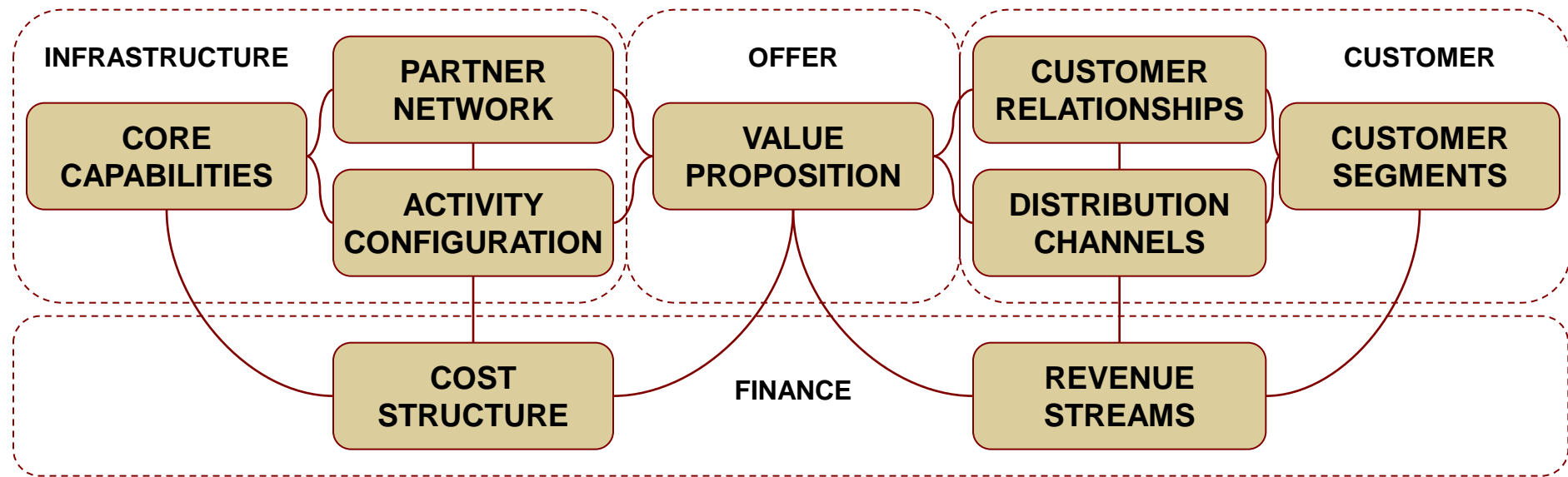
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 Revision: _____



you need to adapt the business model until you can prove it works

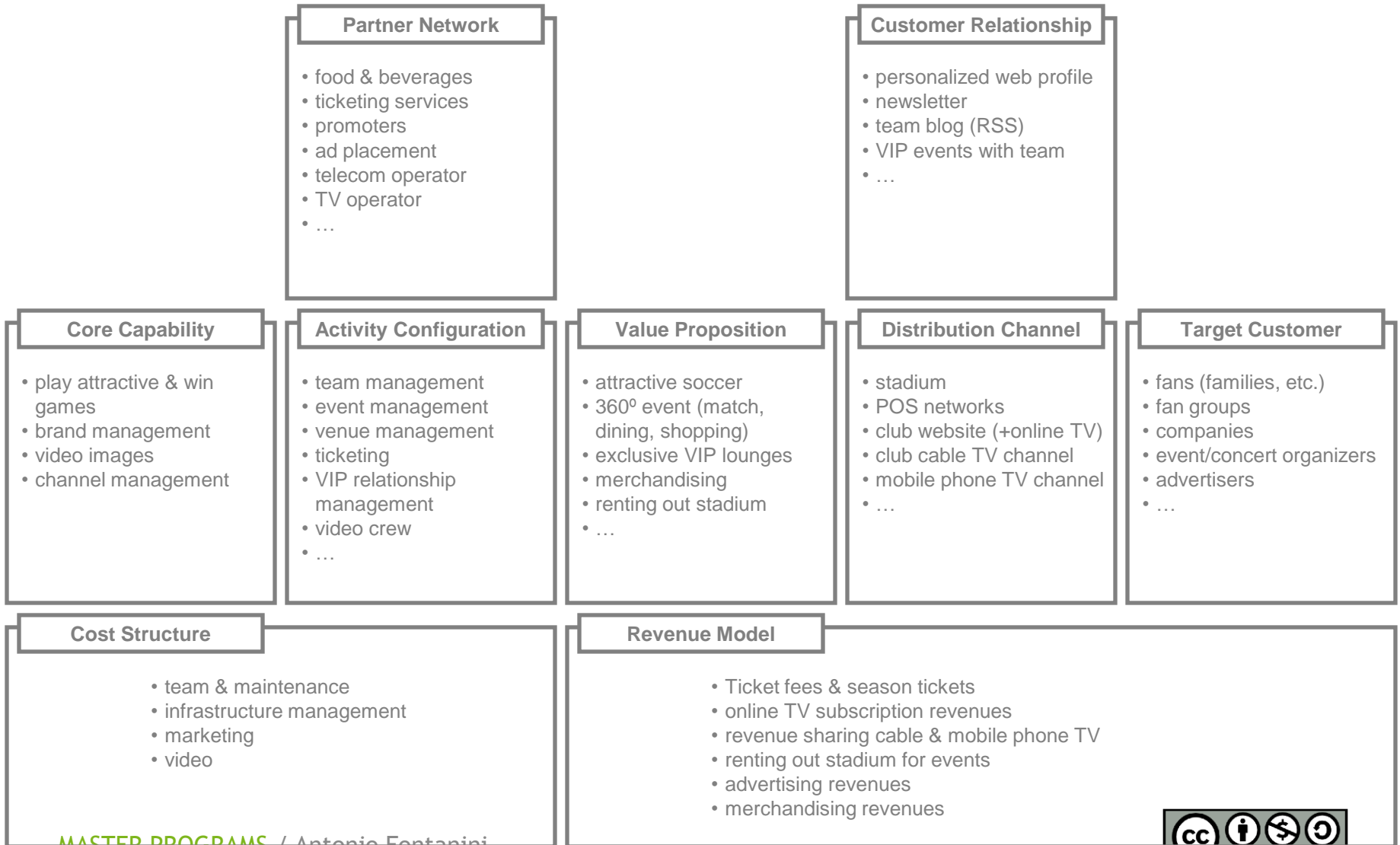


business model framework



a business model describes the value an organization offers to various customers and portrays the capabilities and partners required for creating, marketing, and delivering this value and relationship capital with the goal of generating profitable and sustainable revenue streams

the big picture





four rings of innovation

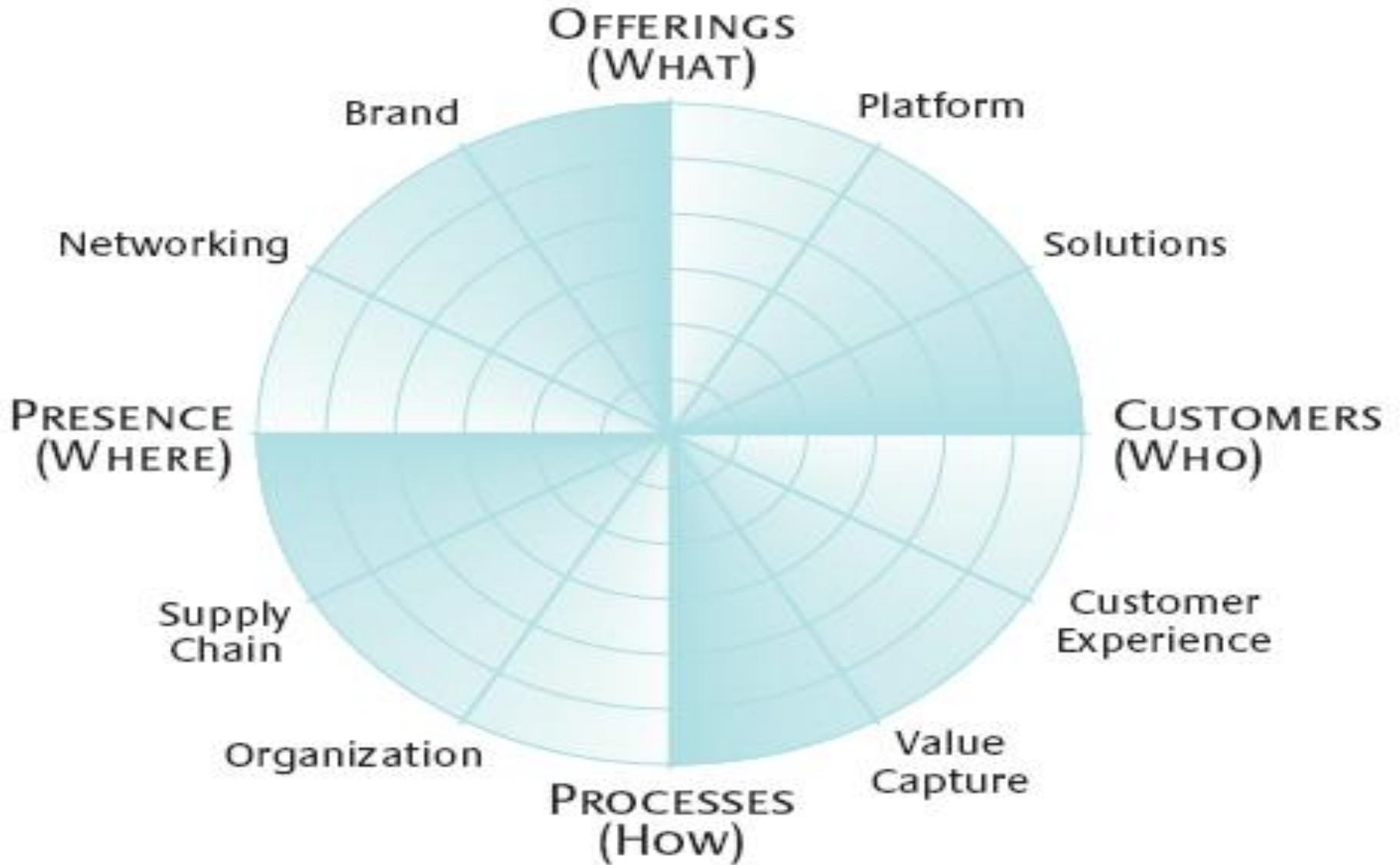
business model innovation

product & service innovation

process innovation

technology innovation

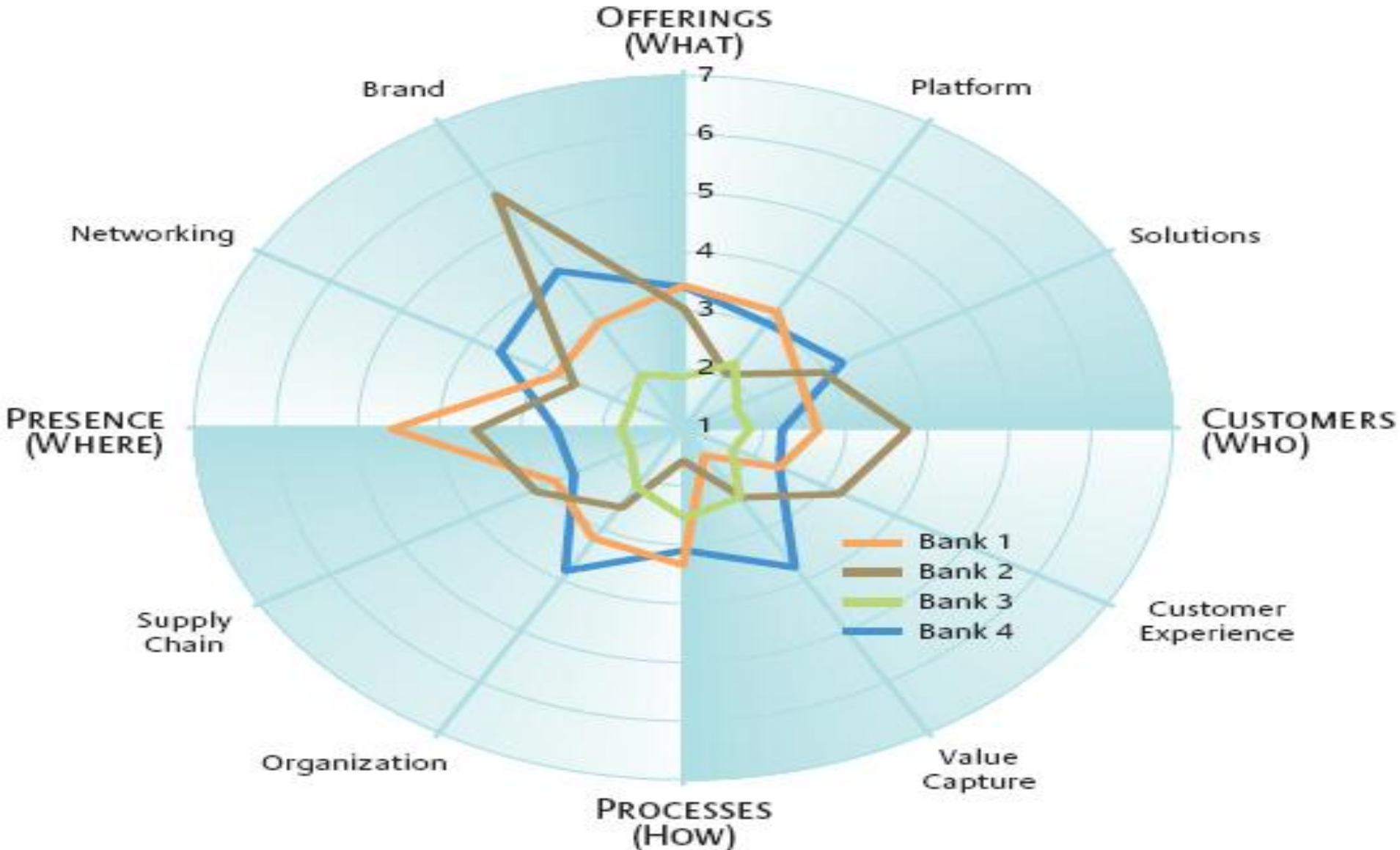
The Innovation Radar



The 12 dimensions of business innovations

Dimension	Definition	Examples
Offerings	Develop innovative new products or services.	<ul style="list-style-type: none"> • Gillette Mach3Turbo razor • Apple iPod music player and iTunes music service
Platform	Use common components or building blocks to create derivative offerings.	<ul style="list-style-type: none"> • General Motors OnStar telematics platform • Disney animated movies
Solutions	Create integrated and customized offerings that solve end-to-end customer problems.	<ul style="list-style-type: none"> • UPS logistics services Supply Chain Solutions • DuPont Building Innovations for construction
Customers	Discover unmet customer needs or identify underserved customer segments.	<ul style="list-style-type: none"> • Enterprise Rent-A-Car focus on replacement car renters • Green Mountain Energy focus on "green power"
Customer Experience	Redesign customer interactions across all touch points and all moments of contact.	<ul style="list-style-type: none"> • Washington Mutual Occasio retail banking concept • Cabela's "store as entertainment experience" concept
Value Capture	Redefine how company gets paid or create innovative new revenue streams.	<ul style="list-style-type: none"> • Google paid search • Blockbuster revenue-sharing with movie distributors
Processes	Redesign core operating processes to improve efficiency and effectiveness.	<ul style="list-style-type: none"> • Toyota Production System for operations • General Electric Design for Six Sigma (DFSS)
Organization	Change form, function or activity scope of the firm.	<ul style="list-style-type: none"> • Cisco partner-centric networked virtual organization • Procter & Gamble front-back hybrid organization for customer focus
Supply Chain	Think differently about sourcing and fulfillment.	<ul style="list-style-type: none"> • Moen ProjectNet for collaborative design with suppliers • General Motors Celta use of integrated supply and online sales
Presence	Create new distribution channels or innovative points of presence, including the places where offerings can be bought or used by customers.	<ul style="list-style-type: none"> • Starbucks music CD sales in coffee stores • Diebold RemoteTeller System for banking
Networking	Create network-centric intelligent and integrated offerings.	<ul style="list-style-type: none"> • Otis Remote Elevator Monitoring service • Department of Defense Network Centric Warfare
Brand	Leverage a brand into new domains.	<ul style="list-style-type: none"> • Virgin Group "branded venture capital" • Yahoo! as a lifestyle brand

Innovation profiles of 4 leading L. A. Banks





- > market boundaries are not given
- > they are reconstructed by the actions & beliefs of industry players

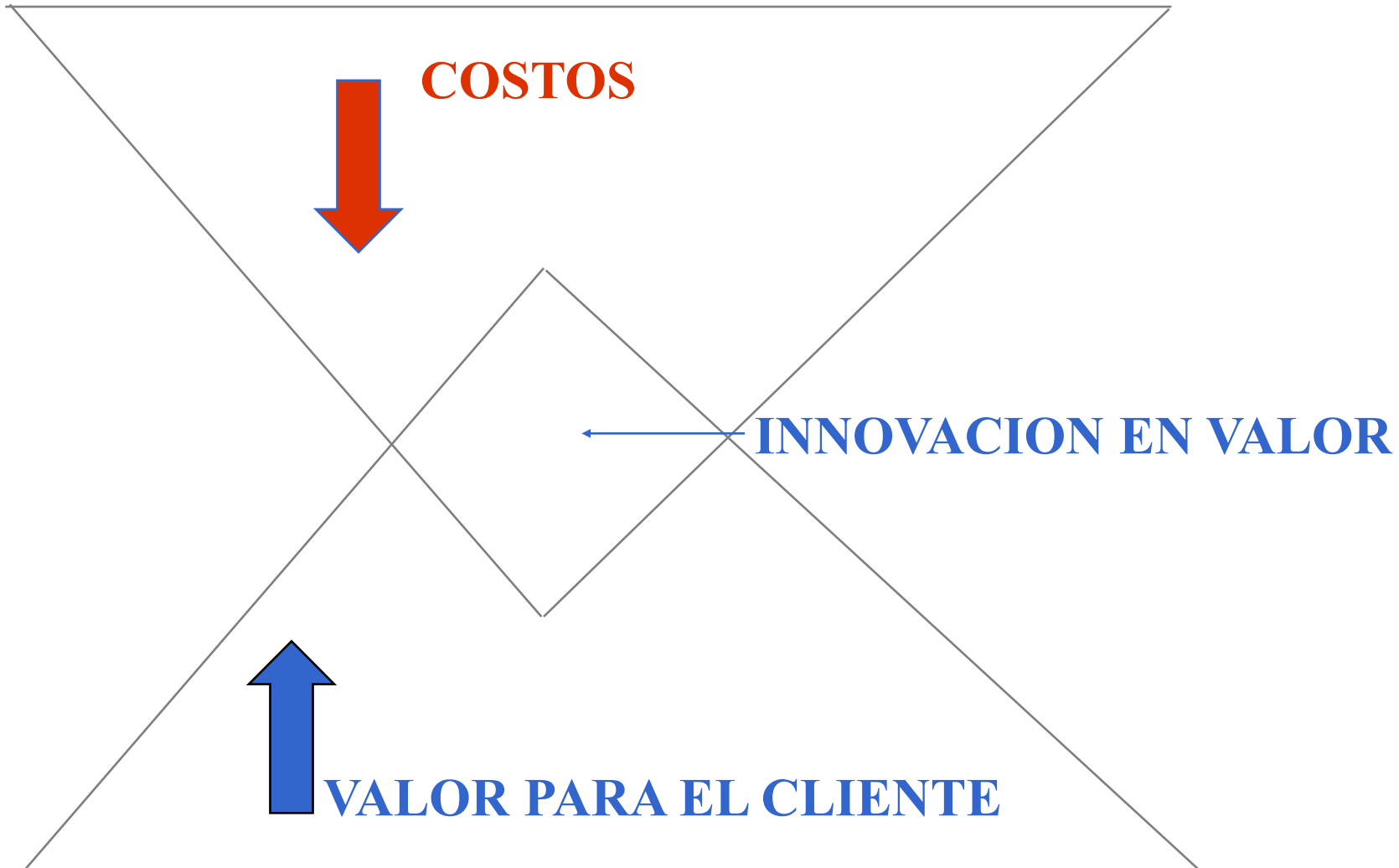
BLUE OCEAN STRATEGY

How to Create
Uncontested Market Space
and Make the Competition Irrelevant

W. Chan Kim • Renée Mauborgne

Innovación en Valor

Aumentar el valor disminuyendo los Costes



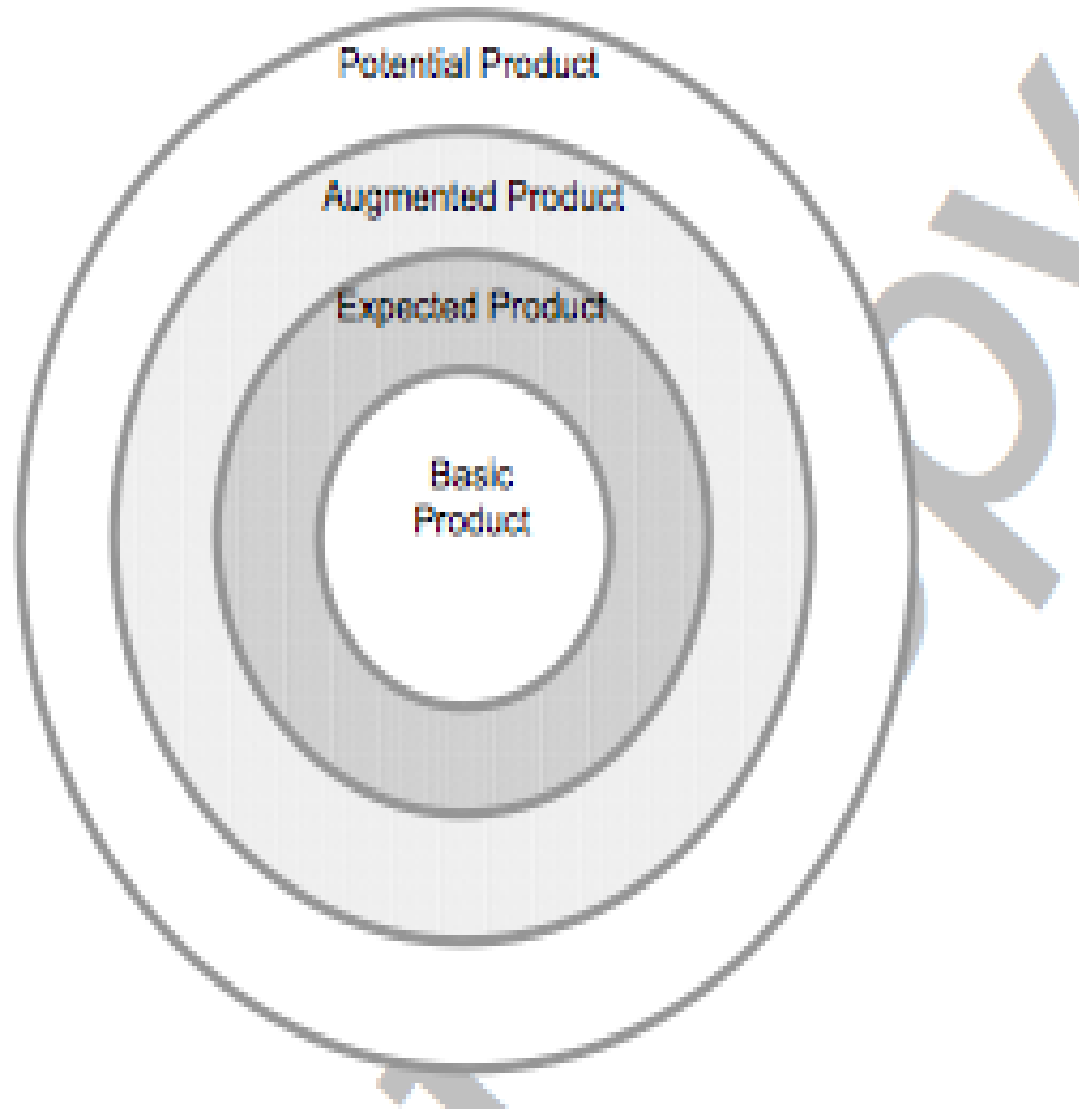
RED OCEAN

- **compete in existing markets**
- **beat the competition**
- **explore existing demand**
- **make the value/cost trad-off**
- **align with differentiation OR low cost**

BLUE OCEAN

- **create uncontested markets**
- **make competition irrelevant**
- **create & capture new demand**
- **break value/cost trad-off**
- **align with differentiation AND low cost**

The augmented product concept



The basic product refers to the core benefit that is being offered. A hotel room provides overnight shelter (a room with a bed and bathroom); an automobile provides transportation (four wheels and a motor).

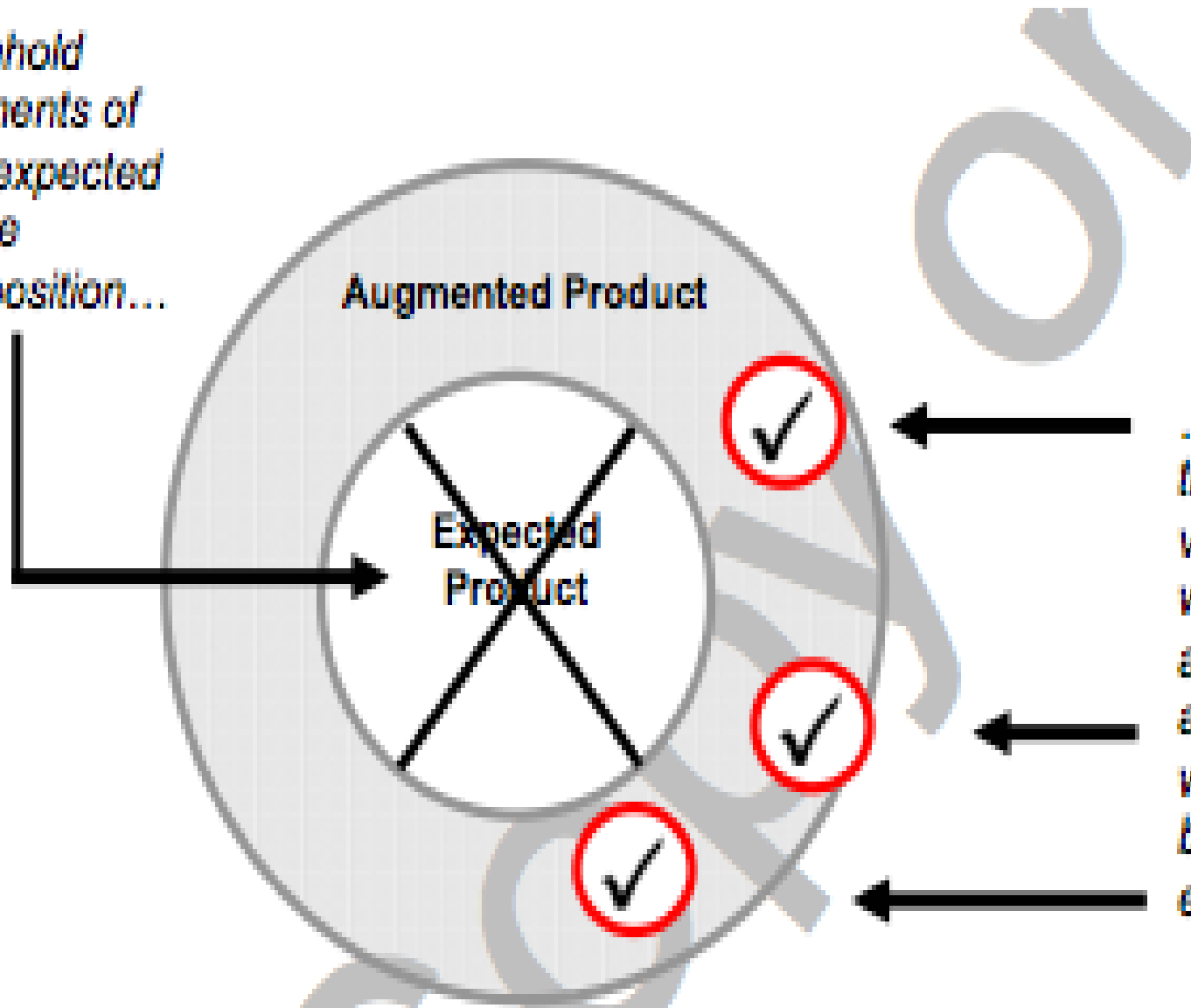
The expected product consists of the set of attributes that consumers expect when they agree to purchase the product. For hotel guests, this includes clean sheets and fresh towels. For car buyers, this includes air conditioning and a car stereo.

The augmented product exceeds the customers' expectations by offering benefits and attributes that are designed to create delight.

The potential product encompasses all the augmentations and transformations that the product might ultimately undergo in the future.

Elements of reverse positioning

Withhold elements of the expected value proposition...



...but supplement the stripped-down value proposition with highly-augmented attributes, some of which may not even be offered by high-end competitors.

Blue Ocean/Reverse Positioning Strategy

“Le Cirque du Soleil”

“Yellow Tail” by Casella Wines

“SouthWestern Airlines”, “Easy Jet”

“Ikea”

Blue Ocean Principles

1. Crear Nuevos espacios de consumo: redefinir las fronteras del mercado objeto

Analizar las industrias cercanas/alternativas (Net Jets)

Ampliar la oferta a otros segmentos (Curves)

Sustituir al grupo a los que nos dirigimos (Novo Nordisk)

Incorporar clientes de productos alternativos (Nabi)

Ampliar los drivers (funcionales o emocionales) de compra (Swatch, The Body Shop)

Explorar la dimensión del tiempo (I-tunes)

2. Centrarse en la idea global, no en los números

3. Ir más allá de la demanda existente (Pret, Jcdecaux)

4. Asegurar la viabilidad comercial del océano a.

EJECUCION: Superar los obstáculos en la organización e incorporar la ejecución en la estrategia.

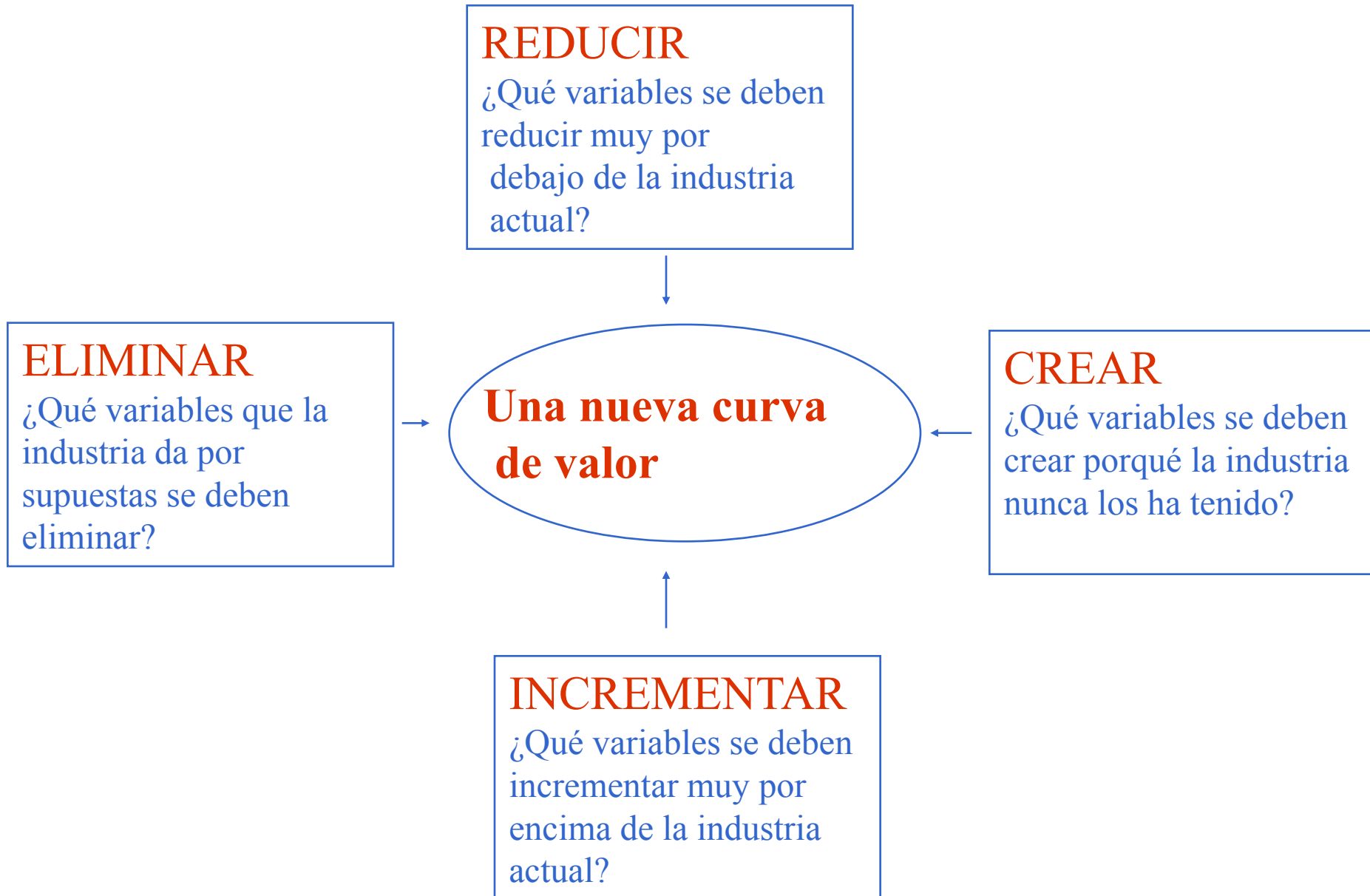
eliminate

raise

reduce

create

Matriz de las 4 acciones



Yellow Tail

El negocio del vino en EEUU

Industria de 20B\$

Tercer mercado mundial (F, I, USA, E)

Vinos de California: 75% de cuota de mercado controlado por 8 grandes Viñedos

El restante 25%: 1,600 Viñedos (E, I, F, A, A, Ch)

Competencia muy intensa

Mercado saturado

Presión grande sobre el sector minorista: lucha para los espacios, difícilmente distinguibles para el público

Casella Wines: Viñedo Australiano

1. Como producir un vino agradable, no tradicional, fácil de beber, fácil de elegir para todo el mundo, asociado a la imagen de Aussie

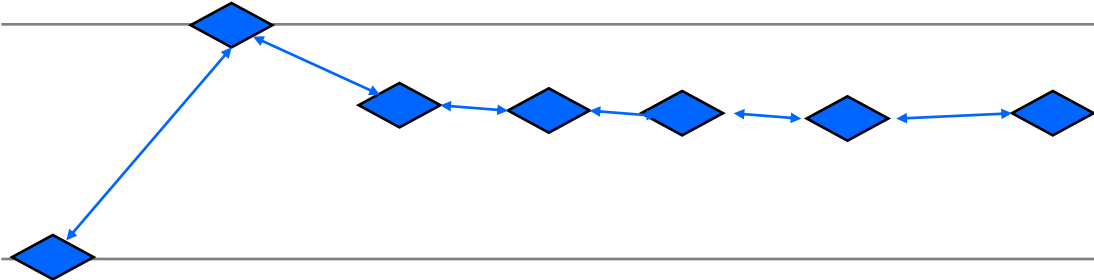
Lienco Estratégico del Vino EEUU

Alto

Vinos de prestigio



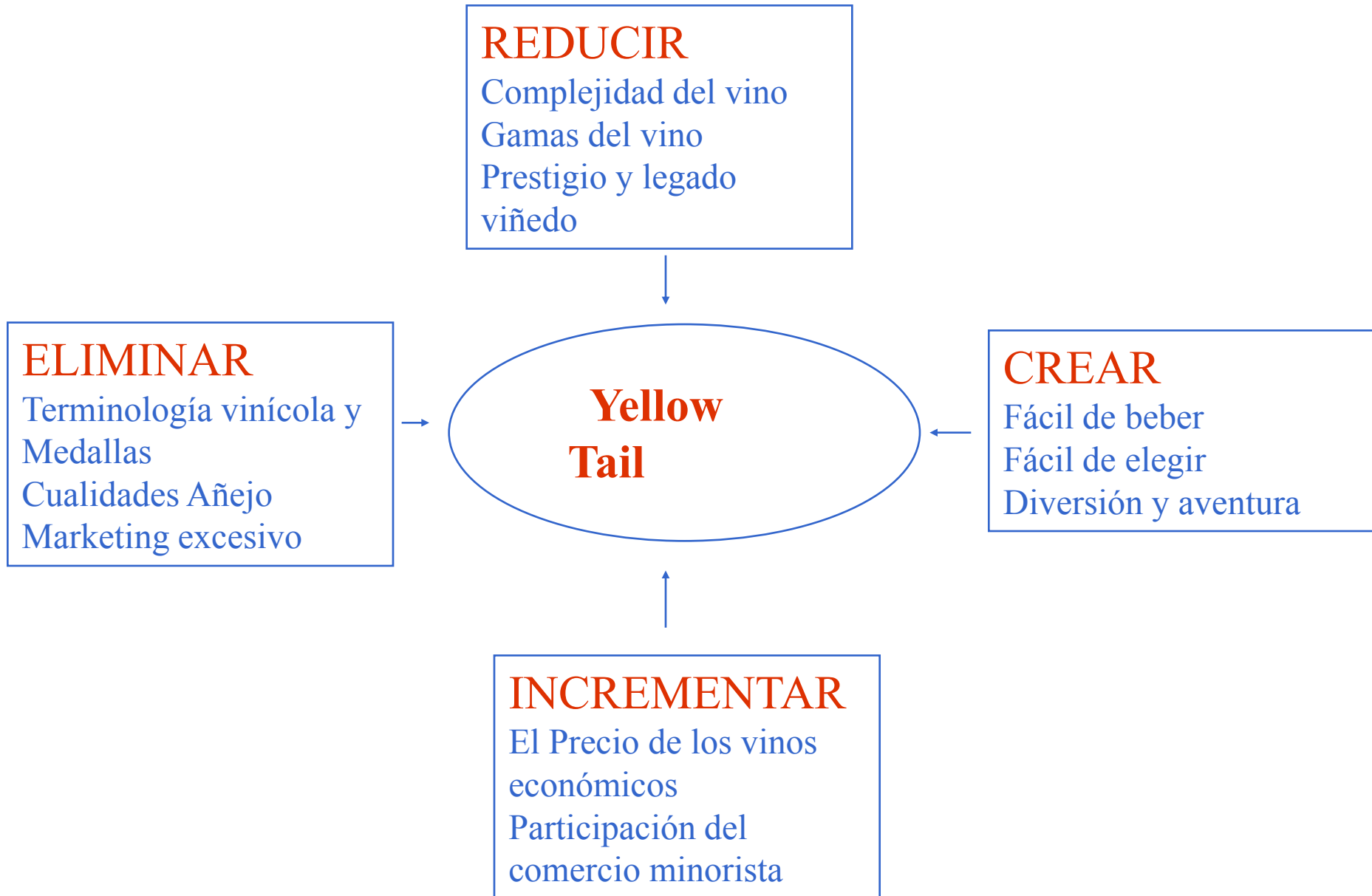
Vinos económicos



Bajo

Precio Comunicación Mktg Calidad Prestigio Complejidad Gama
Vinicola Añejo Viñedo del Vino de vinos

Matriz de Casella Wines



Lienco Estratégico del Yellow Tail

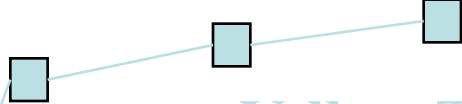
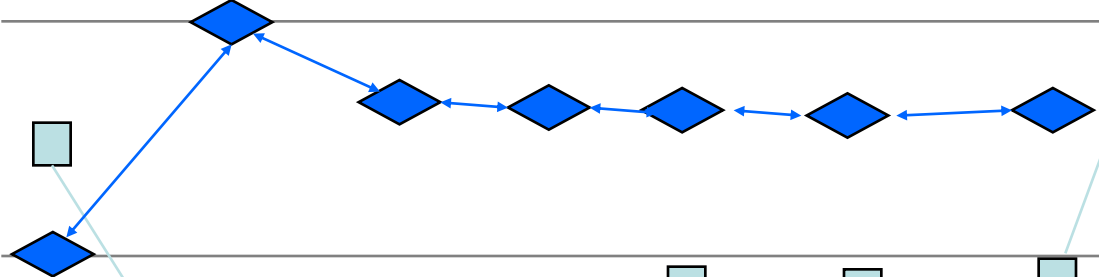
Alto

Vinos de prestigio



Vinos económicos

Yellow Tail

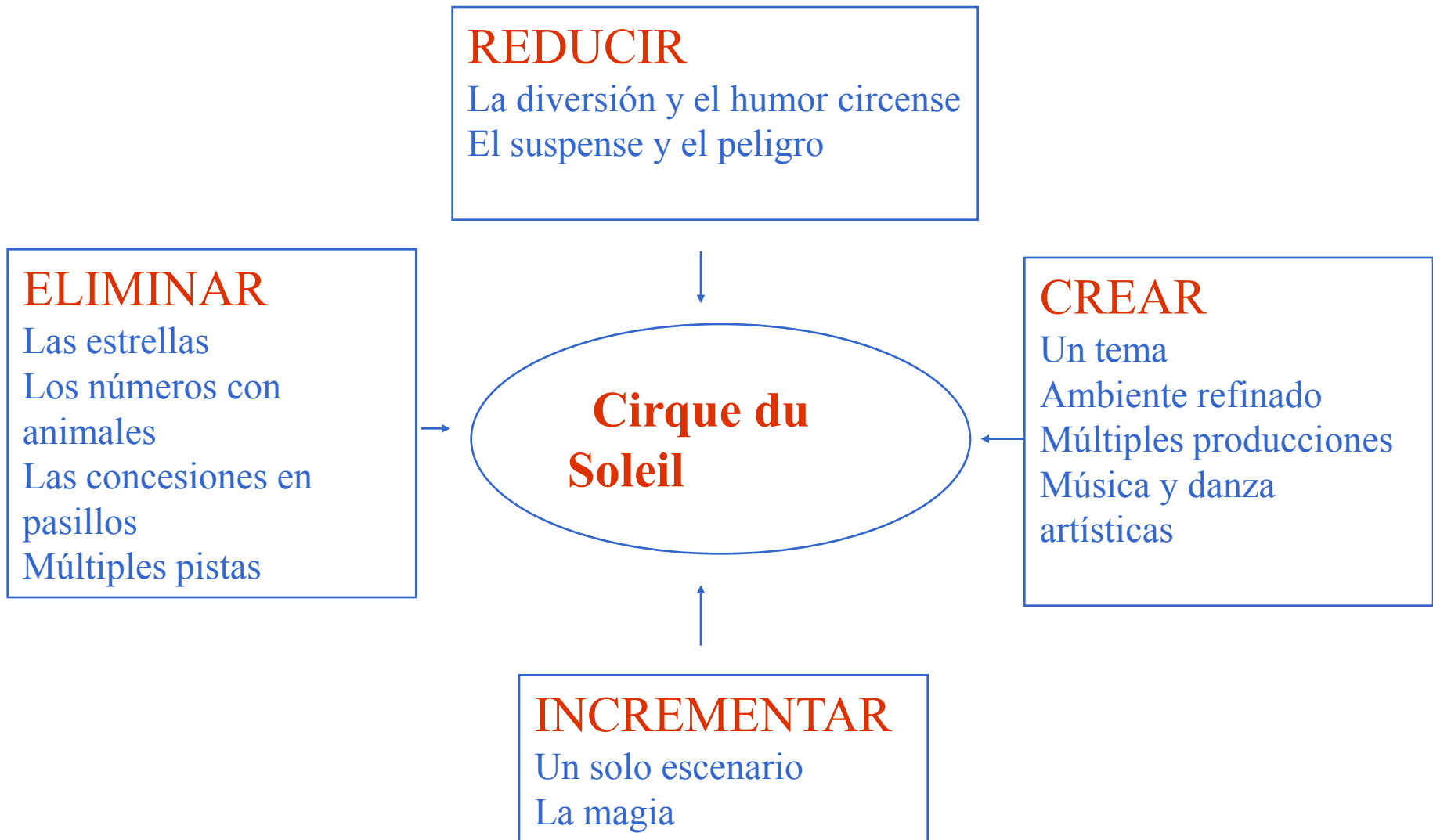


Bajo

- Precio
- Comunicación Vinícola
- Mktg
- Calidad Añejo
- Prestigio Viñedo
- Complejidad del Vino
- Gama de vinos
- Fácil beber
- Fácil elegir
- Diversión y aventura

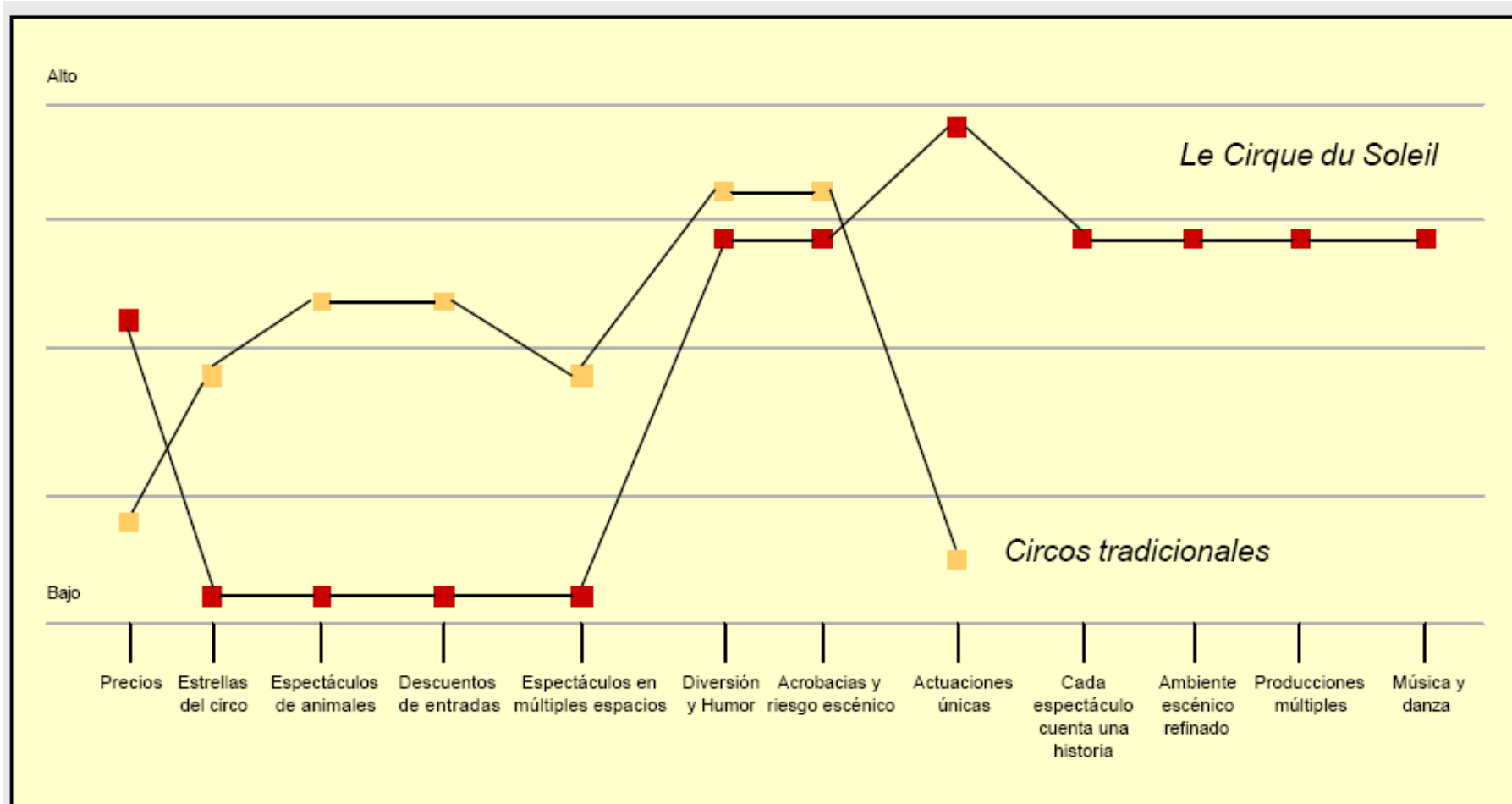


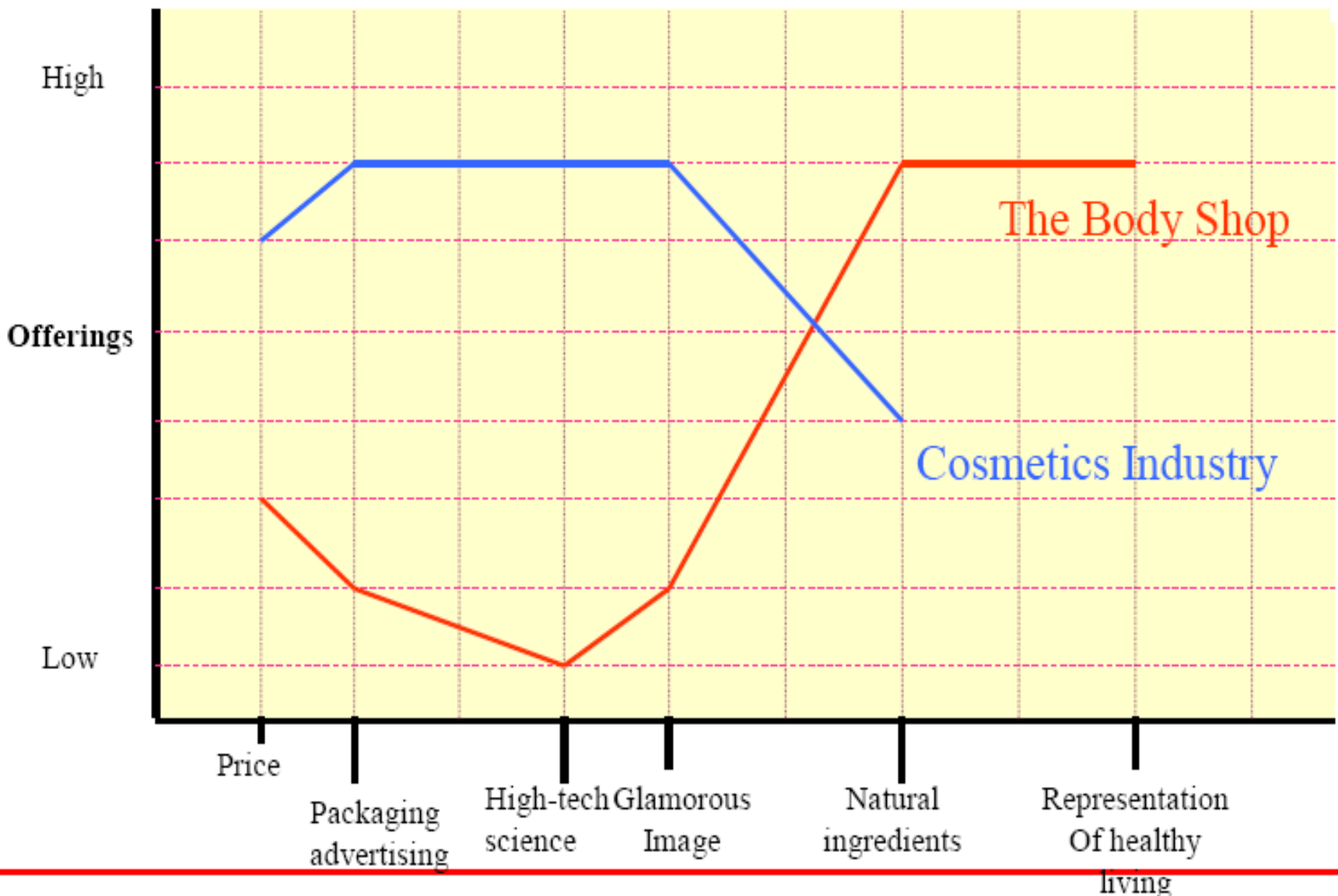
Matriz de Cirque du Soleil





El lienzo estratégico del Cirque du Soleil





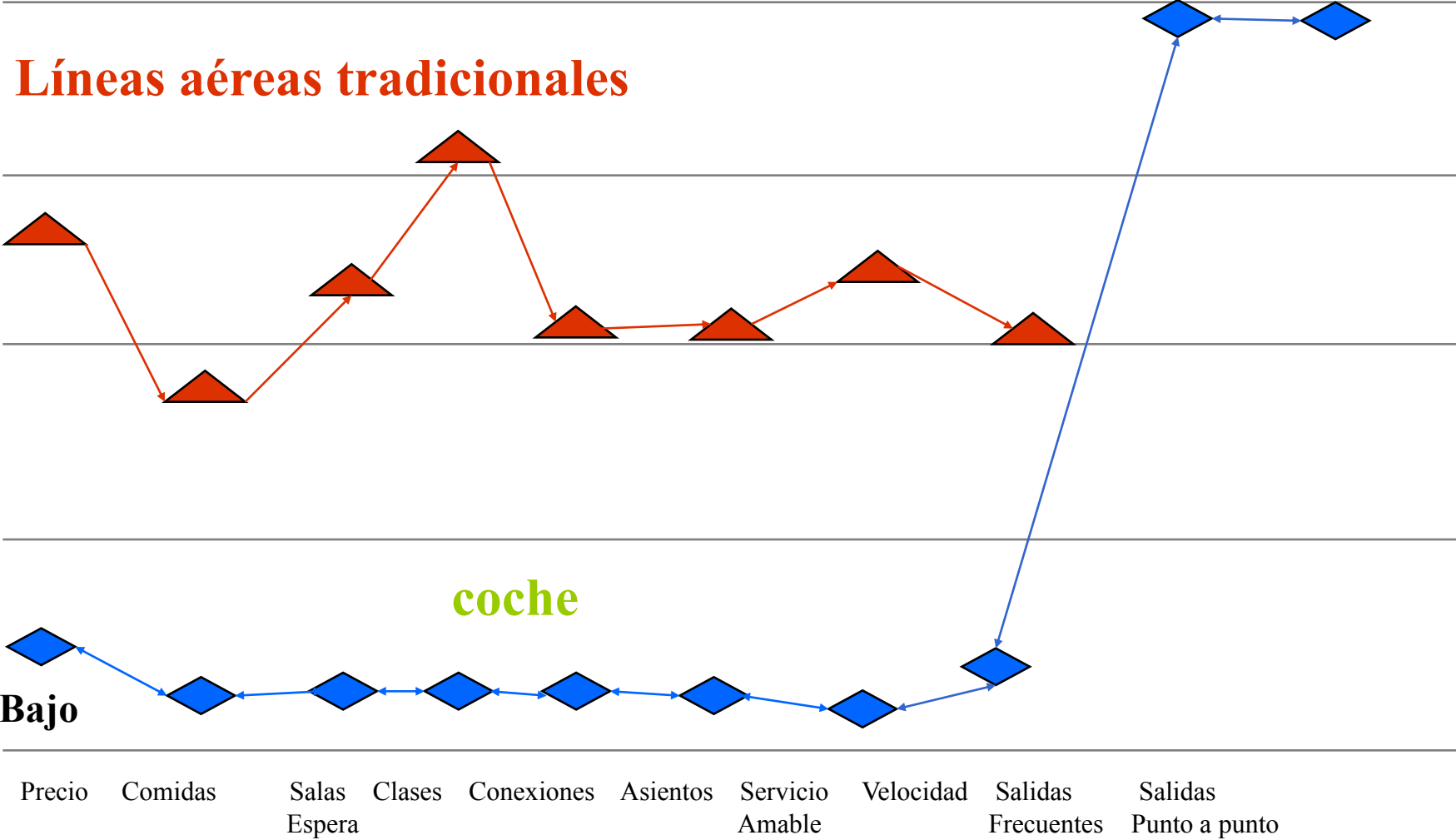
lienzo Estratégico de Southwestern Airlines

Alto

Líneas aéreas tradicionales

coche

Bajo



Lienzo Estratégico de Southwestern Airline

Alto

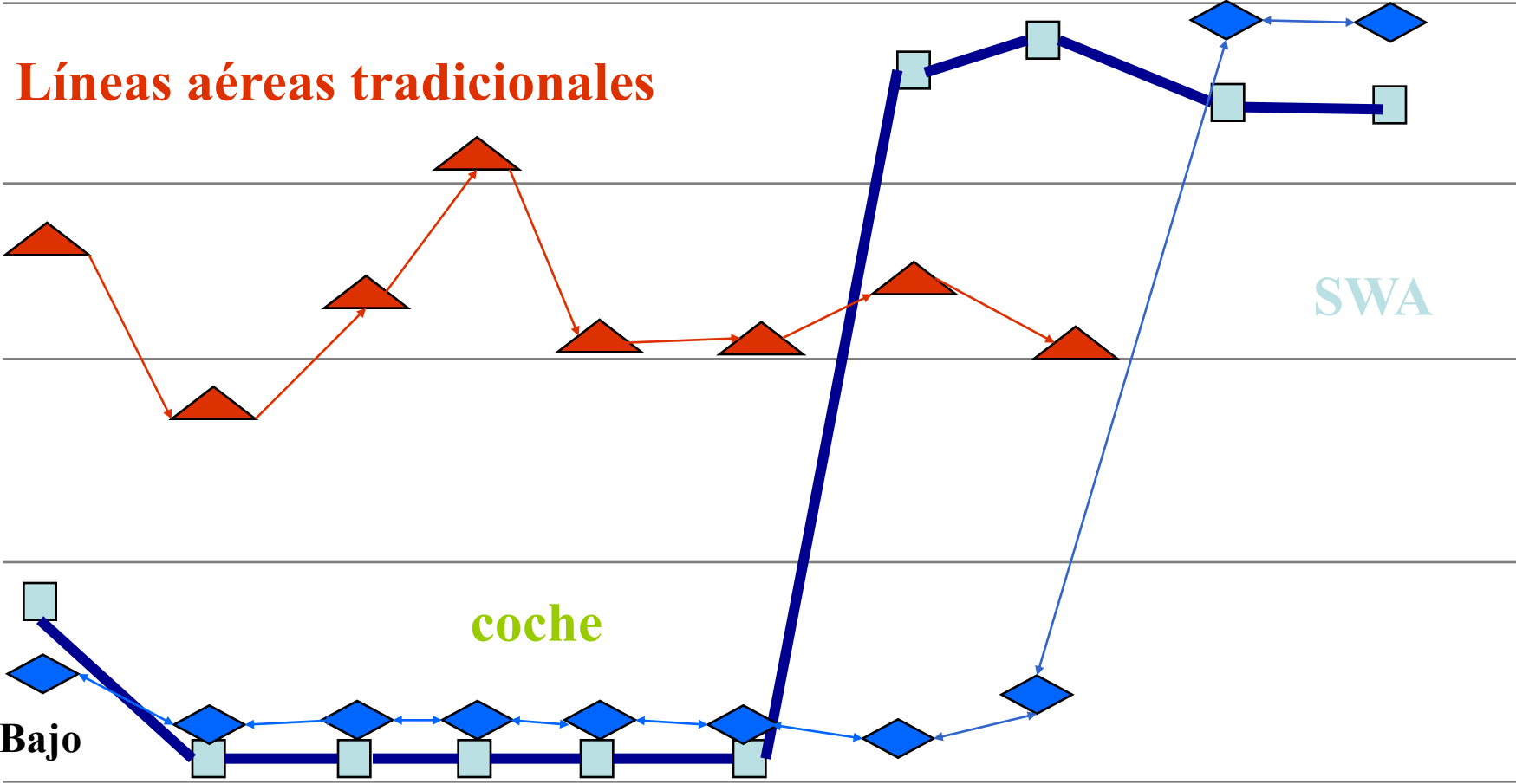
Líneas aéreas tradicionales

SWA

coche

Bajo

Precio Comidas Salas Espera Clases Conexiones Asientos Servicio Amable Velocidad Salidas Frecuentes Salidas Punto a punto



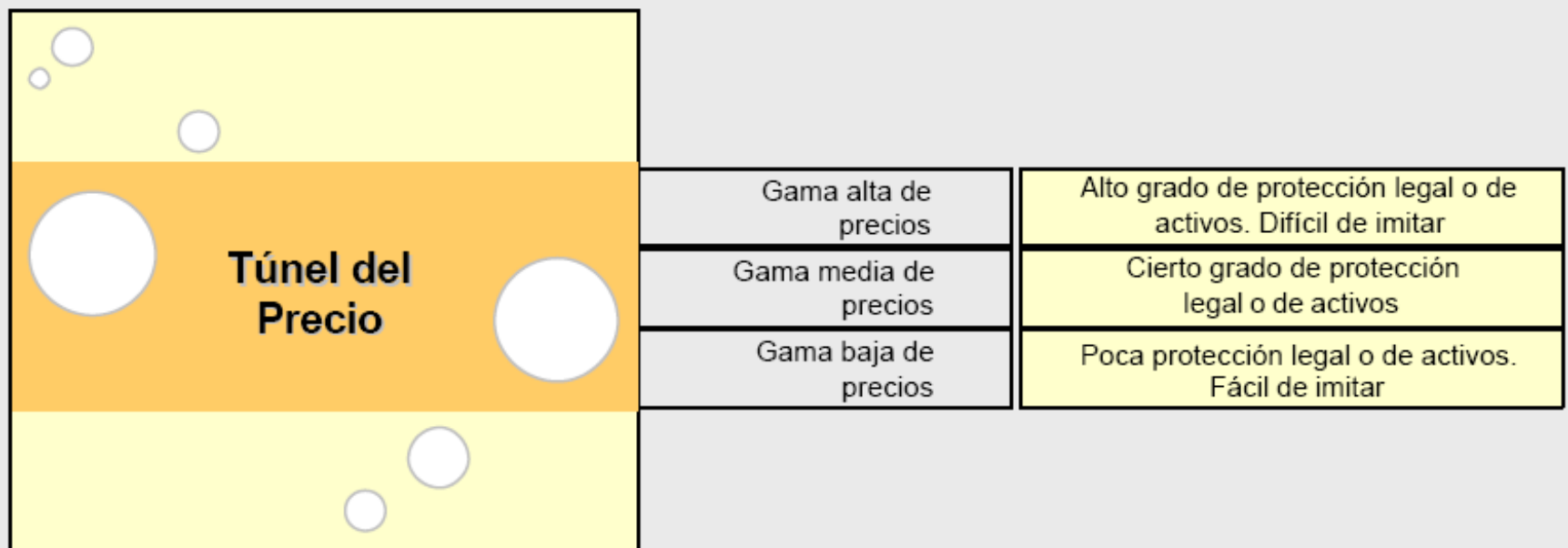
MÉTODO DEL TÚNEL DEL PRECIO

Paso 1: Identificar el precio del túnel

Tres alternativas de productos/servicios:

Misma forma Diferente forma, misma función Diferente forma y función, mismo objetivo

Paso 2: Fijación del precio estratégico



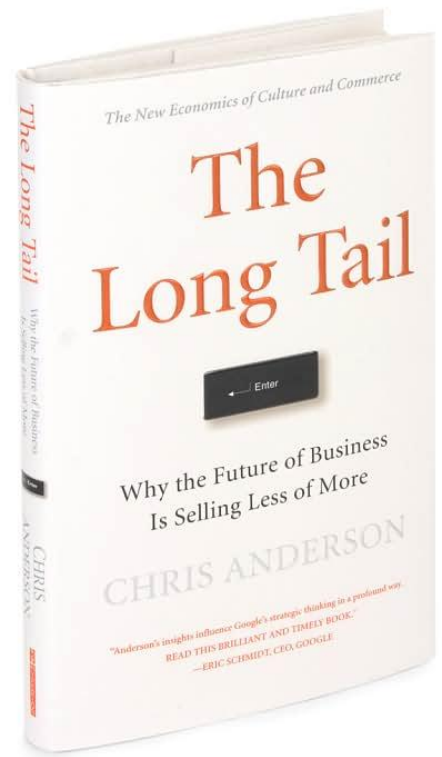
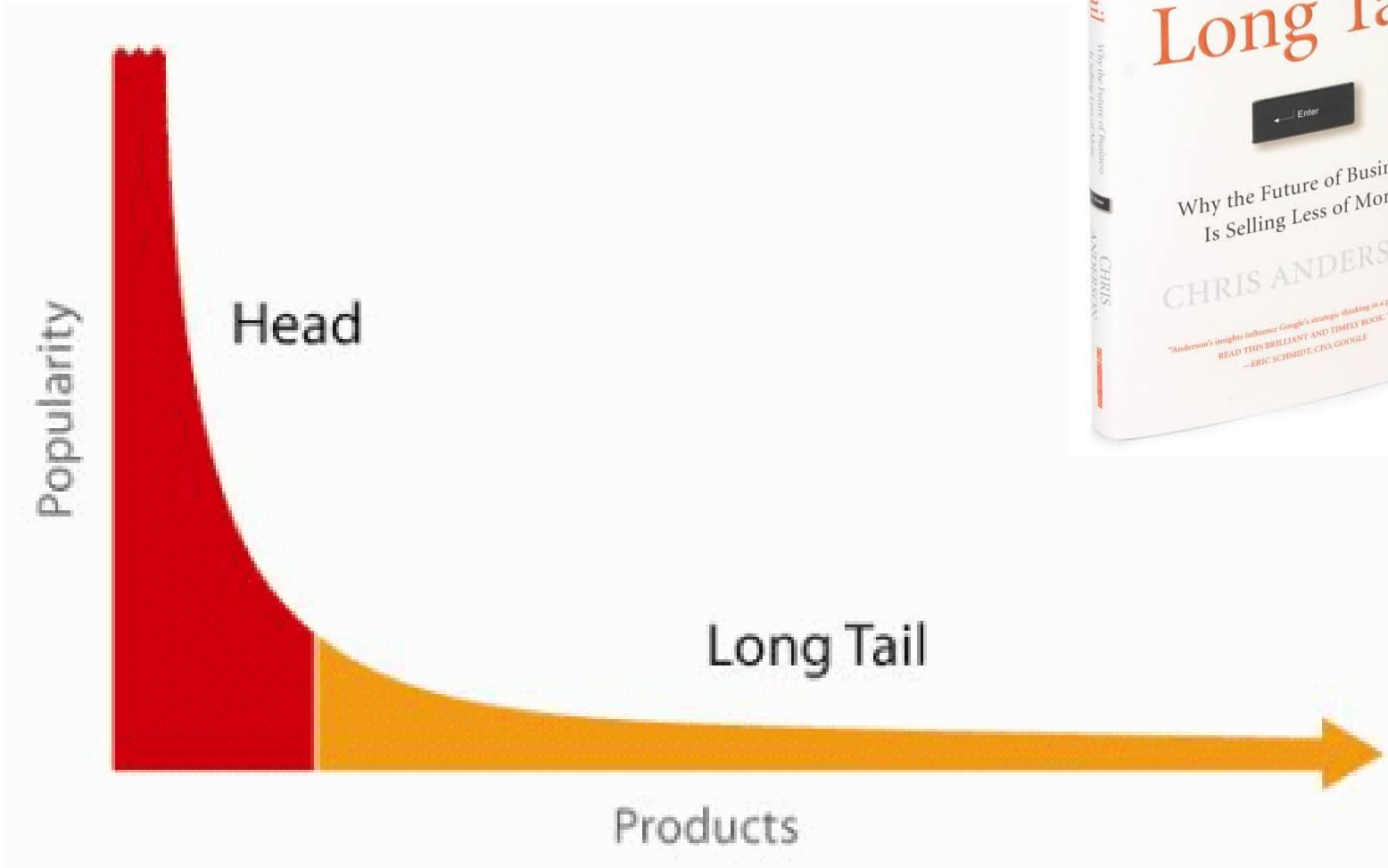
The Buyer Utility Map

The Six Stages of the Buyer Experience Cycle

The Six Utility Levers

	1. Purchase	2. Delivery	3. Use	4. Supplements	5. Maintenance	6. Disposal
Customer productivity						
Simplicity						
Convenience						
Risk						
Fun and Image						
Environmental friendliness						

from bloated head to the long tail



Pioneer, Settler, Migrator Map

A corporate management team pursuing profitable growth can plot the company's current and planned portfolios on a pioneer-migrator-settler (PMS) map. This strategy can help a company determine which businesses experience the highest and lowest growth and cash flow. These are classified accordingly with the highest growth potential being pioneers, then to migrators, then to the lowest rung, settlers.

