

HOW TO MAKE BLUE OCEAN TURNING INTO RED OCEAN BLUE AGAIN: A CASE STUDY OF A ROOM ESCAPE GAME

Şafak Gündüz

Asst. Prof. Dr., Maltepe University, TURKEY, safakgunduz@maltepe.edu.tr

Abstract

In recent business management literature one of the hot topics discussed is how to escape from the intense Red Ocean by creating a Blue Ocean where there is no competition. This seems possible with the Blue Ocean Strategy put forward by Rene and Mauborgne. However, it is underlined in literature that every blue ocean will eventually turn red. Traditionally, most research in the field of Blue Ocean Strategy focused on few practical guidelines of how to create Blue Ocean leaving a gap in the understanding of how the blue ocean could be turned into blue again after it becomes red due to fast entries into the market. The present paper addresses that void specifically by exploring the practices of a room escape organization of a new-born entertainment sector showing how they managed to create their second blue ocean. It is aimed at enriching Blue Ocean Strategy with a case study in which we see the process of creating a blue ocean, its immediately turning into red and achieving to become blue again. This study aims to generate insights for future research for managers, academics, innovators, entrepreneurs and policy makers who are interested in creating their sustainable blue ocean with innovative moves by presenting a solid case analysis.

Keywords: Red Ocean Strategy, Blue Ocean Strategy, Innovation, Room Escape Games, Entertainment Sector, Value Creation

1. INTRODUCTION

Bloody rivalries in the market with the objective of growth in the revenue, profit and market share force organisations to find many ways to compete. They have to spend their time and energy to make innovations that can keep them competitive, however, leading to ending up in a bloody red ocean full of winners and losers. Organisations that manage to direct their assets to blue oceans on the other hand achieve a win-win outcome.

Blue ocean strategy that has been used since the beginning of trading but known as a concept since 2007 after being proposed by Kim and Mauborgne is worth being considered by entrepreneurs and strategists for both profitable and rapid growth free of competitors.

This paper analyses the blue ocean strategy implemented by a room escape game company called Tuzak. The focus is how this entrepreneurship achieved to adapt itself to blue ocean again after their blue ocean turned into red right after their foundation. It is proposed that it is possible to create a blue ocean again after they become red with this case study. This paper aims at building upon Kim and Mauborgne's studies on Blue Ocean Strategy by interviewing the owners of a small entrepreneurship to benefit from their lived and perceived experiences in terms of blue ocean strategy concept.

As creating blue oceans is not a static but a dynamic process it is obvious that a company's competitive advantage depends on how innovative it is because of many imitators appearing in the market very soon. The way to prevent imitators from entering the market could be a great value innovation (Chang, 2010) and Tuzak would be a great example of innovative methods applied for value innovation, which is the cornerstone of blue ocean strategy.

For this case study, one of the partners of Tuzak was interviewed. The structure of the paper is as follows. First, the blue ocean strategy is described as it is the main construct of the paper. Then, room escape games and one of them called Tuzak, the case study of this paper will be presented.

2. BLUE OCEAN STRATEGIES

Blue Ocean Strategy was developed by Chan and Mauborgne of INSEAD University in France, in their study of 150 strategic moves from 30 different industries with a 100 year back data. It should be stated that blue ocean strategy is not something new, just the concept (Kim & Mauborgne, 2014; Becker, 2013; Lindic, et. al, 2012). This concept has been taught in many courses to graduate blue ocean strategists. (Mohammed, 2009) Chan and Mauborgne developed this strategy after having analysed how many successful products and services launched over the past 100 years came into being in "untapped market spaces".

Why the colours for the oceans chosen "blue and "red" question was answered by Kim & Mauborgne (2005), in an interview, as it is red because the blood of cutthroat competition makes oceans red and blue ocean is an analogy used for a wider, vast, deep and explored potential market space.

In blue oceans in which competition becomes irrelevant, demand is something that is created rather than fought. (Kim & Mauborgne, 2014) Some guidelines to run away from this heavy completion are presented to organisations and they are shown how it is possible to do so by creating a new and private market for them. There are four ways to manage to create a blue ocean (Kim, et. al, 2006).

- Eliminate some key negative factor
- Reduce some negative effects of some key factors
- Create new key features never provided before
- Increase some key features much above the standards

A parable called "Who Moved My Cheese" about two mice "Sniff and Scurry" and two little people "Hem and Haw" is a metaphor about adaptation ability to change. It is about their trying to find some cheese in the maze they are living. Sniff and Scurry foresee the cheese dwindling and switches on to find new cheese whereas Hem and Haw go on going to the same place just complaining "Who moved my cheese? The mice immediately go somewhere else to find cheese whereas the little people think that they should stay in the maze and wait for their cheese. Later Hem and Haw also decide to go to find cheese and realise that it is even more fun to try to find cheese.

The story shows even if we are perfect in the job we are doing we could be so blind not to see the threats and opportunities. Here a blue ocean could be perfect to come into scene. (Johnson, S., 1998; Becker, 2013)

Kim & Mauborgne (2004) states that blue oceans have always been in business life in many industries such as mutual funds, cellular telephones, biotechnology, discount retailing, express package delivery, snow boards, coffee bars and home videos to name a few. According to them, blue ocean strategy is not only about technology innovation. A clever strategic move towards blue oceans can create brands and brand equity. They identify one of the important features of blue ocean strategy like that: Blue ocean strategy has nothing to do with the main tenet of conventional strategy, which is deciding upon a choice between

differentiation and low-cost. Successful companies as in the example of Cirque du Soleil can pursue both of them simultaneously in case they create blue oceans. Some other examples are Ford Model T, GM, Chrysler Minivan, CTR's tabulating machine, IBM 650 electronic computer and system, Apple PC, Compaq PC servers, movie theatres, palace theatres and AMC multiplex. Apple for example as a case introduced their online music store, iTunes, which is an example of a blue ocean in digital technology. It is seen that blue ocean shifts strategy from value creation to value innovation pursuing differentiation and low cost simultaneously. (Giannoulis, & Zdravković, 2012) The actions and beliefs of industry players reconstruct the structure of the industry and determine the boundaries.

As seen in the examples above the blue ocean strategy has attracted attention in business management literature since it has presented many innovative solutions to practitioners. Navigating the blue ocean requires thinking outside the box. It may not be always a good way to come up with an idea. You should first determine your place in the market and determine whether you are in the red ocean or blue ocean. (Rau, 2012) When you believe that you are in the blue ocean it may take short to find yourself in the red ocean again as the imitators will not wait long. It is obvious that sustainability of the product or the service you innovated plays an important role whereas ability to make quick moves to find another blue ocean when it gets red is also important.

3. ROOM ESCAPE GAMES

3.1 History of Room Escape Games

Nicholsan (2015) in his study presenting the current state of escape room facilities, states that the earliest well-documented escape game was SCRAP, run in Kyoto, Japan in 2007 leading these games grew rapidly first in Asia between 2012-13 then in Europe and later over to Australia, Canada and America with inspiration coming from playing in or learning about another escape room.

In room escape games, today's entertainment phenomenon, you have one hour with your group consisting of 2-5 people to accomplish tasks such as finding clues and solving the puzzles to unlock the doors to exit under the supervision of the gamemaster, who briefs you on the rules and steps of the game. Room escape games are also preferred by corporate groups as they promote team work, communication and critical strategic thinking skills.

3.2 A Room Escape Game called Tuzak and how Tuzak created its blue ocean?

Tuzak¹ is a room escape game founded in 2014 in Istanbul by three friends who have been lifelong players. Their success hint could be their experience of knowing how a player can enjoy. They know how to make player feel like in a real atmosphere avoiding creating and presenting "as if" type of games (<https://www.youtube.com/watch?v=ArVX6P7A77E>). Being the second entrant into the market they are now in the first place in terms of number of reservations and brand awareness and in the second place in the number of games they offer. With four games in Istanbul, and franchising branches in İzmir and Gaziantep they have made 32000 players join their nearly 8000 games so far with a variety of puzzle types such as hidden physical objects, light, algebra or mathematics, pattern identification, riddles, strategic thinking, rope or chains, prison bars, mazes, touch, shape manipulation, codes. The gender breakdown of their players is 40% female and 60% male and they are mostly aged between 25-34 with a 42 %. (Aksoy, one of the owners, shared some info from their customer profile files.)

Room escape games, as understood from its name, used to be based on escaping from one- or sometimes two rooms. Tuzak created a blue ocean by changing the concept of room escape into "escape room" using a flat as a room area. It turned out to be a sort of escaping from one room finding yourself in another one and finally leaving the flat after achieving all tasks. Tuzak's blue ocean lies beneath promoting a new concept, which can be considered as an innovation. In 2016, according to the results of a detailed Google search, it has been determined that there are 160 room escape game firms in Turkey. It is obvious that the sea is red for Tuzak. Tuzak, with a clever move, has created portable room games available in many shopping malls for certain periods. That is quite new for this sector and has made Tuzak popular again. The phases of Tuzak entered is schematized in Fig. 1.

¹ Tuzak means "trap" in English.

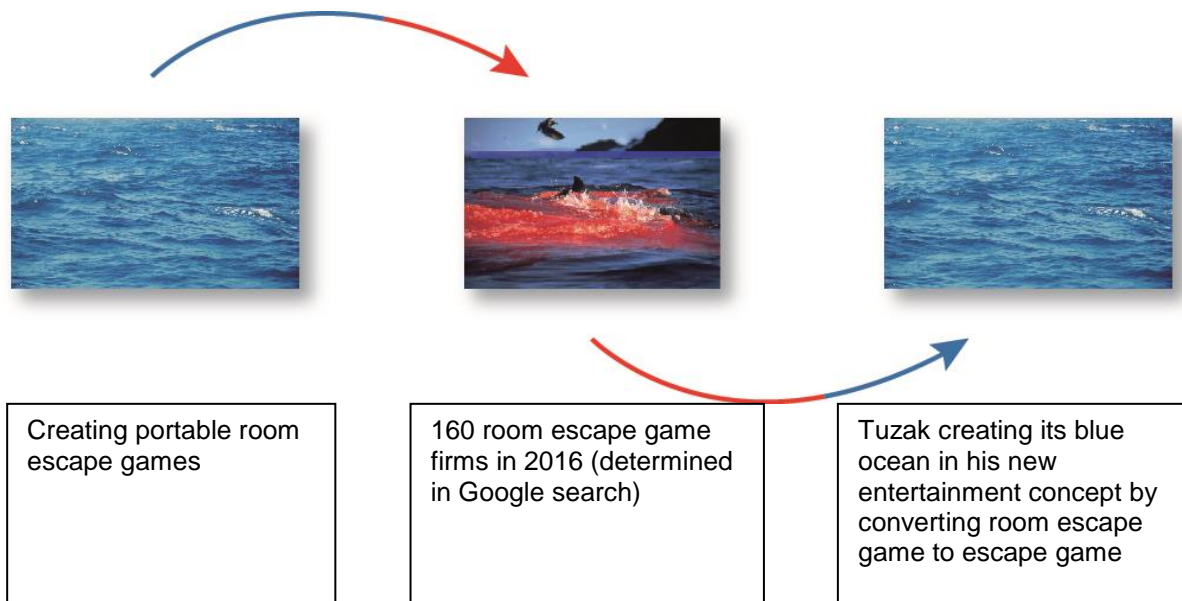


Fig. 1. Tuzak’s move to blue ocean again

The ERRC grid of Tuzak how they applied eliminates, reduce, raise and create phases of blue ocean strategy is shown in Table 1.

Table 1. ERRC² Grid of Tuzak

<p>Eliminate</p> <ul style="list-style-type: none"> - Moving Grupanya, a shopping site that offers daily deals on products and services in various categories. Their principle had been to be the only room escape game in Grupanya, however Grupanya did not stick to this.. 	<p>Raise</p> <ul style="list-style-type: none"> - New games played at the same time - Giving franchising
<p>Reduce</p> <ul style="list-style-type: none"> - No alliance or cost reduction not to lose corporate identity, just a discount for corporate customers - Underlining Tuzak concept, avoiding using room escape or escape room to create brand awareness 	<p>Create</p> <ul style="list-style-type: none"> - Utility model (portable room escape game) development and registration - Wedding proposals - Customised games for occasions - Portable room escape games (especially in shopping malls) - Performance talks for customer satisfaction

As change is inevitable, business leaders have to think and see differently in this technological information age which enhance a plethora of advantageous arena they can gain competitive advantage over their rivals. Blue ocean strategy might unveil some ways to inject revitalization to the small business sectors that help them survive (Todd, 2016).

4. CONCLUSION

Since 2007, in the last decade in other words, room escape games branding has become a phenomenon in entertainment sector with hundreds of competitors. Tuzak, one of those room escape games companies created a blue ocean in entertainment sector. However, right after their foundation, many of imitators entered into the market. By creating new business models, Tuzak has managed to create a blue ocean for the second time and even for the third time. This case confirms the applicability of the blue ocean strategy and invaluable moves that could be done to create more blue oceans even if the market turned into red immediately. Analysing Tuzak’s strategy it was found that Tuzak has created a different strategy canvas. The strategy applied by Tuzak provides a guideline for how companies can survive by creating new, uncontested market spaces again and again instead of just trying to compete in the existing market. This case analysis is

² ERRC: Eliminate, Raise, Reduce and Create

a perfect example that could be used in strategy development and innovation management.

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