

Reviewing Blue Ocean Strategy and Opportunities for Upcoming Retail Entrepreneurs in Namibia

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Abstract: This article analyzes the approaches and opportunities of retail entrepreneurs in Namibia to understand competitive strategies pursued in the current market in regard to blue ocean strategy and red ocean strategy. Besides entrepreneurs displaying to have habitual competition and strategy knowledge; the biggest challenge some of these businesses have been to intensify their need to growth by generating new demand in uncontested markets. Blue Ocean Strategy (BOS) concentrates on existing competition and establishes an uncontested market area for demand and innovative value. Retailers of individual businesses lead to positive signs of promotion derived through competition. The article further looks at analyzing theoretical reviews of BOS, differentiating amid blue and red oceans. Therefore, for businesses to become productive and pursue Value Innovation, retailers are advised to commence considering BOS. As such, the authors used Porter's five forces framework to evaluate competition in the retail industry. This paper discusses the literature on BOS strategic framework, establishing the foundation for introducing principal concepts and phases of the BOS process. Primary and secondary data were employed for analysis and discussion of findings. The study was delimited to upcoming retailers in the city of Windhoek in Namibia. However, further studies should be conducted to apply inferential analysis for better conclusive remarks to the retail industry.

Keywords: Blue Ocean Strategy, Red Ocean Strategy, Value Innovation, Retailers, Namibia.

1. Introduction

Kim and Mauborgne (2004) published a popular framework, Blue Ocean Strategy, formulated both utterly innovative and undiscovered markets, opportunities with new client bases, no competition, and value creation. Additional strategy frameworks in the past eras have been published, the business canvas model by Osterwalder (2004) and Porter's five forces strategic framework (1979). Studies done by (Hax & Majluf, 1991; Asa, Prasad, and Htay, 2013) suggest strategy aid organizations to appropriately respond to opportunities and threats in environments in which they operate, at the same time creating an integrative outline of consistent decisions involving business functional and whole hierarchical levels of the organization.

Newmarkets are examined by organizations that want to acquire a blue ocean strategy to increase the invention of products and provide a well-adapted service demand. Kim and Mauborgne (2005) emphasize organizations should not be negatively affected financially due to the number of firms in the industry. Still, to discover a market, they can grow their revenues with no competition. It is the best way to avoid the red ocean, which has a vast market space leading to competition. With the over-saturation of the red ocean market space, the best solution is accepting and entering the blue ocean strategy and taking the risk to deal with challenges that may be encountered. With that challenge, firms will have to create a market that has no competition, being monopolistic. To be creative in such a strategy, members analytically reason outside the box and build a momentum that pushes restrictions beyond barriers (Doz, 2020).

Wang and Gupta (2011) argue that BOS requires a product improvement application with an uninterrupted strategy. Hence, the blue ocean allows firms to structure and add value creation to products and services to escape from industry competitors. Kabango and Asa (2018) emphasize the growing need and advantages for businesses to adopt e-commerce technologies to leverage uncontested growths in developing nations. The authors' objectives in this article argue that BOS becomes applicable and systematic in terms of competition in the identified waters. In such waters, the BOS framework

and strategies will help Namibian entrepreneurs avert from fighting and struggling on market space by presenting new markets. There is currently competing in the market, the entrance of this model for upcoming entrepreneurs may convey and provide industrial development and economic emancipation. It is important to note that reviewing BOS and opportunities for Namibian entrepreneurs, comprehensive studies in managements sciences, other experts' experiences should be carried out.

2. Theoretical Underpinning

2.1 Blue Ocean Strategy

Introduced in 2004, (BOS) enables firms to think strategically in creating new industries and markets where demand is shaped and needed instead of fighting for, and the law of competition is irrelevant. (BOS) concentrate on existing competition, create, and establish an uncontested market area for demand and innovative value (Kim and Mauborgne, 2005).

2.2 Blue Ocean against Red Ocean

The market universe constitutes two kinds of oceans, namely, the blue ocean and the red ocean. All firms and industries present today to signify the red ocean. This is referred to as a market space that has active competitive strategies. In the red ocean market, competitive rubrics, industry limitations are known. Companies compete against each other to all take share of prevailing demand. At some point, the market space increases and gets overfull, leading to a reduction in growth and revenues. Blue Ocean refers to presently non-existing industries. These unknown markets focus on developing innovation creation while ensuring they are the only suppliers in the market. The market concentrates further on crafting demand, new market space, and highly cost-effective growth opportunities. Table 1 outlines the difference between the two ocean strategies.

Table 1: Red-Ocean-Strategy versus Blue-Ocean-Strategy

Red-Ocean-Strategy	Blue-Ocean-Strategy
Participate in <i>existing</i> market space	<i>Uncontested</i> market space creation
<i>Beat</i> rivalry	<i>Ensure</i> rivalry is inappropriate
Feat <i>existing</i> demand	Generate and capture <i>new</i> demand
<i>Make</i> worth of cost skill off	<i>Break</i> worth of cost skill off
The support system of the firm's actions, <i>differentiation, strategic choice, or low cost.</i>	Support the entire system of a firm's action <i>in chase of differentiation and low cost.</i>

Source: Kim and Mauborgne (2005)

2.3 Miles and Snow Typology Theory

Miles, Snow, Meyer, and Coleman (1978), list a set of business approaches based on firms' planned proportion of product and market development. Newmarket penetrations and product growth have classified these units into four different types: prosecutors, defenders, analyzers, and reactors. They further conclude entrepreneurial problems outline a firm process in which they produce and distribute, technological choice of engineering outputs, policy structures, and innovation. Miles and Snow implemented business-level strategies as divergent of corporate-level strategies. Options related to the type of businesses firms should conduct, how firms compete in each market space.

2.4 Porter's Competitive Theory

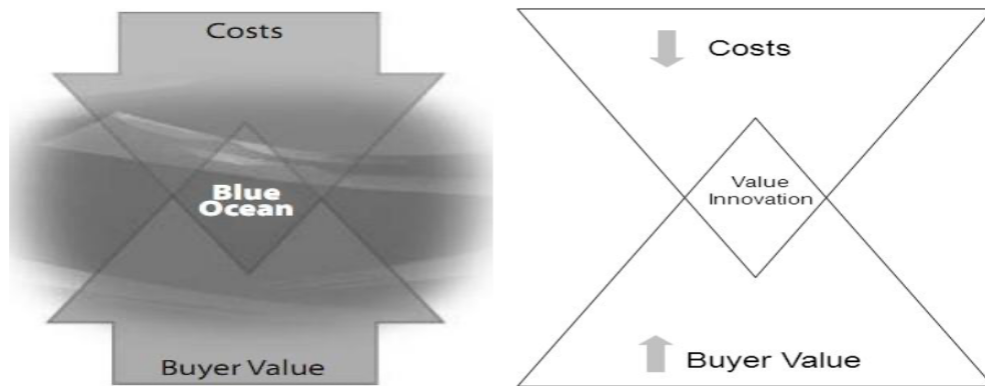
Michael Porter's (1985) theory encourages firms to either select low cost-leadership or differentiation. Porter considers the value chain model to generate revenue and create value more carefully related to retail companies. Similarly said, Porter (1985) implemented three theories of competitive strategy. Firstly Cost-Leadership; secondly, differentiation; and fourthly, focus. These strategies focus on attracting customers with low-cost products, creating great unique products with high customer value, and creating a competitive advantage through market segmentation.

2.5 Value Innovation Theory

Value of innovation is a fundamental theory of the Blue Ocean concept. For value proposition and cost differentiation, these two words must interlink because they depend on each other. If innovation is linked to value, it leads to total balance, where value is enhanced but not relevant and adequate to compete in the market space. Leavy (2005) argues that

innovation excluded from value inclines technology-driven, and this is not what buyers imagine paying for, expect value for their money. Value innovation allows strategies to be executed through new thinking and creating positive results of BOS and exit from the competition. Worth-cost skill-off determines the importance of innovation and is an acceptable factor of competition-based strategy. Figure 2 shows how the buyer's cost structure and value proposition actions positively affect value innovation created. Cost-saving is removed by plummeting the factors businesses compete on. Buyer value is elevated and creates fundamental elements never offered by the industry. As time goes on, the reduction of cost occurs due to economies of scale that thrill in causing high sales volume. The implementation of the blue ocean is concerned with dynamic worth for purchasers and simultaneously lowering costs.

Figure 2: Value-Innovation



Source: Kim and Mauborgne (2005)

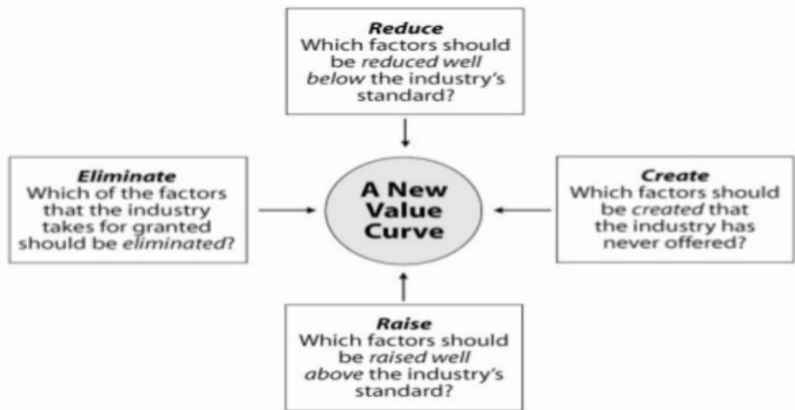
2.6 Strategy Canvas (Value Curve)

The strategy canvas is a value curve permitting accomplishment and problem-solving framework, building a captivating BOS (Kim and Mauborgne, 2005b). The canvas takes the present form of performance in the markets area that is known. This enables firms to understand and evaluate where to invest and avoid competition considering industry factors such as service, products, delivery, and customer satisfaction from existing waters. The canvas strategy enables firms to depict competition amongst industry players through traditional factors (Kim and Mauborgne, 2005a). It is regarded as an implement that is valued in creating intellectual spur (Abraham, 2006).

2.7 Action Framework

Barnes, Blake, and Pinder (2009) conclude that four frameworks need to be executed for buyer value proposition and elements to make a novel value curve. These actions ensure an uncontested market space is free from competition, provide instructions on creating new strategic profiles in line with the BOS. Kumar (2005) suggest the four actions as; 'eliminating' which is concerned about what factors or aspects should be removed in an industry that has for long been competed on; 'reducing' some of the above industry standards of the products and services into the condensed package, usually the ones customers do not value; 'raising' above industry standards, aspects to be elevated beyond competitors; 'create' implementing tight value innovations, focusing on the new value that the industry never offered. The grid of the four-action context is done to recognize new markets within the blue ocean. The grid helps firms understand new market space with analytical actions that drive firms to create unique value curves. Figure 3 depicts the four-action framework implemented by Kim and Mauborgne.

Figure 3: Four Action Framework



Source: Harvard Business School Press (2005)

3. Research Methodology

Primary data and secondary data were equally used to balance quantitative and qualitative techniques to enrich the analysis and conclusive remarks in line with the objective of this study. The semi-structured questionnaire and online zoom interviews were employed in collecting primary data with founders, managers, and floor staff. Both numerical and qualitative data were the focus of the study in epistemological relations. In the retail management background, the authors considered the knowledge and values of the strategies aligned with those of retail business; the study is further carried out in Windhoek, Namibia. The interpretative research philosophy that identified by the authors that guides qualitative analysis procedure enabled data to be carried out using the zoom interviews platform and semi-structured questionnaire as a research achievement of data collection. The upcoming retailers were the focal subjects of this case study-based approach paper. The authors started by focusing on which retail market entrepreneurs were competing. This was done in line with research objectives of first attempting to understand the Blue Ocean Strategy and modern industry strategic thinking. Secondly, understanding the existing retail entrepreneurs' strategic approaches and determine which strategy to follow through BOS. Thirdly, aiming to provide recommendations for implementing BOS into their businesses.

3.1 Questionnaire design

Analysis of Participants and Respondats

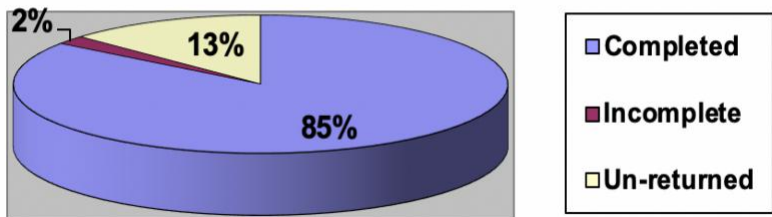


Fig 4: Survey Response Rate

The researcher’s questions were responded through a Likert scale rating style (Saunders, Lewis & Thornhill, 2009). The questionnaire included the following selection choices such as 1 – Agree, 2 – Strongly Agree, 3 - Disagree, 4 – Strongly Disagree, 5 – Cannot Say.

1 – Strongly Disagree, 2 – Disagree, 3 - Neutral, 4 – Agree, 5 – Strongly Agree.

Reviewing for opportunities to implement BOS approaches for retail intrapreneurs was the main aim of the questionnaire. The authors compiled six and eleven questions for interviews and semi-structured questions, respectively. Eleven questionnaires were circulated to managers at retail entrepreneur business premises with 85% fully complete, 13% not returned, and 2% not completed. Ethical considerations were explained, that their names will be excluded and information be kept confidential to ensure participants do not negate replies provided. However, some questions were un-answered although they were structured in a Likert-style, most writing comments questions were also left unanswered though they were also part of the analysis.

4. Discussion, conclusions, and recommendations for further research

Data collected from the semi-structured questionnaire, and online zoom interviews have been clustered and analyzed

given the following findings:

- Existing Competitive Situation
- Formulating the Strategy
- Existing Canvas Strategy
- Focus on cutting Costs

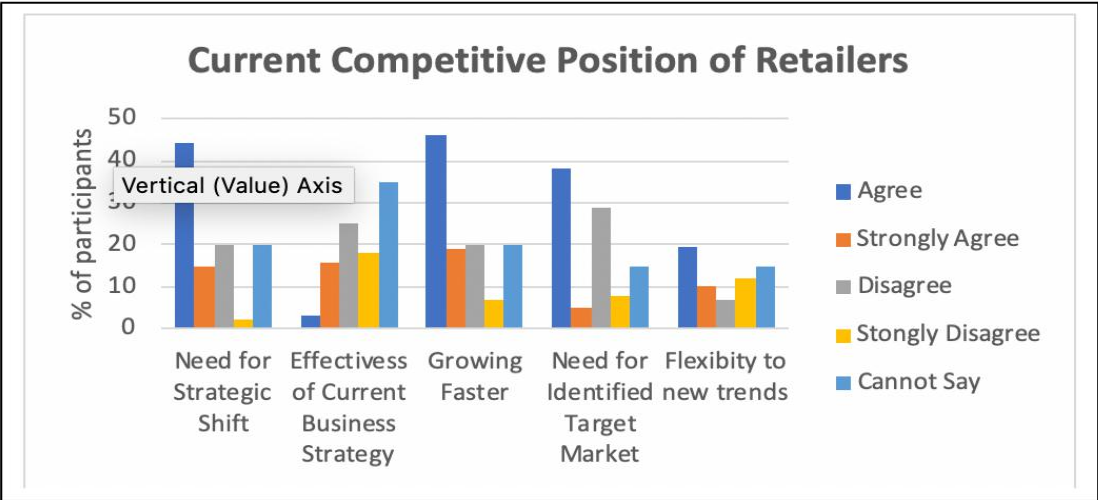


Figure 5: Current Competitive Position

To analyze the current competitive position, the authors considered five factors, as indicated in Figure 2, to understand the retail industry's growth. In response, 44% of participants agreed that local entrepreneur businesses could grow faster and enter Blue Ocean waters. However, fewer partial participants (7% and 12%) strongly disagree that retail entrepreneurs consider a strategic shift.



Figure 6: Strategy Formulation

Strategy formulation included factors such as analyzing the competitor's opportunities and threats. From the responses, the researchers perceived that most participants believe they have a transparent target market (44%). In addition, most participants stated they know profit margins (60%). Therefore, focusing on profit margins is highly recommended as it looks at sales, no competition, or avoiding competitors. Participants are also aware of external factors, with (40%) agreeing to an effective formulation strategy.

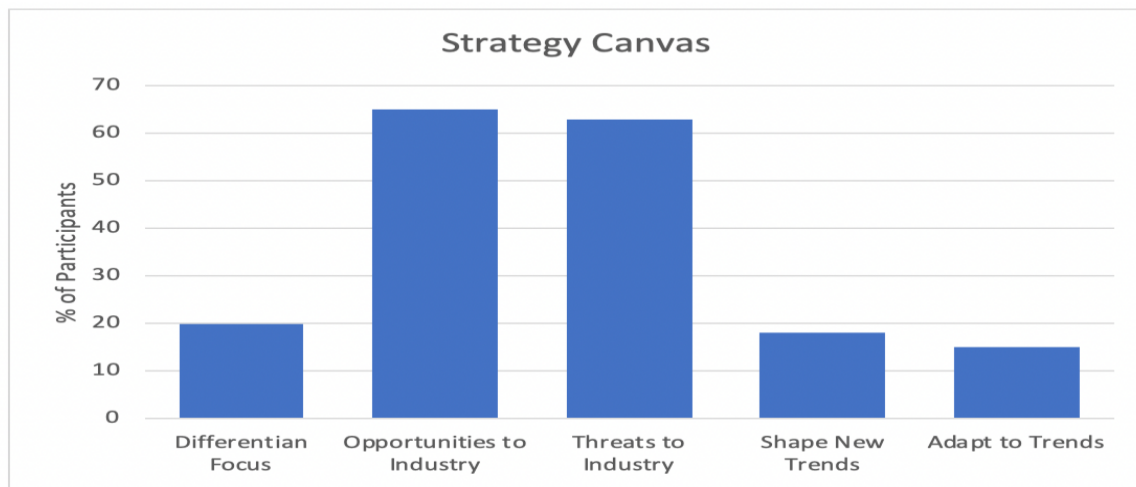


Figure 7: Canvas Strategy for Competitive Advantage

(62.50% and 66.66%) participants think opportunities to enter the blue ocean are possible. (20%) believe a differentiation focus is imperative to be able to exit Red Ocean waters. BOS must be implemented to break competition and determine boundaries within market space (Kim and Mauborgne, 2005). This article discourses BOS concept and opportunities by pointing out the issue within upcoming entrepreneurs. Competition amongst firms has become entangled, seeing intrapreneurs creating innovative ideas to ensure their firms remain sustainable. Marketspace encourages them to work hard based on essential success factors (Anderson and Strandskov, 2008). Challenges such as markets fluctuations seem to be continuous challenges for retailers. Similarly, Asa and Prasad (2014) found market fluctuations as one of the factors that hinders sustainable growth of small firms. Therefore, retailers should recognize the implications of entering a new market space, focusing on natural strength specifically available to solve market issues equally, leading to irrelevant competition (Kim and Mauborgne, 2005).

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