

Blue ocean strategy
is simply a
repackaged version
of bowmans hybrid
strategy

[Business](#), [Management](#)



Blue Ocean Strategy and Bowman's Hybrid Strategy a)Analysis a)According to Wiley Blue ocean theory focuses on value innovation as one of its key elements to achieve new markets, which initially Bowman's hybrid theory termed the strategy as cost advantage. Blue ocean theory explains that for organizations to achieve new markets they should focus on cost positions, utility and price. Under blue oceans value innovation concept, companies should align their innovation with their price, cost positions and utility to achieve new markets. Bowman's hybrid theory outlines that organizations should focus on cost vs. value creation in order to be differentiated in the industry. Blue Ocean's strategy is an echo of Bowman's theory since they both base on cost and value addition in order to create new demands. Blue Ocean theory explains that for companies to create value innovation, the companies must employ lower costs and differentiation measures. Wiley 2015 adds Bowman's theory involves product differentiation and cost leadership as some of its main strategies. In cost leadership, companies thrive to offer commodities at a lower cost but with a high value than the other low costs rivals. In product differentiation, volume forms a vital component in its differentiation. The organizations offer low prices with high volume hence value creation. Blue Ocean's theory uses the same Bowman's theory principles, to acquire the new markets. Blue ocean theory achieves value innovation through costs cutting and differentiation to facilitate new markets. There is no added principle which distinct it from Hybrid theory, hence making it a replicate of Bowman's theory.

b)Application

The renowned Tata Motors developed the world's cheapest car Tata nano in

order to create a new demand and value. The car is unique as it offers the same benefits of passenger vehicle but at a very cheap cost. The car costs \$2, 500 which was set basically for customer's affordance. The price was set without consideration of the company's production costs and margin. The company created a new demand which was initially unavailable within the market at a cheap price, and affordable by a majority all customers. With the help of its partner and engineers, Tata Motors developed the car's features anew with its target customers in mind. The car was developed with a smaller engine than the current vehicles in order to minimize horsepower wastage within India's cities which are over congested with traffic jam. The company lacks competition due to its economies of scale. The company brought in renowned supplies, Bosch; a German motors and appliances maker and Delphi; a renowned automotive dealer. The two suppliers assisted in the supply of cheap components as well as designing of the car. Tata Motors used limited suppliers in order to promote fast and efficient decision making so as to achieve massive value of the car. Furthermore, the company plans to distribute the car's parts to local businesses for assembly in order to reduce its capital costs further. The Company employed lower costs and differentiation which is the basis of Blue Ocean strategy to create value innovation. The strategy was a success due to its low production costs, high returns and lack of competition.

Reference list

Cummings, S., & Angwin, D. (2015). Strategy builder: how to make and communicate more effective strategies. New Jersey : Wiley.