BRITISH VIEW

MULTIDISCIPLINARY JOURNAL

www.britishview.co.uk

British View ISSN 2041-3963 Volume 7 Issue 4 2022
DOI https://doi.org/10.5281/zenodo.7308648
Universal impact factor 8.528
SJIF 2022: 4.629

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Economic effect of innovative "Blue Economy" in manufacturing and touristic zones

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Abstract: As the range of business is increasing, standards are changing simultaneously. Using traditional methods of business model giving less productivity due to innovative change in economy. This became a big task in front of economists and managers to find more and more new ways to sustain in world market in order to gain bigger share. One of this innovative models was created by Kim W.Ch in 2004, which took 5 years to see its economic effect. Because of its huge economic productivity this strategy became popular in Western countries especially in USA, Australia and China. Blue Ocean Strategy brought new terms within itself changing the scope of an economy. Blue Economy is new term used by countries playing important role in the terms of competitiveness.

Keywords: Blue Economy, blue resources, BOS, touristic focus group, manufacturing and economic value curves.

Explanations and analysis

By the time of economic period, countries factors of economic power are changing causing it to change from extensive to intensive economy. Recently, a new "Blue Economy" term has been introduced by Kim W.Ch and Mauborgne under the influence of "Blue ocean" strategy.

Blue Economy [1] – is the economy or a company which implements blue ocean in to reality. In Blue economy country gets bigger revenue in all industries rather than just in one specific industry. As we analyzed "Blue Ocean" in our previous articles, it showed that in BOS economy is considered more of micro level, while in Blue economy scope is international level or to be more specific it takes macro level of analysis.

Specific characteristics of Blue economy:

1. Blue resources- it is resources which gives a country more productivity, better results and bigger revenue than expected. From another point blue resources represents specific factors only that economy has. For instance it can be touristic destinations or innovations only blue economic country has.
2. Superior strategic plans- with blue resources country stays one step ahead of every country. Main example would be UAA, tourism industry and their strategic plans are not only one but also 2 steps ahead among all countries in the world.
3. The better the bigger principle- blue economy shows you not to have bigger resources, contrary it depends on the principle of better resources bigger profit.

When it is researched many people get misconception about blue economy and blue ocean strategy. They consider them as two different unrelated terms, even

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though these two terms came from one after another, completing each other. As the result of “Blue Ocean” strategy country starts to make “blue” all of its industries from manufacturing to tourism and medicine. It shows that Blue Economy consists of many blue oceans. In order to get blue economy we have to know main principles of creating blue ocean. The following principles will help to get main idea of blue economy and oceans.

6 principles of creating blue ocean strategy.

1. Reviewing boundaries of existing market. Here you will consider changing existing boundaries to opportunities for you. There can be a lot of ways, but choosing it depends on your business.

2. Focusing on a whole picture not a number. Usually, strategies start with condition, future risks and number of profit. But, in the blue ocean you should see the way of your business development as a picture not number. You will create strategic canvas, see all sides, and decide in what position you will be if you did this blue ocean, not the level of numbers you get.

3. Exceeding existing demand. Do not try to fulfill demands of consumers, but change them with yours, here you can get deeper market segmentation.

4. Right strategic sequence. Test whether your innovative value is really innovative or not.

5. Overcoming organizational problems. Here mostly internal problems such as lack of motivation, choosing true workers are considered.

6. Integrating implementation process to strategy. It is time to make your all actions start to act for real, use the strategy and keep on moving towards the blue ocean.

Examples of BOS in manufacturing:

Australian wine company wanted to enter America's wine market. When they analyzed every factor, they saw that everything is classic about wine here. They sell wine for rich people, with high prices, without any advertising.

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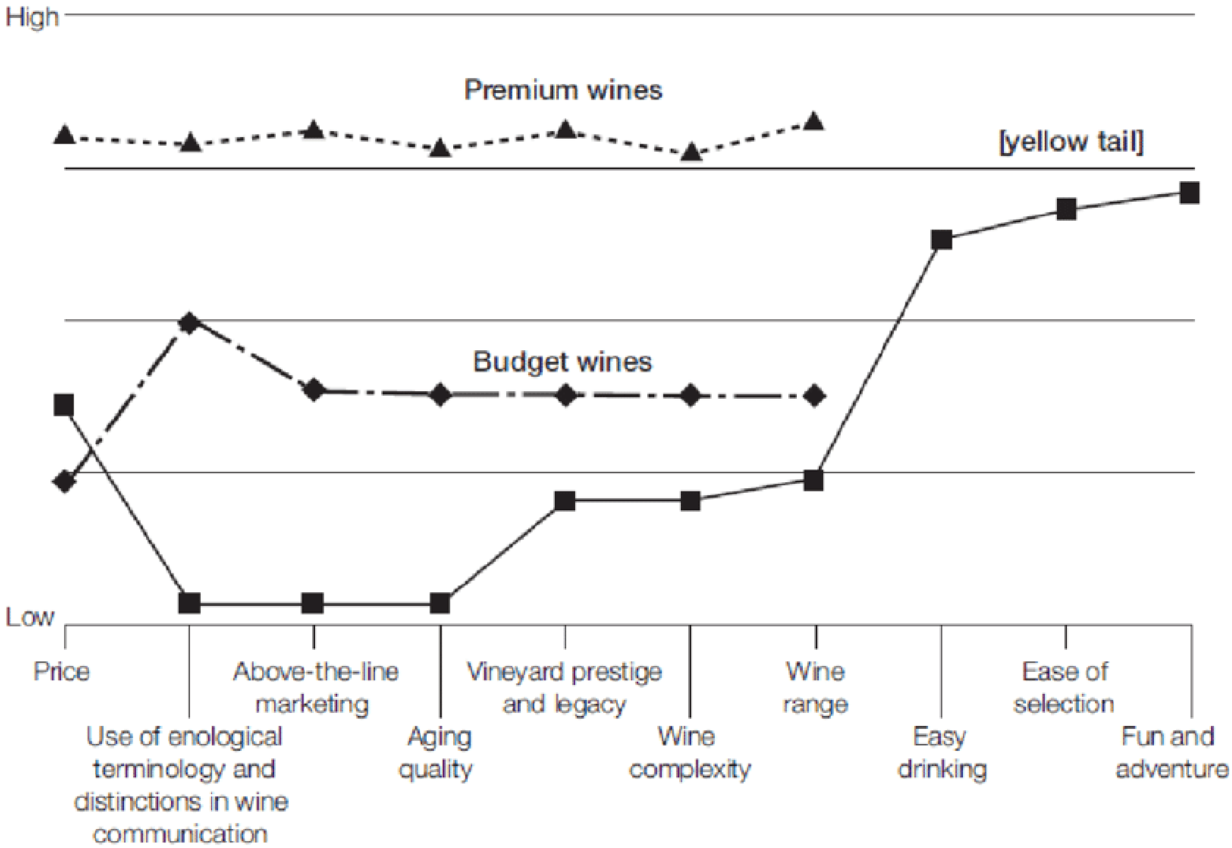
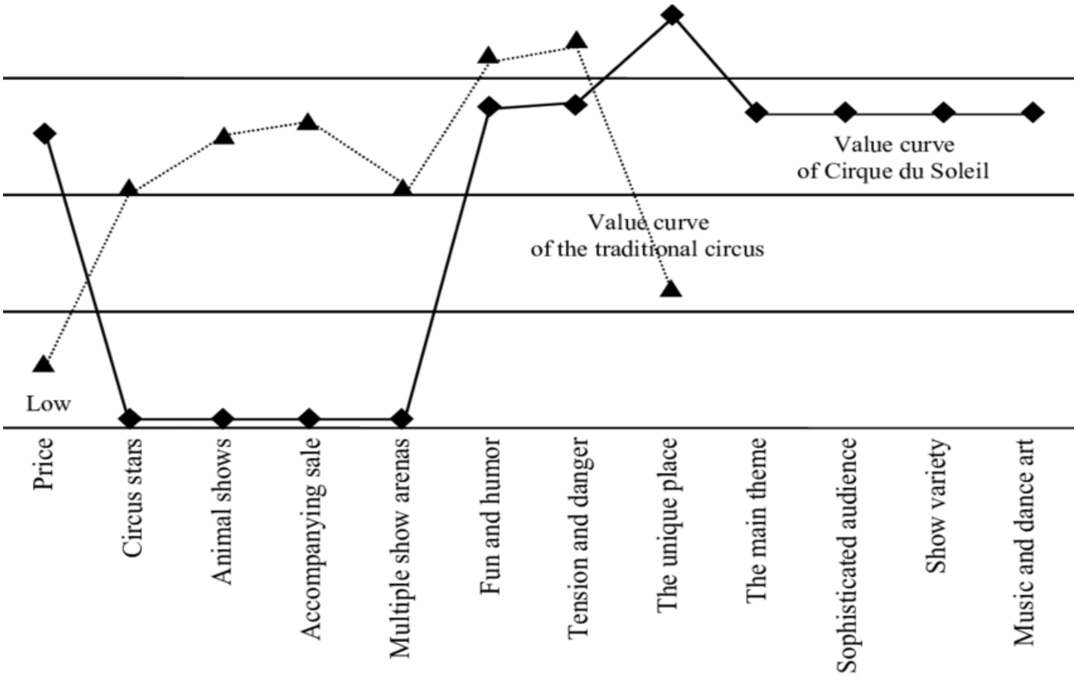


Picture 4. Value curves of Wine industry of traditional US company and Australian company [2].

At this condition Australian company created new value for themselves, they tried to make wine for everyone and for every day use, like beer and cocktail drinks. They made advertisements claiming that wine for anyone, with low prices, even people who had no idea about wine tried to buy it. As the result people liked it like beer and drink it everyday use. Company reaches incredible profit level within 2 years, while America's company reached for more than 15 years. Here value innovation is changing the target audience, making consumers different. The main thing is how companies can analyze their industry by the blue ocean strategy.[4]



Another bright example of applying Blue Ocean Strategy (BOS) in manufac

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turing would be the **Cirque du Soleil**. One of the France's circuses made very innovative way of the competition, they get all suitable aspects of other business which are really close to circus, for example movie, dancing and so on. They made it completely different from old circus, including dance, aerobatic moves and incredible show. Also changing the target audience from children to adult helped them create a blue ocean and win other competitors even not trying to win them. Despite a long-term decline in the circus industry, Cirque du Soleil profitably increased revenue 22-fold over the last ten years by reinventing the circus.

Picture 5. Value curves of Cirque du Soleil [2]

Rather than competing within the confines of the existing industry or trying to steal customers from rivals, Cirque developed uncontested market space that made the competition irrelevant. Cirque created what the authors call a blue ocean, a previously unknown market space. In the blue oceans demand is created rather than fight over. There is an opportunity for growth that is both profitable and rapid.

In red oceans that is, in all the industries already existing companies compete by grabbing for a greater share of limited demand. As the market space gets more crowded, prospects for profits and growth decline. Products turn into commodities, and increasing competition turns the water bloody. What we can conclude from new and strategy is that understanding incoherent strategy under blue ocean strategy is the most difficult thing in the marketing. It is simple. If you stop acting or continue the same blue strategy of your company for a long period of time, sooner or later it will become the scarlet ocean again, because after some time, competitors all learn or try to implement your strategy in their business. Here you have sharks in ocean can make it red. That is the reason why creating the blue ocean requires not stopping never.

The article's main goal was to explain difference and relation of blue economy and blue ocean strategy, how they impact on economy of countries and companies. Explaining the micro and macro level of the strategy also how it plays crucial role in economic growth was aimed by paper. From examples and explanations we can conclude that using blue economy and BOS will be profitable to any country or a company, moreover it will help to get more market share globally. If these innovative economic models are used in Uzbekistan, we can improve our scope of tourism and manufacturing by noticeable numbers within a short period of time.

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