

Red and Blue Ocean Strategies: the Need of their Application in Uzbekistan

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Abstract: *Both red and blue ocean strategies play complementary roles in economic growth. While red ocean strategies focus on optimizing efficiency and competitiveness within existing markets, blue ocean strategies drive growth by creating new market spaces, stimulating demand, and fostering innovation-led expansion. Together, these strategies contribute to overall economic development and prosperity. The paper presents the essence of the red ocean and blue ocean strategies, substantiates the need for their application in practice, and also discusses their differences and advantages.*

Keywords: *Red ocean strategy, blue ocean strategy, competition, advantages, principles, strategy canvas, efficiency.*

INTRODUCTION

In this rapidly changing world, business has had to look for new sources. Innovation is becoming more and more important to be based on a sustainable source. The methods of constantly fighting with competitors and strengthening one's position in the market are losing their effectiveness. For this reason, in the global market, in the world of business, the Red Ocean strategy is moving to the Blue Ocean strategy.

“Blue and Red Ocean Strategies” are important concepts in the economic development of Uzbekistan. These strategies are methods that rely on the contrast between two different types of markets that operate and find their place, studying their own advantages and limitations, also very important for analysis and implementation.

2. THEORETICAL ASPECTS

The Blue Ocean Strategy is a business strategy framework introduced by W. Chan Kim and Renée Mauborgne in their book “Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant. “This strategy is based on the idea of creating new market spaces, known as “blue oceans,” where competition is irrelevant or nonexistent, rather than competing in existing market spaces, known as “red oceans,” where competition is fierce.

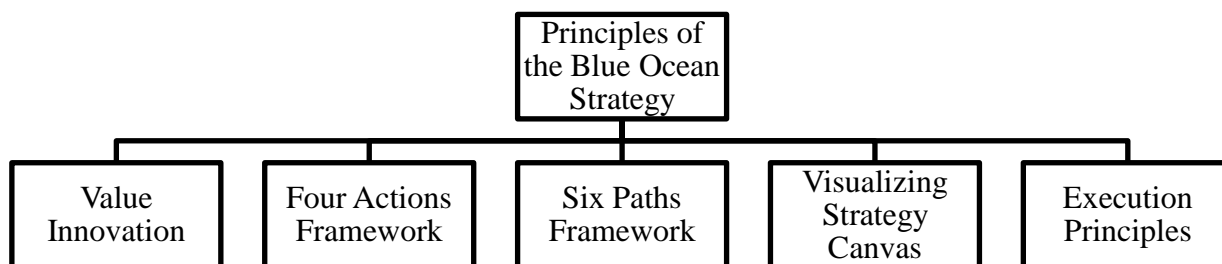


Fig.1. Key principles of the Blue Ocean Strategy

Rather than focusing on beating the competition, the Blue Ocean Strategy emphasizes value innovation, which involves simultaneously pursuing differentiation and low cost to create a leap in value for both buyers and the company.

Four Actions Framework encourages companies to simultaneously pursue four key actions: eliminate, reduce, raise, and create. By eliminating and reducing factors that the industry takes for granted, and raising and creating new factors, companies can unlock new value propositions for customers.

The Six Paths Framework provides six different approaches for companies to identify new market opportunities beyond the confines of existing industry boundaries. These paths include looking across different industries, strategic groups, buyer groups, complementary products and services, functional or emotional appeal, and time.

The strategy canvas is a diagnostic tool used to visually compare an organization's current strategic positioning against its competitors. It helps identify areas of competitive convergence and divergence, guiding strategic decisions to create a blue ocean.

Effective execution of the Blue Ocean Strategy involves overcoming organizational hurdles, aligning people, processes, and systems with the strategic shift, and building execution into strategy from the outset.

The Blue Ocean Strategy has been applied across various industries and sectors, leading to the creation of new market spaces and the revitalization of existing ones. By focusing on innovation and value creation, rather than competition, companies can break away from the constraints of traditional industry boundaries and unlock new growth opportunities.

3. ANALYSIS AND DISCUSSION

Both red ocean and blue ocean strategies play significant roles in innovation implementation, but they address different aspects of strategic thinking and business growth.

Now we will consider in detail the essence and advantages of the red ocean and blue ocean strategies.

Red ocean strategies are focused on competing within existing market spaces where competition is intense, hence the term 'red ocean' to represent the bloody competition. In red oceans, companies compete for a share of the existing market by offering incremental improvements in products, services, or pricing to outperform rivals.

While red ocean strategies may not emphasize radical innovation, they do involve continuous improvement and optimization of existing products, processes, and business models. Innovation in a red ocean context often involves incremental improvements, cost reductions, or feature enhancements to maintain competitiveness.

Blue ocean strategies, on the other hand, focus on creating new market spaces where competition is irrelevant or non-existent. These 'blue oceans' represent untapped opportunities for growth, allowing companies to capture new demand and create value for customers in innovative ways.

Blue ocean strategies require more radical innovation and creativity compared to red ocean strategies.

Innovation implementation in blue oceans involves identifying unmet needs, redefining industry boundaries, and developing disruptive products, services, or business models that offer a leap in value for customers.

The significance of each strategy in innovation implementation can be summarized as follows.

Red Ocean Strategy:

- provides a framework for optimizing existing operations and competing effectively within established markets,
- focuses on incremental innovation to stay ahead of competitors and sustain market share,
- Helps companies improve efficiency, enhance product features, and manage costs to maintain competitiveness.
- Blue Ocean Strategy:
- offers a framework for exploring new growth opportunities and creating uncontested market spaces,
- encourages disruptive innovation and value creation to unlock new sources of demand and revenue,
- Helps companies break away from competition, differentiate themselves, and achieve sustainable growth by offering unique value propositions.

In summary, while red ocean strategies are essential for maintaining competitiveness in existing markets, blue ocean strategies are crucial for driving growth through innovation and creating new market spaces. Both strategies complement each other and can be used together to achieve holistic business objectives.

4. CONCLUSIONS

In conclusion it should be noted, that applying red and blue ocean strategies in Uzbekistan could be beneficial for the country's economic development and business landscape. Uzbekistan's economy is evolving rapidly, with increasing competition in various sectors. Implementing red ocean strategies can help companies compete effectively within existing markets by improving efficiency, reducing costs, and enhancing product/service offerings.

Many industries in Uzbekistan are undergoing modernization efforts to meet international standards and customer expectations. Red ocean strategies can aid in this process by facilitating incremental improvements and continuous innovation to stay competitive in the global market. Moreover, red ocean strategies can help Uzbek companies optimize their resources and maximize returns on investments. This is particularly important in sectors such as agriculture, manufacturing, and tourism, where efficient resource management is crucial for sustainable growth.

Uzbekistan offers numerous untapped market opportunities across various industries. Implementing blue ocean strategies can help companies identify and capitalize on these unexplored market spaces, thereby driving growth and expanding market reach.

Uzbekistan has a rich cultural heritage and a diverse pool of talent. By embracing blue ocean strategies, companies can leverage local expertise, creativity, and innovation to develop unique products, services, and business models that cater to both domestic and international markets.

Implementing blue ocean strategies can also attract foreign investment and partnerships by showcasing Uzbekistan as an emerging market with vast potential for growth and innovation. This can further stimulate economic development and create employment opportunities in the country.

Overall, the application of both red and blue ocean strategies in Uzbekistan can contribute to the country's economic diversification, competitiveness, and sustainable development. By leveraging these strategic frameworks, Uzbek businesses can navigate the evolving market dynamics, unlock new growth opportunities, and position themselves for long-term success in the global arena.

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