RED OCEAN VS. BLUE OCEAN STRATEGY

Red Ocean Strategy	Blue Ocean Strategy
Compete in **existing** market space.	Create **uncontested** market space.
Beat the competition.	Make the competition **irrelevant.**
Exploit **existing** demand.	Create and capture **new** demand.
Make the value-cost trade-off.	**Break** the value-cost trade-off.
Align the whole system of a firm's activities with its **strategic choice of differentiation or low cost.**	Align the whole system of a firm's activities in **pursuit of differentiation and low cost.**

W. Chan Kim & Renée Mauborgne coined the terms red and blue oceans to denote the market universe. Red oceans are all the industries in existence today – the known market space, where industry boundaries are defined and companies try to outperform their rivals to grab a greater share of the existing market. Cutthroat competition turns the ocean bloody red. Hence, the term 'red' oceans.

Blue oceans denote all the industries not in existence today – the unknown market space, unexplored and untainted by competition. Like the 'blue' ocean, it is vast, deep and powerful –in terms of opportunity and profitable growth.

The chart above summarizes the distinct characteristics of competing in red oceans (Red Ocean Strategy) versus creating a blue ocean (Blue Ocean Strategy).