

Blue Ocean Strategy for the Desktop Computer Market

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Introduction

The concept of Blue Ocean Strategy is regarded as the market for products where there is less competition or no competition. It involves searching for businesses, products, or markets where few companies or no company operates and where the pricing pressure does not exist. This strategy can be applied in all sectors, not just in one business. In today's business environment, companies operate under serious competition, and most of them are trying to do what it takes to gain market share. However, when a firm's products come under serious threat from competitors, the market is then saturated; therefore, it means the company is operating in Red Ocean. The Red Ocean is the known market space where all competitors exist and compete for the market share. The Blue Ocean is the unknown market space created by a company to upscale its revenue and put a company on a growth path (Kayla, 2018). Therefore, the Blue Ocean strategy is meant to create uncontested market space for a product, make the market competition irrelevant, create and capture new demand, and finally break the value-cost trade-off. These, therefore, give an organization an advantage in the market and put a company on a new growth path different from its competitors.

Canon deployed one of the best Blue Ocean strategies to create its own market in the industry during the 1990s when it changed its product focus from traditional photocopier machines to desktop copiers. It is important to note that Blue Ocean's strategies involved the creation of a new market focus where there is little competition; therefore, after exhausting research, the company decided to move away from the traditional photocopier machines, which were being used by managers, to a desktop copier, which could be purchased by any customers. First, it changed its customer's focus from organizations to everyone interested in photocopier machines. The organization could now purchase desktop copiers for employers, and even home users could now purchase the copier. It shifted the market focus and created a different market from the already saturated market of industrial photocopier machines.

Blue Ocean Strategies Option

It is essential to note that the Blue Ocean Strategies involve reducing, eliminating, creating, and raising as well. Within the conferment of an organization, management must ask a few questions in order to come up with the best Blue Ocean strategies that can build an organization (Kim & Renee, 2017). It must also involve proper analysis of both internal and external factors of an organization to

come up with the best strategies to move a company out of the red ocean. However, the best Blue Ocean strategy creates its own market space. It does not compete in the red ocean market it rather, it tries to move away and build its own market. In order to achieve this, a company must reduce certain aspects of the company. It either reduces the market concentrate where it has already been utilized and creates a different market altogether. For Canon, traditional photocopier machines were being manufactured and sold by several companies, and the market was already saturated with several companies trying to outsmart each other in the market to make sales. It had to create a new market, and therefore, Canon came up with a new product different from what was already in the market. It can, therefore, be argued that one of the best Blue Ocean strategies is the invention or creation of new products for the market.

The new product strategy not only changes the market focus for a market but also revolutionizes a company's market strategy and improves the market share of the company through the introduction of a new product (Kayla, 2018). The change of product can also mean focusing on new customers away from traditional customers and also involving new marketing strategies. For instance, when Canon changed its product from a traditional photocopy machine to a desktop copier, the company changed the market dynamic and put a lot of focus on every computer user. It made it possible for an organization to purchase a desktop copier for every employee instead of the manager alone, which used to happen with traditional photocopy machines. However, other Blue Ocean strategies can involve changing focus on customers or creating new customers, and hence, it will create a new market focus. It moves a company from a traditional market to an unknown market. For example, a company can decide to sell products to customers directly from no organization (Kim & Renee, 2017). This was also utilized by Canon when it invented a new desktop copier for any computer users. [Introducing a new product in the market](#) helped Canon to mitigate risk and to realize success. Since the product was introduced, the desktop copier was a new concept that no company had; the company made robust sales within its first quarter of introduction before other companies started to manufacture similar products.

Background

For an organization to derive its Blue Ocean, there must be certain elements that compel the organization to move to another market. In the case of Canon, the market was very saturated; companies such as Xerox, Lexmark, Epson, and others were manufacturing and selling similar products as Canon (Najdovski, 2015). This created stiff competition in the market, with all companies focusing on selling photocopy machines to organizations where they are used by managers. According to Najdovski (2015), the stiff competition from the company's rivals created a decline in sales return, resulting in a reduction in profit. This condition is the red ocean, Canon's business environment started to shrink, and as a result of competition, the market share also started to reduce. The Red Ocean situation became unbearable, and this compelled the company to look for an alternative market where it could thrive. Red Ocean's strategy faces a lot of challenges from market competitors, and companies usually fight within the market to emerge the winner. But a good

company would strategize and get out of Red Ocean to Blue Ocean. The strategy should involve getting a new product that no other companies in the Red Ocean have so that the company can leave the saturated market.

Currently, there are several companies manufacturing traditional photocopy machines which are used by the organizations. No company has given much attention to desktop copiers for home use and small office setups. The management of Canon decided to invest in desktop copiers to move away from traditional photocopy machines and focus on individual employees' usage rather than the organization's usage (Mauborgne & Chan, 2005). Therefore, the change in Canon's market focus from traditional photocopy machines to desktop copiers will automatically result in an increase in revenue through increased sales returns, and the company will make more profit. This is because by creating new products, the company will automatically move from the Red Ocean to the Blue Ocean. There will be little or no competition since most competitors will still be at the red ocean. The only best way to beat other companies is to stop competing with them. In Red Ocean, the boundaries are defined, set, and accepted by all players, and the best option for a company is to bolt out and introduce a different product into the market, "Blue Ocean," to create a different market niche.

Stakeholder Analysis

The new stakeholders in the Blue Ocean state are the managers of companies willing to take the company to a new level in business. When a new product is launched or when a company moves from Red Ocean to blue, the key stakeholders are new customers and employees involved in the production of new products. The change of strategy means a change in the way a company addresses certain critical management issues, and therefore, stakeholder perspective and stakeholders themselves must change as well. Therefore, when Canon introduced its new desktop copier to the market, the first thing that changed was the market focus itself.

The stake changed since Canon previously dealt with organizations alone, which were the only major users of traditional photocopier machines. The company shifted its market focus to individual people willing to spend on desktop copiers for home and officer sets. This means that the company's stakeholders have also increased, hence expanding its market share. In Red Ocean State, Canon competed with other companies to sell traditional photocopy machines to organizations (Kayla, 2018). It made it impossible to improve sales volume, and the company prospects were in limbo. With the move to Blue Ocean, Canon built its own market space and stimulated the company's growth through increased sales, profit, and market dominance in desktop copiers.

System Conditions and Issues

Several companies afford similar opportunities to develop a blue ocean. Blue Ocean was created to provide an organization with a new market. Canon is one of the oldest photocopier manufacturers, but

there are other companies like Xerox, Lexmark, and others which manufacture and sell similar products. However, the market for traditional photocopy machines was getting thicker since the Red Ocean was stiffer, and many customers would go for alternative products. According to Kayla (2018), stiff competition from the market reduced Canon's sales return, negatively impacting the company's general performance. This forced Canon to make critical strategic decisions, which commenced with market research so that a product could be identified. First, the organization analyzes the reason for the decline in sales return and what can be done to improve the organization's performance. The Blue Ocean was then decided to be created to open a new market so that Canon could improve its annual sales return.

Strategic Proposal

It is noted that traditional photocopy machines could only be used by managers because they are expensive, and organizations could only purchase one or two for specific use. This condition made market competition focus on organizations. The Canon sells traditional photocopy machines and then provides services such as maintenance and repair. The traditional mode of business was not productive, and therefore, the management had to decide to inject a new dimension into business which could generate more revenue for the company. The market needed portable, durable, and easily maintained photocopies that could serve as printers as well, and therefore, the desktop copier was invented to provide an alternative revenue stream for Canon. However, to defy the market logic of Canon, the Japanese company decided to create a small and portable desktop copier for the industry. This shifted the target clients of photocopiers from corporate purchases to users (Krishnan, 2012). Designing and manufacturing the desktop copier industry is the best proposal for Canon to improve its dwindling performance in the market and stimulate growth as well.

Strategic Option Evaluation

However, designing and producing a fast, reliable, portable, cost-efficient, and easy maintenance copier gave Canon more advantage in the market, and therefore, it was the beginning of the company's improved performance. The strength of the Blue Ocean strategies deployed by Canon is that the desktop copier was portable and could be used by employees to create a pool of copiers and printers. It has printing, scanning, and photocopier options, which means it serves more purposes than the traditional photocopy machine. New products like Canon did improve the market value of the company and also resulted in increased sales returns when other competitors were still stuck in the red ocean (Krishnan, 2012).

Strategic Recommendation Support

The best strategic option for the company is to invest in a new market where few competitors have

ventured. Therefore, it is recommended that Canon manufacture desktop copiers that can connect remotely or virtually, improving the quality of desktop copiers by introducing tonner copiers with cartridge copiers, which are popular in the market. Research has proved that tonner copiers are economical and can be used for both commercial and personal use as well as office use (Cusumano, 2012). This will not only shift market attention again but will also make sure that the company retains its customers. The main challenge Canon is facing is market competition because there are many market entries that are determined to tilt the market in its favor.

High-Level Implementation Steps

The strategic option can be implemented in stages to make sure that it properly achieves its intended goal. First, the manager is required to mobilize resources and the entire team behind and have a common goal. However, once a goal has been set, research is conducted to make sure that Blue Ocean meets the expectations of the company, and it will help the company in achieving its goals. The organization is expected to increase its total annual sales, profit is also expected to jump, and Canon's market share will increase. It will automatically transform Canon's market performance, and therefore, shareholders and stakeholders shall be impressed.

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