Applicability of Blue Ocean Strategy among Selected Manufacturing Firms in South-East, Nigeria

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Abstract: The study was on the applicability of Blue Ocean strategy among selected manufacturing firms in South-East, Nigeria. The specific objectives include evaluating the extent adoption of Blue Ocean has eliminated competition in respective businesses in South East, Nigeria; to ascertain the extent to which manufacturing firms in South East Nigeria involve in research, development, and innovations. The research survey design was used. The primary sources were a personal interview and the administration of a questionnaire to the management and staff of the manufacturing firms. The population of 430 staff, 378 staff, was sampled. The sample size of 378 was chosen after applying the Freund and William's formula for the determination of adequate sample size. Out of the staff sample, 370 staff returned the questionnaire and accurately filled. That gave 88 percent response rate. The validity of the instrument was tested using content analysis, and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability coefficient of 0.88 which was also good. Hypotheses were analyzed using f-statistics (ANOVA) tool. The result showed that adoption of Blue Ocean had eliminated competition in respective businesses in South East, Nigeria f(n = 370)= 5442.162, P<0.05; and application of Blue Ocean has increased research, development, and innovations in manufacturing firms in South-East, Nigeria. f(n = 370) = 462.091, P<0.05. The study concluded that blue ocean strategy enables an organization to look beyond normal competitive practices of the red ocean, to creating new demand in uncontested market spaces. Therefore, it is essential for the companies to reach beyond the strategy for the effective application of Blue Ocean. It was recommended that the organizations should try to continually reinvent their strategic approaches within their respective industries if they are to remain relevant in the 21st century. While this study focused on the applicability of Blue Ocean strategy, future research should be carried out to establish the relationship between the blue ocean strategy and non-financial parameters, such as organizational cultural evolution, organizational design, and structural changes, and strategic control systems emerging within an organization.

Keywords: Applicability, Blue Ocean Strategy.

INTRODUCTION
Background of the study
Blue Ocean Strategy is a marketing strategy that was introduced in 2005 by Chan Kim and Renee Mauborgne, and it introduced a new way companies can succeed by going into uncontested market space with no competition. It denotes all unexplored market space. It is characterized with value innovation, the creation of high performance and high demand. No market boundaries are experienced and the nature of unique market space and value innovation. The metaphor is used to depict a sea that is blue, element and inviting as against Red Ocean Strategy that is characterized with all the known existing market space with cut-throat competition, limited service demand, limited profit and defined boundaries. Blue ocean strategy challenges companies to break out of the red ocean of bloody competition by creating uncontested market space that makes the competition important. Instead of dividing up existing and often shrinking demand and benchmarking competitors, blue ocean strategy is about growing demand and breaking away from the competition [1].
Blue Ocean Strategy was developed by globally pre-eminent management thinkers Chan Kim and Renée Mauborgne. They observed that companies tend to engage in head-to-head competition in search of sustained profitable growth. In today’s overcrowded industries competing for head-on results is nothing but a bloody red ocean of rivals fighting over a shrinking profit pool. Lasting success increasingly comes, not from battling competitors, but from creating blue oceans of untapped new market spaces ripe for growth.

In an established industry, companies compete with each other for every piece of available market share. The competition is often so intense that some industries cannot sustain themselves. This type of industry describes a red ocean, representing a full market share bloodied by competition. To avoid costly competition, firms can innovate or expand in the view of finding a blue ocean. A blue sea exists where no firms currently operate, leaving the company to grow without competition. 

Generating that kind of environment is the major of blue ocean strategy, a business theory that suggests companies are better off searching for ways to gain “uncontested market space” than engaging in traditional competition. The approach represents the simultaneous pursuit of high product differentiation and low cost, thereby making competition irrelevant. The authors say it is successful because it attracts big numbers of customers while raising the price of the game.

Statement of Problem

Business is any legal activity one does to produce goods and services, make a profit and earn a living [2]. Every business venture comes up with the beautiful idea of giving something to the society and in the end to gain profit or recognition/reward (if it is nonprofit oriented). Due to globalization, market demand and taste is stiff competition in the business world today that survival is always the watchword. The tense competition has pushed so many industries out of business, and many more are following suit.

Nigeria, the most populous country in Africa in the recent time, is facing severe sustainability challenges ranging from poor business growth, cut-throat business completion, unconducive business environment, inflation, rising population and business failures arising from unproductive ventures and managerial incompetency [3]. Globally, firms require a strategy to meet their objectives and goals. It has become unrealizable that organizations or firms no longer meet there targets hence poor success rate, unhealthy competition, loss of profit, retrenchment in some industries because of poor performance, rapid and unpredictable change, substantial uncertainty is observed.

Due to limited market space, many firms retrenched their workers because of reduced profit. Firms who are bent on retaining their full staff are in crisis and are facing sustainability issues. Severe competition otherwise renamed Red Ocean by Kim brings about so many challenges and failures. It leads to the following questions; why is there much cut-throat competition in Nigeria Market with little or no gain to show for the toil in business? Why do companies fail or go into comatose after the death of the founder? All the same, one wonders why other businesses flourish in the midst of constant failures. These have been the significant challenges facing Nigerian firms or industries hence, the applicability of the Blue Ocean strategy among selected manufacturing firms in South –East, Nigeria.

Objective of the Study

The purpose of the study is to evaluate the applicability of Blue Ocean strategy among selected manufacturing firms in South –East, Nigeria. The specific goals include to:

- Evaluate the extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria.
- Ascertained the extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South-East, Nigeria.
- Evaluate the extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria.
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Research Hypotheses

The following null hypotheses guided the study.

- The extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria is significantly low.
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Significance of the study

This study contributes to the concept of blue ocean strategy and also acts as a theoretical reference point for manufacturing firms and other governments. Students and academicians who wish to carry out further research in this field can review the study literature and establish gaps for further studies. The
findings of this study can help firms to better their service delivery through an emphasis on unique services that offer more value and less competition. The manufacturing sector can gain from the findings of this study especially the blue ocean strategy application.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Concept of Blue Ocean Strategy

Blue ocean strategy generally refers to the creation by a company of a new, uncontested market space that makes competitors irrelevant and that creates fresh consumer value often while decreasing costs. Blue ocean strategy is a market for a product where there is no competition or very less competition. This strategy revolves around searching for a business in which very few firms operate and where there is no pricing pressure. Blue Ocean Strategy can be applied across firms or sectors. It is not limited to just one company. In today's environment, most firms operate under intense competition and try to do everything to gain market share. When the product occurs under pricing pressure, there is always a possibility that a firm's operations could well come under threat. This situation usually occurs when the business is operating in a saturated market, also known as 'Red Ocean' [7]. When there is limited room to grow, businesses try and look for verticals or avenues for finding a new business where they can enjoy an uncontested market share or 'Blue Ocean.' A blue ocean exists when there is potential for greater profits, as there is now competition or irrelevant competition. The strategy aims to capture new demand and to make competition irrelevant by introducing a product with superior features. It helps the company to make huge profits as the product can be priced a little steep because of its unique features. Let's understand the Blue Ocean strategy with the help of an example. Apple ventured into digital music in 2003 with its product iTunes. Apple users can download legal and high-quality music at a reasonable price from iTunes making traditional sources of distribution of music irrelevant. Earlier compact disks or CDs were used as a conventional medium to distribute and listen to music [8].

Apple was successful in capturing the growing demand for music for users on the go. All the available Apple products have iTunes for users to download music. These companies have fought for competitive advantage, battled over market share and struggled for differentiation. In a world with cutthroat competition prevailing in almost every industry, from telecommunications and manufacturing firms to insurance, outdoing rivals takes a front seat at any cost. Companies' insatiable appetite to increase market share by initiating price wars, massive discounts, and buy-one-get-one-free promotions, etc. will affect the bottom line by drastically eroding profit margins. This will be exacerbated by globalization trends where the whole world is connected and information readily available, eliminating trade barriers among nations and thereby increasing throughput (rate of production) through imports and technological enhancements. All these mentioned factors leads to an enormous influx of supply over demand. To leverage one's product over hundreds of other similar brands of the same product,
the said product will have to be distinguished by some distinct features. No sooner the element attracts consumers; all different brands will also incorporate that feature into their products thereby eroding the specialty.

Furthermore, the incorporation of more and more features comes at a cost, and due to head-to-head competition, the company may not be able to increase the price as well. In an approach conducted in the US regarding consumers’ brand loyalty, researchers came upon the fact that for significant product and service categories consumer brand loyalty will be challenged as they do not particularly restrict themselves to a particular brand and in its absence, they move to another brand without any hesitation. Since all these main categories carry almost all essential features, i.e., if a rational consumer wants to buy Glaxo-Sensodyne toothpaste for sensitive teeth, in its absence, the same consumer will select Signal Pro Sensitive-Unilever as all these leading brands are inbuilt with the same feature. To overcome cutthroat competition for the same shrinking pie at any cost, W. Chan Kim and Renee Mauborgne introduced a mechanism called Blue Ocean Strategy after years of research. Red Ocean comprises the known marketplace where cutthroat competition prevails. Blue Ocean refers to the unknown market where the rules of the game are waiting to be set [9].

If you turn the clock maybe 20 years behind, the dominant industry available today may not exist, and those who predicted and pioneered by now may be enjoying the lion’s share of the market. For example, social networks such as Facebook, Twitter, LinkedIn, etc. The founders of the above mentioned social networks may not be the first to start. However, they are the early birds and now established themselves so firmly in the market. Of course, there is head-to-head competition among social networks as once this segment became attractive then everyone in the tech industry wanted a slice of the pie. One such company is Google, which follows a do-a-little-bit-of-everything strategy with their work in everything from self-driving cars and wearable computing devices to balloons which transmit the internet [10].

In the same vein, our managers must think maybe 10 to 20 years ahead to carve a blue ocean where the competition is irrelevant rather than devising strategies to stoke and immerse an organization in open red waters. When considering the implementation of the Blue Ocean strategy, initiators must be particular about two things: Low price and the differentiation simultaneously. This may be contrary to Michael Porter’s Generic Strategies in which he argues that if a company tries to pursue either low cost and differentiation, the organization may end up in with a stuck-in-the-middle approach. However, organizations nowadays have successfully proven this fact by practicing both strategies simultaneously. This is called Value Innovation, which provides both the organization and the consumer with a low-cost advantage and enhanced value. The organization will be able to focus on both cost-reduction and differentiation simultaneously. The wine industry is a very sophisticated industry which involves a lot of prestige and technological jargon which will put an average person in an extremely uncomfortable position when selecting a suitable wine and advanced aging processes etc. The US market is flooded with over 1,600 wineries competing for head-on, and eight significant players enjoy over 75% of the market share. Casella Wines (Yellow Tail), which is an Australian-based winery, managed to create a Blue Ocean in the over-flooded wine market in the US by mainly focusing on reducing sophistication and attracting non-wine users like beers and ready-for-drink cocktail lovers also to their product. This enables the wine producer to pursue low costs while adding differentiation to the product simultaneously [11].

The elimination of competition in manufacturing firms through the application of Blue Ocean

Since the beginning of humanity, the exchange of goods and services has been an essential principle of operations. Resources and services are passed from one party to another for considerations or payments. This transfer is premised on the belief of gratification: It means that exchange between suppliers and customers results only by the mutual satisfaction of both parties [12]. In the past, seller's markets dominated the economy because of a shortage in supply and the surplus of demand. In the 1960s this situation changed due to technical innovations in the industrial nations: Mass productions reduced costs for the fabrication of products. Additionally, improved machines decreased lead times and thus advance the production processes because this time savings resulted in an output increase over the same period. Furthermore, globalization facilitated the entrance of more suppliers into the market. These factors led to supply surpluses resulting in a buyer's market which increase competition between companies within a market. Therefore, the term competition is defined in economic context as follows: race generally appears when two or more opponents compete for their position within the market. The growth of market share is obtained, among other things, by increasing profits, growing sales, and squeezing out competitors [13]. Companies hence attempt to defend and expand their market share by strengthening customers demand for their services and goods. As a result, one or more of the competing suppliers lose sales and reduce sales volumes. Consequently, strategic and operational measures gained significance for management decisions with the emergence of buyer’s markets [14].

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However, competitors within the industry are not the only factor affecting companies because rivalry does not exist only between competing companies. Other external factors in the complex environment influence businesses and cannot be controlled. Therefore, Porter created commonly accepted implementations targeting the analysis of microeconomic factors. To analyze the competitive environment, he developed the theory of competitive determinants: Porter's five forces. Kreikebaum, Gilbert and Behnam [15]. According to this theory, the aim of competitive strategies is to find an advantageous position within this microeconomic structure. Five determinants are thus essential to identify the profit potential of each company. These competitive forces include the bargaining power of customers and suppliers, the threat of new entrants and substitutes, and the industry rivalry. These competing factors are briefly explained as follows: The risk of new entrants is the pressure of a new competitor for an existing company in the market. The danger exists in new products and services which lead to an oversupply in the market if demand remains the same.

Consequently, new market entrants threaten to erode the profitability of the established companies. The next competitive factor within an industry is the bargaining threat of purchaser. Their force includes the downward pressure on prices, the expectancy of higher quality, and play competition against each other.

A similar risk of the loss of profitability arises from the bargaining power of suppliers. They can raise prices or lower the quality of their delivery with a dominant position within the industry. The result is a reduction in profitability for companies within the industry [16]. The next danger comes from substitute products. These are goods and services outside the industry that serve the same customer needs as the industry's offerings. The substitutes also create a price pressure and demand an improvement of the service level for existing products and companies. The last competitive force is the rivalry among existing companies within the industry. Companies try to expand their market position using competitive strategies as increased services, advertisements, and lowered prices. This rivalry thus influences customers who are more likely to switch to offerings of competitors. These five competitive forces affect a company's profitability, sales volume and, consequently, future development. They must be considered in the development of a competitive strategy and the generation of competitive advantages. These determinants are hence one part of the strategic management. The microeconomic perspective according to Porter's five forces provides a complex environment of competition. The interactions of these determinants thus influence the success of the company in the market space.

The aim of blue ocean strategy is not to outperform competitors; it is to break out of the boundaries that define how you compete. Economists have developed strategic approaches to protect companies against competitive forces. The objective of these strategies is the creation of sustainable competitive advantages to overcome external factors of rivalry. These competitive advantages create a unique market position and enable companies to operate independently of competition. This relatively free position enables organizations to maximize their sales potential and profitability if customer benefits are created.

Companies have two options to obtain competitive advantages: The creation of a low-cost position or differentiation. The first option ensures a streamlined cost structure, which can be transferred to customers as a price benefit compared to rival businesses. This process creates a competitive advantage since the company emerges as price leaders through cost leadership. Companies with large capacities especially can obtain the benefits of economies of scale. The high production volume leads to a deduction in total unit costs at constant fixed costs. This savings in lower prices can be passed on to customers [2]. Consequently, the low-cost position leads to cost advantages as the first competitive edge. In contrast, differentiation involves distinguishing between the company's offerings and competitors'. This type of strategy creates a unique selling proposition within the industry. Companies can, therefore, demand higher prices for the offered services and products because their products are unique. Differentiation hence generates a clear distinction from competitors and competitive advantage. The essence of strategy is in the activities- choosing to perform activities differently or to perform different activities than rivals.” Both competitive advantages permits companies to obtain a clear positioning within the market. Porter described the purpose of implementing these orientations in a company's strategy as follows: “Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.”

These two options of competitive advantages result with the scope of activities of a company into Porter's three generic strategies. These strategies is comprises of cost leadership or differentiation which target a broad market. The third option is the concentration on a narrow target market as a focus strategy. These strategic orientations ensure a consistent positioning within a competitive market without the stuck in the middle obstacle. This issue arises if a company does not achieve a clear positioning. Customers' mindset hence does not associate the company with an individual demand. Accordingly, competitive advantage is not created, and
greater rivalry among companies occurs. The achievement of competitive advantages constitutes an essential part in the formulation of corporate strategies. The realization of differentiation or cost advantages can develop a lasting influence on the success of the company. Customers perceive the offerings as more valuable than competitors' products and services. Corporate success is hence dependent on the integration of competitive strategy into the holistic approach of strategic management [14].

Application of Blue Ocean and enhancement of research and development

In application of blue ocean, the industry is examined to identify the customer needs that it currently serves and doesn’t serve. Study the industry’s customers and potential customers for what they really need, structure your offering to focus on customer needs that have yet to be addressed, while minimizing features that have been over-served. There are two ways to create blue oceans. One is to launch completely new industries, as eBay did with online auctions. But it's much more normal for a blue ocean to be created from within a red ocean when a company expands the boundaries of an existing industry. In studying more than 150 blue ocean creations in over 30 industries, the traditional units of strategic analysis—company and industry—are of limited use in explaining how and why blue oceans are created. The most appropriate unit of analysis is the decisive move, the set of managerial actions and decisions involved in making a primary market-creating business offering. Creating blue oceans builds brands. So powerful is the blue ocean strategy that a blue ocean strategic move can create brand equity that lasts for decades [3].

Theoretical Framework

Beach theory

Beach theory is a common theoretical framework within which competitive strategy and blue ocean strategy are nested for comparison. The core features of beach theory can comfortably accommodate the central assumptions of both strategic schools of thought. Beach theory is also a useful means to communicate the relevance of our analysis to a broader audience since it is an easily understood and a popular construct in strategic management. Moreover, it is also understood by economists since it has its origins in economics theory [3].

The essence of beach theory is depicted by ice cream vendors (firms) which are identical in goods and services save for one characteristic: the location along a beach. Therefore, the only feature which differentiates one firm from another from a beach goer’s perspective is the convenience of the firm’s location: consumers buy ice cream from the stand which is the shortest distance away. The optimal location/differentiation strategies of three firms selling ice cream on a beach where consumer density is distributed equally along the beach. Porter’s competitive strategy draws from the competitive process. Firstly, all firms maximize their profits by trying to differentiate themselves from one another while still competing for customers.

Furthermore, if a fourth firm enters the market, it will cause existing firms to further differentiate themselves by relocating along the beach. But with one extra firm competing for customers on the same beach, each firm faces stricter competition and ultimately lower profits. Therefore, in line with Porter [16] more firms mean more competition and lower profits.

The common ground between competitive strategy and blue ocean strategy is introduced. Two new beaches without ice cream sellers are added -untapped markets. Demand for ice cream on the new beaches may not be apparent to others until a new firm starts selling ice cream on them. The strip of sand may not even be considered a beach without the ice cream stand. If one firm relocates from the famous beach to one of the new beaches and simultaneously a new firm enters the other new beach. The number of firms in the beach ice cream industry has increased, and the average profit has increased because the new firms have found untapped markets. They achieve this by innovating (entering or relocating to new markets) to align their offerings with the needs of these untapped markets and to differentiate themselves. They are now located further apart, and each has larger consumer bases and profits than before. The entrepreneurial discovery of new value sources for consumers paid off. The challenge for managers is not to pick one strategy exclusively but to evaluate the situation assessing both the scale of untapped market demand that can be accessed through value innovation and gauging the severity of the competitive process as a force that erodes gains from innovation.

Value Innovation Theory

The cornerstone of the blue ocean strategy is value innovation whereby organizations begin focusing on driving buyer value up while simultaneously driving low the company's costs, in contrast to purely benchmarking against the competition and current industry standards. In enhancing value innovation that lower organizational prices while driving buyer value up, the Four Actions Framework was developed by Kim and Mauborgne [17]. This set of four key questions aids in guiding the development of a new value curve that is distinct from the current market value proposition. The four essential items consist of determining: what factors within the industry should be eliminated; what factors should be reduced; what factors should be raised; and which elements should be
created in a quest to minimizing costs while simultaneously increasing buyer value.

Accordingly, it is by pursuing the first two critical questions on reduction and elimination that the company gains insight into how to manage its cost elements compared to its rivals. The last two questions on creation and raising certain industry factor that new sources of value for buyers and new demand is enhanced.

Amit and Zott [7] postulated that value innovation is essential in creating and appropriating value, especially in times of economic change. Accordingly, this form of innovation involves designing a modified or new activity system aimed at creating value for the company, its partners, suppliers and most importantly customers. The company must assess the numerous interdependencies among its business activities and then structure these activity systems towards creating holistic value within its ecosystem.

Empirical Review

Paul [18] carried out a study on the adoption of blue ocean strategy by the commercial bank of Africa limited, Kenya. A well-formulated strategy enables an organization to marshal and uniquely allocates its resources by relative external competences and limitations to achieve a competitive advantage. The management risk relevant to strategy execution is higher in the blue ocean than in the Red Ocean because its implementation often requires significant change. The study focused on the adoption of blue ocean strategy by the Commercial bank of Africa limited. It assessed the blue ocean strategies adopted by the Commercial bank of Africa defined. The study adopted a case study design. The findings were obtained using an interview guide that was administered personally by the researcher and analyzed by the Statistical Package for Social Sciences software. There were seven managers available at the period of the study. Demographic profiles established that the majority of managers were male. The research established that the managers perceived blue ocean strategy as a useful tool in the management of the banking operations and had positively impacted on the cost, operations and timely completion of set financial targets. The approach also established that Commercial bank of Africa limited indeed had adopted blue ocean strategy. However, most managers at the bank did not even have a clue about what a blue ocean strategy means. The study found out that the services designed by the bank have an element of class and service excellence with an emphasis on personalized services. The study specifically identified some products that are practical instances of the blue ocean strategy implementation by the bank. The particular services added value, made competition irrelevant and created uncontested market space. The respondents mentioned the leverage on Information Technology; especially the new core banking software as the backbone of value addition. The study recommended that there is need to fully entrench the blue ocean concept by ensuring that managers are well trained on blue ocean strategy. It further recommended that the government should come up with stringent policies to curb unfair and unethical competition or market practices in the banking sector. The study was limited by the fact that it only focused on one bank and therefore its findings may not apply to the entire banking sector. While the managers at Commercial Bank of Africa perceive blue ocean strategy as being instrumental in streamlining operations in the banking sector; further research should be conducted to establish whether there is a relationship between blue ocean strategy adoption and performance of firms in Kenya.

Yang [19], "Identifying the Attributes of Blue Ocean Strategies in Hospitality". The study attempts to integrate hospitality management theory and practice with blue ocean strategy and suggests that blue ocean strategy offers essential advantages with regards to company survival in the turbulent business environment of the hotel industry, particularly in Taiwan. Thirty-two senior and top managers from 15 international tourist hotel chains in Taiwan were interviewed in this exploratory study to understand the context in which blue ocean strategy could be implemented in the hotel industry. The analysis revealed that hoteliers in Taiwan could create a blue ocean by removing travel barriers for visitors to Taiwan and removing constraints on foreign capital investment; reducing in-room equipment and amenities; raising brand awareness, cross-industry strategic alliances, and customized travel packages; and creating packages for accompanying cultural tourism, integrating markets among regional hotels and creating a regional brand for the Asia Pacific. On the theoretical side, the authors demonstrate that concepts from customer relationship management (CRM) and network theory can be integrated into the implementation of a blue ocean strategy and indicate that differentiation between lodging offerings and the low-cost advantages of hotels can be achieved by incorporating revenue management systems into blue ocean strategy. They also revealed that the modern hospitality environment calls for a greater understanding of the value perceptions of guests to create new markets, expand brands, and create strategic alliances.

Collins [20] conducted a study on the effect of the blue ocean strategy on the performance of Bamburi cement limited in Kenya. The visionary companies of the 21st century possess unique strategic capabilities that enable them to achieve superior organizational performance by continually challenging and expanding
their industry boundaries. These organizations do not merely benchmark against competitive standards with the goal of outperforming existing competitors; they reconstruct market boundaries by developing distinctive value innovations that advance superior customer value and consequently increase organizational value. The blue ocean strategy postulates that companies can create new growth opportunities by shifting focus from policies aimed at outperforming or beating existing competition, to approach targeted at developing uncontested market spaces with expansive boundaries and potential. These strategies seek to render existing competition useless by creating new demand. It is against this strategic focus that this study's objective was to determine the impact of the blue ocean strategy on the performance of the leading cement producer in the East African region. The study relied on both primary and secondary data to determine the relationship between the blue ocean strategy implemented by Bamburi Cement Limited and the performance of the company over a fifteen year period. Interviews with the company's top management revealed that the value innovations developed and implemented eleven years earlier had indeed pushed the company's performance to new heights. The study used Content Analysis to adequately analyze the qualitative and quantitative data collected and described using graphics and narratives. The research established that the aggressive implementation of new value innovations did strengthen the organization's strategic position.

Nevertheless, it was also determined that whereas the blue ocean strategy did improve the organization's growth potential, it was insufficient when applied in a rapidly evolving competitive environment. The study noted that the negative trend in Bamburi Cement Limited's recent performance, concerning decreasing operating margin and a significant drop in market share regionally as a result of competitive pressures, pointed to the necessity of combining the blue ocean strategy with strong competitive, red-ocean strategy to protect existing market dominance. The study recommended that an organization must relentlessly maintain strategic awareness of the dynamics evolving in its industry and remote external environment, even while implementing the blue ocean strategy.

Miano [21] studied the determinants for the implementation of blue ocean strategy among commercial banks in Nairobi, Kenya. The banking industry in Kenya has achieved tremendous improvement over the past years with most of the banks making abnormal profits in the industry. With heightened competition, commercial banks are forced to compete on innovation, and this is where the application of blue ocean strategy can be useful. The objectives of this study were to establish the application of blue ocean strategy among banks and to identify factors influencing the application of blue ocean strategy among commercial banks in Kenya. This was a cross-sectional survey of commercial banks in Kenya. The population of this study was 43 commercial banks currently registered by the Central Bank of Kenya as at 30th June 2013, and all were targeted from which 25 banks finally participated. Primary data was collected using questionnaires. The researcher administered the questionnaires to the general managers in each of the banks. Since most of the data collected in this study were quantitative, the data were analyzed using descriptive statistics (frequencies, mean, and standard deviation). The study found that the factors that should be reduced well below the banking industry's standard were time are taken on queues, operating costs, and overheads and indirect costs. The study also found that some factors were taken for granted by the banking industry and should be eliminated and included harmful activities, operational activities, and programs. It was also found that the factors which the respondents felt, needed to be raised above the banking industry's standard were customer satisfaction, improving customer service, quality, and fresh products. The results also showed that the factors which should be created in the banking industry which have not been offered before included better customer relationships, new products, customer satisfaction, long banking hours and governance. The study found that the factors that influence the application of Blue Ocean Strategy in banks were the need to create and capture new demands (84%), breaking the replacement of the value cost (72%), and integration of total system activities of the organization (60%). The study concluded that Blue Ocean Strategy is a concept that is known to most banks and the banks are aware of what issues to eliminate, reduce, raise, or create. It is also concluded that some factors affect the application of Blue Ocean Strategy in banks. The study recommends that banks should take notice of the factors identified here if they need to do away with competition and make it irrelevant.
An attempt has been made to review the very few stocks of literature that exists today on the very topic of this study. The empirical studies examined focused on the related topics of the study. Some of the empirical studies were on the adoption of blue ocean strategy by commercial bank of Africa limited, Kenya, Identifying the Attributes of Blue Ocean Strategies in Hospitality, the effect of the blue ocean strategy on the performance of Bamburi cement limited in Kenya and the determinants for the implementation of blue ocean strategy among commercial banks in Nairobi, Kenya. Much attention of previous empirical researchers has not been paid to the applicability of blue ocean strategy among the manufacturing firms, thus leading to the inadequate number of reliable reference documents on the subject of this study. It is against this background that the present study is being carried out to fill the existing gap of the study.

Summary of review of the related literature

The blue ocean strategy has been studied and researched on by various scholars with a focus on practical application and the reorganization of a company’s resources towards the simultaneous pursuit of low cost and differentiation. In application of blue ocean, the industry is examined to identify the customer needs that it currently serves and doesn’t serve, Study the industry’s customers and potential customers for what they really need, structure your offering to focus on customer needs that have yet to be addressed, while minimizing features that have been over-served. Based on this, the studies on the applicability of blue ocean strategy among manufacturing firms were analyzed; in the theoretical framework of the study, Beach theory and Value Innovation Theory was reviewed. The approach emphasized that only feature which differentiates one firm from another from a beach goer’s perspective is the convenience of the firm’s location: consumers buy ice cream from the stand which is the shortest distance away. Firstly, all firms maximize their profits by trying to differentiate themselves from one another while still competing for customers. Furthermore, if a fourth firm enters the market, it will cause existing firms to further differentiate themselves by relocating along the beach. But with one extra firm competing for customers on the same beach, each firm faces stricter competition and ultimately lower profits. The Value Innovation

Table 1: below summarizes the empirical review of the study done on the related research

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Place</th>
<th>Objective</th>
<th>Methodology</th>
<th>Findings</th>
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<tr>
<td>Paul</td>
<td>2013</td>
<td>Kenya</td>
<td>The sought to find out the adoption of blue ocean strategy by the commercial bank of Africa limited, Kenya.</td>
<td>Statistical Package for Social Sciences software</td>
<td>The study specifically identified some products that are practical examples of the blue ocean strategy implementation by the bank. The particular services added value, made competition irrelevant and created uncontested market space.</td>
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<td>Yang</td>
<td>2014</td>
<td>Taiwan</td>
<td>The study attempts to integrate hospitality management theory and practice with blue ocean strategy</td>
<td>Multiple regression</td>
<td>The analysis indicates that hoteliers in Taiwan could create a blue ocean by eliminating travel barriers for visitors of Taiwan and removing constraints on foreign capital investment; reducing in-room equipment and amenities</td>
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<tr>
<td>Collins</td>
<td>2016</td>
<td>Kenya</td>
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<tr>
<td>Miano</td>
<td>2017</td>
<td>Nairobi Kenya</td>
<td>The aim of this study were to establish the application of blue ocean strategy among banks and to identify factors influencing the application of blue ocean strategy among commercial banks in Kenya</td>
<td>The data were analyzed using descriptive statistics (frequencies, mean, and standard deviation).</td>
<td>The results also showed that the factors which should be created in the banking industry which have not been offered before including better customer relationships, new products, customer satisfaction, long banking hours and governance.</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018

Available online: http://saspjournals.com/sjebm
Theory stated that the cornerstone of the blue ocean strategy is value innovation whereby organizations begin focusing on driving buyer value up while simultaneously driving down the company's prices, in contrast to purely benchmarking against the competition and current industry standards.

**METHODOLOGY**

The study based on the applicability of blue ocean strategy among selected manufacturing firms in South-East Nigeria. The area of research comprised one manufacturing firms from each of the South-East states which include: Tummy Tummy foods-Nnewi, Anambra state, Nigeria Bottling Company, Enugu, Glass industries, Aba Abia state, Nigeria bottling company-Owerri, Imo state, and Crushed Rock industries Isiagu-Ebonyi state. These firms were purposely selected because they were certified by Standard Organization of Nigeria (SON), and also have high strength and operate on high ethical standards. The study used the survey approach. The primary sources were a personal interview and the administration of a questionnaire to the management and staff of the manufacturing firms. The population of 430 staff, 378 staff, was sampled. The sample size of 378 was chosen after applying the Freund and William's formula for the determination of adequate sample size. Out of the staff sample, 370 staff returned the questionnaire and accurately filled. That gave 88 percent response rate. The validity of the instrument was tested using content analysis, and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability coefficient of 0.86 which was also good. The hypotheses were analyzed using f-statistics (ANOVA) tool.

- Evaluate the extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria.
- Ascertain the extent to which manufacturing firms in South-East, Nigeria involve in research, development, and innovations.

### Data Presentation Analysis

**Table-2: Responses on the extent the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>223</td>
<td>60.3</td>
<td>60.3</td>
<td>60.3</td>
</tr>
<tr>
<td>Agree</td>
<td>47</td>
<td>12.7</td>
<td>12.7</td>
<td>73.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>2.7</td>
<td>2.7</td>
<td>75.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>1.1</td>
<td>1.1</td>
<td>76.8</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>86</td>
<td>23.2</td>
<td>23.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>370</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018

From table 4.1, 86 of respondent out of 370 representing 23.2 percent strongly disagree, four respondents of 1.1 percent disagree, 10 respondents of 2.7 neutral while 47 respondents representing 12.7 percent agree and 223 respondents of 60.3 strongly agree that the adoption of Blue Ocean has eliminated competition in their respective businesses in South East, Nigeria.

**Table-3: Responses on the extent application of Blue Ocean has increased research and development in manufacturing firms in South-East, Nigeria**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>170</td>
<td>45.9</td>
<td>45.9</td>
<td>45.9</td>
</tr>
<tr>
<td>Agree</td>
<td>170</td>
<td>45.9</td>
<td>45.9</td>
<td>91.9</td>
</tr>
<tr>
<td>Neutral</td>
<td>13</td>
<td>3.5</td>
<td>3.5</td>
<td>95.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>3.8</td>
<td>3.8</td>
<td>99.2</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>.8</td>
<td>.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>370</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018

From table 4.4.1, 170 respondents of 45.9 strongly agree 170 respondents representing 45.9 percent agree, 13 respondents of 3.5 were neutral while 14 respondents of 3.8 percent disagree, 3 of respondent out of 370 representing .8 percent strongly disagree that the application of Blue Ocean has increased research and development in manufacturing firms in South-East, Nigeria.

Available online: [http://saspjournals.com/sjebm](http://saspjournals.com/sjebm)
Table 4: The adoption of Blue Ocean has not eliminated competition in respective businesses in South East, Nigeria

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>998.663</td>
<td>4</td>
<td>249.666</td>
<td>5442.162</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>16.745</td>
<td>365</td>
<td>.046</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1015.408</td>
<td>369</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the result, f-calculated {5442.162} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that the adoption of Blue Ocean has eliminated competition in respective businesses in South East, Nigeria.

Table 5: Application of Blue Ocean has not increased research and development in manufacturing firms in South-East, Nigeria

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>189.634</td>
<td>4</td>
<td>47.408</td>
<td>462.091</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>37.447</td>
<td>365</td>
<td>.103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>227.081</td>
<td>369</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the result, f-calculated {462.091} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that application of Blue Ocean has not increased research, development, and innovations in manufacturing firms in South-East, Nigeria.

DISCUSSION OF FINDINGS

From the result of hypothesis one, f-calculated {5442.162} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that the adoption of Blue Ocean has eliminated competition in respective businesses in South East, Nigeria. This is in line with the study of Kim, Chan, and Mauborgne [14], the aim of blue ocean strategy is not to out-perform competitors, it is to break out of the boundaries that define how you compete. Economists have developed strategic approaches to protect companies against competitive forces. The purpose of these strategies is the creation of sustainable competitive advantages to overcome external factors of rivalry. These competitive advantages create a unique market position and enable companies to operate independently of competition.

Holt, Douglas; Cameron, and Douglas [3], observed that In application of blue ocean, the industry is examined to identify the customer needs that it currently serves and doesn’t serve, Study the industry's customers and potential customers for what they really require, structure your offering to focus on customer needs that have yet to be addressed, while minimizing features that have been over-served. This was supported by the resulting hypothesis two, from the result, f-calculated {462.091} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H0} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that application of Blue Ocean has increased research, development, and innovations in manufacturing firms in South-East, Nigeria.

CONCLUSION

Blue Ocean is an assessment of strategy as a rising imperative for manufacturing firms and various sectors. The success of any organization is driven by its ability to offer a value proposition that is superior to its competitors. The blue ocean strategy pursues this goal by forcing companies to consider value innovations that would most enhance their strategic positions. By examining both low cost and differentiation approaches, the blue ocean strategy enables an organization to look beyond standard competitive practices of the red ocean, to creating new demand in uncontested market spaces. Therefore, it is
essential for the companies to reach beyond the strategy for the effective application of Blue Ocean.

RECOMMENDATION

- Organizations should seek to continually reinvent their strategic approaches within their respective industries if they are to remain relevant in the 21st century.
- While this study focused on the applicability of Blue Ocean strategy, future research should be carried out to establish the relationship between the blue ocean strategy and non-financial parameters, such as organizational cultural evolution, corporate design, and structural changes, and strategic control systems emerging within an organization.

REFERENCES