Preventing blue ocean from turning into red ocean: A case study of a room escape game[1]

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Abstract

   The weariness of competitive business environment has made it one of the hot topics of recent business management literature to find ways to escape from the intense Red Ocean by creating a Blue Ocean where there is no competition. Rene and Mauborgne's Blue Ocean Strategy (2004) provides a reasonable solution for this issue. Blue Ocean Strategy studies demonstrate that every blue ocean will eventually turn red due to fast entries into the market and the literature leaves a gap in understanding how blue ocean could be turned into blue again after it becomes red. This study addresses this void specifically by exploring the practices of a room escape organization of a new-born entertainment sector showing how they could manage to create their second blue ocean after experiencing their blue ocean turning into red. It is aimed at contributing to Blue Ocean Strategy with a case study in which the process of creating a blue ocean is traced; its immediate turning into red and achieving to become blue again is analysed. This study illustrates the ease of application of Blue Ocean Strategy in practice with the case study of a room escape game organisation. 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; Value creation.

1. Introduction

   Growth desire in the revenue, profit and market share cause bloody rivalries. Organisations are challenged to spend their time and energy to make innovations to stay competitive. They find themselves in a bloody red ocean full of winners and losers. However, this is not the only result of market fights. Some organisations manage to direct their assets to blue oceans and achieve a win-win outcome. Although since the beginning of trading Blue Ocean Strategy has been used, it was conceptualised by Kim and Mauborgne just in 2007. This paper analyses the blue ocean strategy implemented by a room escape game organisation called Tuzak. The focus is how this entrepreneurship first ventured a blue ocean, and then achieved to adapt itself to blue ocean again after their blue ocean turned into red right after their foundation. This case study demonstrates that it is possible to create a blue ocean again even if it turned into red. This paper aims at building upon Kim and Mauborgne's studies on Blue Ocean Strategy providing a case study by interviewing the

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owners of a small entrepreneurship to benefit from their lived and perceived experiences in terms of blue ocean strategy concept.

Because of many imitators appearing in the market very soon creating blue oceans is not a static but a dynamic process. In order to survive in this dynamism, organisations should be aware of the fact that gaining competitive advantage depends on being innovative and creative. One of the ways to prevent imitators from entering the market could be creating value innovation (Chang, 2010) and Tuzak would be a great example of the creation of value innovation, which is the cornerstone of blue ocean strategy. This paper presents some designs of value innovation, which is a core top management concern (Leavy, 1996).

2. Methodology
2.1. The Aim of the Study

This paper designed as a case study presents the results of a journey by Tuzak, a room escape game organisation, to create their blue ocean for the second time to make the competition irrelevant. As all blue oceans are doomed to turn into red, some strategies should be developed to overcome this problem as Tuzak did. The ERRC[3] grid of Tuzak as a case study will be an invaluable contribution to the literature.

2.2. Data Collection and Design

In-depth interview method was used for this case study and one of the three partners of Tuzak was interviewed through a semi-structured framework. The questions of the interview searched answers for the foundation story, their success hint, the number of similar organisations in Turkey, their puzzle types, the gender breakdown of their players and the actions they took in each phase of Blue Ocean Strategy.

An in-depth examination of large amount of data gathering on specific cases is possible via in-depth interview technique (Neuman, 2013). Qualitative case study research method is used to collect data about the values, perspectives, experiences and world views of the sampling to provides guidelines for researchers to study the complex phenomena within their contexts (Baxter and Jack, 2008) lacking the claim of generalisability.

Upon the answers gathered, the ERRC grid of Tuzak was prepared.

3. Literature Review

3.1. Blue Ocean Strategy

Chan and Maubourgne (2005) of INSEAD University in France developed Blue Ocean Strategy with a study of over 150 strategic actions from 30 different sectors with data dating more than 100 year back (1880-2000). They both analysed winning parts that were able to create blue oceans and the less successful ones trapped in the red ocean of bloody competition and developed Blue Ocean Strategy.

It would not be state that blue ocean strategy is not something invented new, but the concept (Kim & Mauborgne, 2014: Becker, 2013; Lindic, et al., 2012). Blue ocean strategy as a concept has been used in business administration discipline for a long time and there are even schools that graduate blue ocean strategists (Mohammed, 2009).

Kim & Mauborgne (2005) answered why the colours chosen for the oceans were "blue and "red" in an interview. It is red because the blood of cutthroat competition makes oceans red and ocean is an analogy used for a wider, vast, deep and explored potential market space. Blue ocean strategy provides a theoretical framework and a practical roadmap for organisations to stop rivalries in the industries they operate and to create their own market niche of profitable growth (Mi, 2015). Kim & Mauborgne (2005) made a comparison of Red Ocean and Blue Ocean Strategy (Table 1).

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[3] ERRC stands for Eliminate, Raise, Reduce and Create, which are the phases of Blue Ocean Strategy.

Table 1. Red Ocean Strategy vs. 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 an organisation's activities with its strategic choice of differentiation or low cost	Align the whole system of an organisation's activities in pursuit of differentiation and low cost

Demand is something created rather than fought in blue oceans, in which competition becomes irrelevant (Kim & Mauborgne, 2014). There are four ways to manage to create a blue ocean (Kim, et. al, 2006; Yang & Yang, 2011), which are also named as ERRC Grid that stands for the initials of the following as illustrated in Table 2:

-   Eliminate some key negative factor that are no longer valuable for the customer
-   Reduce some negative effects of some key factors, which have little attraction to customers
-   Raise some key features much above the standards, which also raises customers' satisfaction
-   Create new key features never provided before that can create new demand

Table 2. The ERRC Grid

Eliminate	**Raise**
Which of the factors that the industry takes for granted should be *eliminated*?	Which factors should be raised *well above* the industry's standard?
Reduce	**Create**
Which factors should be reduced *well below* the industry's standard?	Which factors should be *created* that the industry has never offered?

Source: Kim, W. C. & Mauborgne, R. (2005)

"Who Moved My Cheese", a parable about two mice "Sniff and Scurry" and two little people "Hem and Haw" is a metaphor used for adaptation ability towards change. Those four characters spend their days trying to find some cheese in the maze they live. Although Sniff and Scurry foresee the cheese dwindling and switches on to find new cheese, Hem and Haw insist on going to the same place just moaning "Who moved my cheese?" The mice immediately look for somewhere else to find cheese whereas the little people believe that they should stay in the maze waiting for their cheese. In the end, Hem and Haw also decide to leave the maze to find cheese and realise that it is even more fun to try to find new 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, 1998; Becker, 2013).

According to Kim & Mauborgne (2004) blue oceans have always been in business life in many industries such as mutual funds, cellular phones, biotechnology, discount retailing, express package delivery, snow boards, coffee bars and home videos to name a few. For them, blue ocean strategy is not just about technology innovation. Any clever strategic move in any sector towards blue oceans can create brands and brand equity. One of the key features of blue ocean strategy identified by them is 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 Solei 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. Torku, Freşa, Ağaoğlu, Garanti Bank and TUKAŞ are the examples in Turkey (Ağraş & Atbaş, 2017). It is seen that blue ocean shifts strategy from value creation to value innovation pursuing differentiation and low cost simultaneously (Giannoulis & Zdravkoviç, 2012). The actions and beliefs of industry players reconstruct the structure of the industry and determine the boundaries.

It is the organisation's choice whether to be a Porter's five-forces disciple or a blue-ocean enthusiast. In other words, blue ocean strategy is to decide whether to stay in the existing market or seek opportunities to create new ones. Both strategic choices have their devotees. There are also empirical studies mainly focusing on case studies testing which one is better or whether both of them could be used at the same time (Burke, Ster & Thurik, 2009; Burke, Ster & Thurik, 2010).

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.
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).

3.2. Room Escape Games
3.2.1. 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 SCARP, run in Kyoto, Japan in 2007 leading these games grew rapidly first in Asia between 2012-13 ("Beijing Takagism Club" in China in 2012) then in Europe (Lock Academy, https://lockacademy.com/en/history-and-origin-of-escape-games/) and later over to Australia, Canada and America with inspiration coming from playing in or learning about another escape room.
Today's entertainment phenomenon, room escape games offer you an enjoyable hour with your 2-5 people-group. Groups need to find clues and solve the puzzles to unlock the doors to exit the room or the flat under the supervision of the gamemaster, who briefs you on the rules and steps of the game beforehand and gives only three clues in case you ask for. Due to the skills room escape games build such as team work, communication and critical strategic thinking they are highly preferred by corporate workers.

3.2.2. A Room Escape Game called Tuzak and how Tuzak created its blue ocean
Tuzak[4] has been operating as a room escape game since 2014 in İstanbul by three friends. Being lifelong players they are experienced about the ways to make a player feel like in a real atmosphere and this is their success hint could be their experience of knowing how a player can enjoy. They avoid creating and presenting "as if" type of games (https://www.youtube.com/watch?v=ArVX6P7_A77E). Although they were the second entrant into the market they took the first place considering number of reservations and brand awareness and the second place in the number of games offered. With four games in Istanbul, and franchising branches in İzmir and Gaziantep they have made 55000 players join their nearly 13000 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

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[4] Tuzak means "trap" in English.

manipulation, codes. The gender breakdown of their players is 42% female and 58% male and they are mostly aged between 25-34 with a 44% (Aksoy, one of the owners, shared some info from their customer profile files.).

Room escape games, is usually based on escaping from one- or sometimes two rooms as is evident from its name. Tuzak has changed this concept by establishing a flat as a game area. This is how they created a blue ocean. The players in a 4-5 roomed-flat game area tried to escape from one room, finding themselves in another one until finally they succeeded in completing all task to leave the flat. Promoting a new style of this game, which is a kind of innovation, Tuzak's ventured a blues ocean. In 2017, according to the results of a detailed Google search, it was determined that there were 185 room escape game organisations in Turkey, which meant the blues ocean was red for Tuzak. With a clever move, Tuzak designed portable room games available in many shopping malls for some occasions. That was quite new for this sector and made Tuzak popular again. The phases Tuzak experienced in the creation of its blue ocean is schematized in Fig. 1.
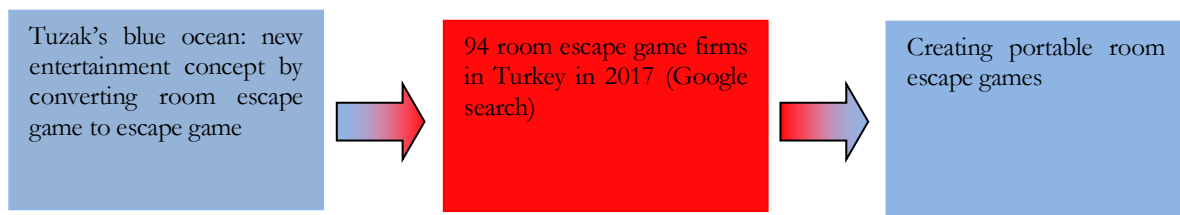

Fig. 1. Tuzak's move to blue ocean again

Blue Ocean strategy emphasizes focusing on the value added activities in the value chain whilst eliminating the activities with reduced value (Butler, 2008). The ERRC The ERRC grid of Tuzak, eliminate, reduce, raise and create phases of their blue ocean strategy phases is demonstrated in Table 3.

Table 3. ERRC Grid of Tuzak

Eliminate	Raise
- Terminating the contract with Grupanya, a shopping site that offers daily deals on products and services in various categories. Tuzak wanted to be the only room escape game in Grupanya's portfolio, however Grupanya did not stick to this	- New games played concurrently - Giving franchising
Reduce	**Create**
- No alliance or cost reduction not to lose corporate identity, just a discount for corporate customers - Highlighting Tuzak concept, avoiding using room escape or escape room phrases to create brand awareness	- 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 after each game session for customer satisfaction

4. Conclusion

For the last decade, room escape games branding has become very popular in entertainment sector with hundreds of competitors. Tuzak, one of those room escape games organisations followed the blue ocean strategy in entertainment sector, being the second entrant in the market. However, right after their entrance into the market, many imitators followed them. With the help of their new and innovative business models, Tuzak managed to make their ocean blue for the second time and even for the third time. This case confirms the applicability of the blue ocean strategy and quick but innovative moves that help create blue oceans again and again after the inevitable turning into red. Tuzak's blue ocean strategy demonstrates a different strategy canvas. The strategy applied by Tuzak provides a guideline for organisations in finding new oceans, uncontested market spaces instead of just staying to compete in the existing market. This case study analysis is a good example that sheds light on strategy development and innovation management studies.

It should be noted that applying the blue ocean strategy to make the competition irrelevant is easier to say than to do. Organisations face many practical challenges in trying to find blue oceans being aware of the fact that it could not be not be sustainable (Wee, 2003) as in Tuzak's case. What Tuzak did was to be proactive for clever moves.

As the generalisability of case studies is limited, the number of these case studies should be increased with further research especially in Turkey. Entertainment sector could benefit from the design thinking of Tuzak.

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