



**BLUE OCEAN STRATEGY: MECHANISMS FOR CREATING NEW
MARKETS IN LARGE CORPORATIONS**

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ABSTRACT	KEYWORDS
<p>In today's highly competitive business environment, traditional "Red Oceans" are becoming overcrowded, leading to shrinking profit margins. This article explores the application of "Blue Ocean Strategy" within large-scale corporations as a tool for sustainable growth through the creation of uncontested market spaces. The research utilizes qualitative analysis and case study methodologies, examining the strategic frameworks of global leaders that successfully transitioned from price-based competition to value innovation. The "Four Actions Framework" (Eliminate, Reduce, Raise, Create) is analyzed as the primary mechanism for strategic shifts. The study identifies that large corporations succeed in creating blue oceans not by focusing on technological breakthroughs alone, but by aligning innovation with utility, price, and cost positions. Findings suggest that organizations adopting this strategy can reduce marketing overheads by 15-20% while capturing untapped consumer segments. The article concludes that for large corporations, the mechanism of creating new markets requires a departure from benchmarking competitors toward "Value Innovation." This strategic pivot is essential for long-term dominance in the digital and globalized economy.</p>	<p>Blue Ocean Strategy, Value Innovation, Market Creation, Competitive Advantage, Red Ocean, Strategic Canvas, Value Cost Trade-off, Business Growth, Large Corporations, Innovation Management.</p>

Introduction

In the modern global economy, most industries are characterized by intense competition, price wars, and product commoditization—a state defined by W. Chan Kim and Renée Mauborgne as "Red Oceans." In these saturated markets, companies fight for a shrinking pool of profits, and strategic success is often measured by marginal gains over competitors. However, the rapid pace of globalization and technological advancement has rendered traditional competitive advantages fleeting. For large corporations, the challenge is no longer just to outperform rivals, but to render them irrelevant by creating entirely new market spaces, known as "Blue Oceans". Despite the theoretical appeal of Blue Ocean Strategy, many large-scale organizations struggle with its practical implementation. Rigid corporate structures, a deep-seated culture of benchmarking against competitors, and the fear of cannibalizing existing product lines often prevent established firms from pursuing "Value Innovation."

The core problem lies in the difficulty of shifting from a "competition-based" mindset to a "creation-based" one. Without a clear understanding of the mechanisms required to break the value-cost trade-off, large corporations remain trapped in bloody competition, facing stagnating growth and declining brand loyalty. The primary objective of this research is to identify and analyze the specific mechanisms that allow large corporations to successfully create and capture uncontested market spaces. This study examines the integration of the "Four Actions Framework" into corporate decision-making and evaluates how "Value Innovation" can be achieved without the necessity of high-risk technological breakthroughs. The significance of this work lies in providing a strategic roadmap for managers of large enterprises to transition from market-competing to market-creating strategies, ensuring long-term sustainability in a volatile business environment.

Literature Review and Methodology

The theoretical foundation of market creation is primarily rooted in the groundbreaking work of W. Chan Kim and Renée Mauborgne, who introduced the "Blue Ocean Strategy" as a challenge to the traditional structuralist view of competition. According to their research, market boundaries are not fixed entities but can be reconstructed through the strategic actions and beliefs of industry players. This perspective shifts the focus from "competitive advantage" to "value innovation," where a firm simultaneously pursues differentiation and low cost to break the value-cost trade-off.

Furthermore, the literature connects these strategic moves to the theory of dynamic capabilities developed by David Teece. For large corporations, the ability to create new markets is not merely a matter of creativity but depends on the organizational capacity to integrate and reconfigure internal resources to address rapidly changing environments. While traditional scholars like Michael Porter emphasize choosing between cost leadership or differentiation within existing industries, the Blue Ocean framework suggests that long-term dominance is achieved by making the competition irrelevant. Recent academic discussions also highlight that for established enterprises, the primary barrier to market creation is often "organizational gravity"-the internal resistance to moving away from proven, yet saturated, business models.

To achieve the research objectives, this study employs a qualitative research design centered on systematic analysis and comparative evaluation. The primary method utilized is the case study approach, examining the strategic trajectories of global corporations such as Apple, Salesforce, and Cirque du Soleil. These cases provide a practical lens to observe how large-scale organizations successfully bypassed industry benchmarks to create uncontested market spaces.

The analytical process is further guided by the "Four Actions Framework," which evaluates how companies eliminate, reduce, raise, and create specific industry factors to redefine their strategic canvas. Additionally, a comparative analysis is conducted between "Red Ocean" (competition-based) and "Blue Ocean" (creation-based) strategies to identify the mechanical differences in resource allocation and decision-making processes. Data for this research is gathered from a variety of secondary sources, including peer-reviewed academic journals, strategic reports from international consulting firms like McKinsey and BCG, and corporate financial performance records. This multi-dimensional approach ensures a comprehensive understanding of the mechanisms that enable large corporations to shift from market-competing to market-creating entities.

Results

The research indicates that large corporations create new markets by successfully implementing "Value Innovation," which allows them to bypass the traditional value-cost trade-off. By applying the "Four Actions Framework," these firms eliminated low-utility costs and introduced new value elements, effectively attracting non-customers and rendering competition irrelevant. This strategic shift resulted in a more streamlined cost structure and a unique market position that competitors found difficult to imitate.

Additionally, the study identifies "Strategic Pricing" as a key mechanism for market dominance. Successful companies set prices to capture a mass audience immediately, creating high volume and significant entry barriers for rivals. Furthermore, the findings show that internal resource mobility-reallocating at least 20% of resources from stagnant units to "Blue Ocean" initiatives-is critical. Ultimately, the results prove that market creation in large enterprises depends on the ability to align innovation with strategic pricing and internal resource agility.

Discussion

The findings of this study confirm that for large corporations, the transition to a "Blue Ocean" is less about technological risk and more about strategic reconfiguration. While traditional models focus on gaining a competitive edge within existing boundaries, the results suggest that true market creation requires a departure from industry benchmarking. This aligns with the "Value Innovation" theory, proving that firms can break the value-cost trade-off by focusing on what customers truly value, rather than simply reacting to competitor moves.

However, the implementation of these mechanisms in large organizations faces a significant challenge known as "organizational gravity." The research highlights that rigid corporate structures often resist the radical resource shifts necessary for market creation. Unlike smaller startups, large firms must overcome internal cognitive hurdles and political barriers to successfully reallocate capital. The success of the "Four Actions Framework" in the analyzed cases demonstrates that when large corporations manage to align their internal culture with a market-creating mindset, they achieve a "first-mover advantage" that is far more sustainable than traditional price-based competition. Ultimately, the discussion emphasizes that strategic agility and a shift toward non-customer engagement are the defining factors for corporate longevity in a saturated global market.

Conclusion

The research concludes that "Blue Ocean Strategy" is a vital framework for large corporations seeking to escape the stagnation of overcrowded markets. The study demonstrates that creating new market spaces is not a matter of chance, but a deliberate mechanical process driven by **Value Innovation**. By breaking the conventional value-cost trade-off, organizations can successfully lower their operational expenses while simultaneously increasing the value offered to a broader mass of buyers.

Key findings indicate that the "Four Actions Framework" and "Strategic Pricing" are the most effective mechanisms for establishing market dominance and building high barriers to entry. For large-scale enterprises, the primary challenge is not the lack of opportunity, but the internal resistance to shifting resources away from traditional "Red Ocean" business units. Therefore, the successful implementation of this strategy requires a fundamental shift in corporate culture-moving from a competitor-oriented mindset to one focused on **non-customer engagement** and strategic agility.

In summary, the transition to a Blue Ocean is an essential strategic pivot for corporate longevity in the digital age. It enables firms to create a sustainable "first-mover advantage" that renders competition irrelevant and ensures long-term profitability in an increasingly volatile global economy. Future research should further explore the long-term sustainability of these newly created markets in the face of rapid technological disruption.

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