

Implementation of the Blue Ocean Strategy on Tourism Companies in Zhoushan Archipelago

Xinyi Li

School of Tianjin University of Finance and Economics, Tianjin 300222, China.

595006756@qq.com

Abstract. In recent years, island tourism activities gradually has been rising due to the rapid development of the global economy. From the international tourism islands to the day trip of fishing village, modern island tourism becomes one of the most leisure tourism forms. Zhoushan Archipelago is China's largest archipelago with unique landscapes, many historical sites. The scientific development of island tourism has an important role to promote the island's economic development, cultural transmission and ecological protection. It is the main subject of this paper to make strategic change for the tourism industry of Zhoushan Archipelago.

Keywords: Island tourism; blue ocean strategy; value innovation.

1. Introduction

Zhoushan Archipelago has many reefs and islands, located in the northeastern sea area of Zhejiang Province. Zhoushan Archipelago is one of China's largest archipelago, equivalent to 20% of the total number of Chinese islands. The sea acreage of Zhoushan Archipelago is 22,000 square kilometers, and the land acreage is 1371 square kilometers. Zhoushan Archipelago has advanced location, natural scenery and unique marine resources. On June 30, 2011, the State Council formally approved the establishment of Zhoushan Archipelago New Area in Zhejiang Province. The tourism of Zhoushan Archipelago is promoted from a single sightseeing to a complex structural tourism with sightseeing, leisure, vacation functions. Tourism companies in Zhoushan enter the golden period (Wang, S.2014). But in the entire China's tourism industry, the competition is based on Porter's Generic Competitive Strategies, which leads to the whole industry into the price war. These companies in Zhoushan Archipelago need to change into a new strategy to change the situation of price war due to lack of brand competitive advantage.

2. Literature Review

In 1980, Michael E. Porter proposed his Generic Competitive Strategies in his book "Competitive Strategy"(Porter, M. E. 1980), in which Porter has provided three effective competitive strategies for business people, overall cost leadership strategy, differentiation strategy and specific strategy.

Tracy, M. And Wireman, F. D. (1993) describe three basic "value disciplines" in their book The Discipline of Market Leaders. The book is treated as modifying Porter's three strategies in competitive strategic area. They believe that companies can create customer value and provide a competitive advantage if they are operational excellence, product leadership, and customer intimacy.

In 1999, Kim, W. Chand Mauborgne, R. (1999) proposed a popular post-Porter model. They described a "value innovation" model in which companies must look outside their present paradigms to take the lead of new value propositions. This approach is mostly different with of Porter's thinking, especially the concept of differentiation. They proved that it is difficult, but not impossible, to topple a firm that has established a dominant standard in the book Blue Ocean Strategy (Kim, W. Chand Mauborgne, and R. 2005) later.

3. Blue Ocean Strategy

Kim, W. C. and Mauborgne, R. (2005) presented the concept of the Blue Ocean Strategy in 2005 for the first time. The market is divided into "Red Ocean" and "Blue Ocean". The former one is a saturated market, where competitors compete for a very low-level industry average profit rate within

a zero-sum game; and the latter one has not been explored by the majority of enterprises, which can bring efficient value increase to enterprises.

The Blue Ocean and the Red ocean are both metaphors that refers to the overall market. The existing industry in the Red ocean, that is, the market space known by people. In the Red ocean, the industry boundary has been limited and accepted, the rules of the game is also clear for competition. Enterprises attempt to gain greater market share through competition in the Red ocean, as the market becomes more and more crowded, profit growth rate begins to reduce. The crucial eventually makes the market, the ocean, become blooding, and so called "the Red ocean" (Live, R.; Xu, J. 2010). On the contrary, the blue ocean indicates that there is no existing industry, that is, unknown and unfamiliar market, where is not full of competition. In the blue ocean, the demand is created, rather than search for hard. There is no need to mention the concept of competition in the blue ocean, because the rules of the game has not yet established totally. The Blue Ocean is used to describe the kind of wider, deeper, untapped potential market. And it contains a huge, deep profit that is not touched (Muhammad, R.; Evans, D. R.; Muhammad, N. T. 2015). The Blue Ocean strategy provides a systematic way to get rid of the Red ocean blooding competition, improve the value of the company and the customer by rebuilding the market boundary, and refuse seriously homogeneous competition.

In the end of 2016, Zhoushan City has 143 travel agencies in total with an increase of 9% than the previous year. In 2016, Zhoushan Archipelago received 33,979,600 domestic and foreign tourists with an increase of 10.8% over last year including 31.58 million international tourists (Zhoushan Tourism Situation Website). The tourism industry in Zhoushan Archipelago shows endless potential in the construction of island tourism brand. But due to lack of the brand advantage, the tourism companies in Zhoushan Archipelago are not very competitive in the "blooding" Chinese tourism market.

4. The Implementation of the Blue Ocean Strategy

4.1 Draw the Industry Strategy Canvas

As the first step of making market development strategy, it is the basis to sum up the value elements concerned by the current China's tourism industry in the competition and investment (Dimitri's, B. 2014). At present, the tourism market is fully competitive and tourist-oriented, to provide visitors with satisfactory and acceptable products or services. The main value elements of tourism are :(1) price. (2) Marketing. (3) Safe. (4) Eat. (5) The quality of tourism products. (6) Shopping. (7) Entertainment. (8) Service. According to the data of the eight main value elements of the tourism industry in China, the industry strategy canvas of the famous tourist destinations around China and small tourist destinations in Zhejiang Province is made as the following.

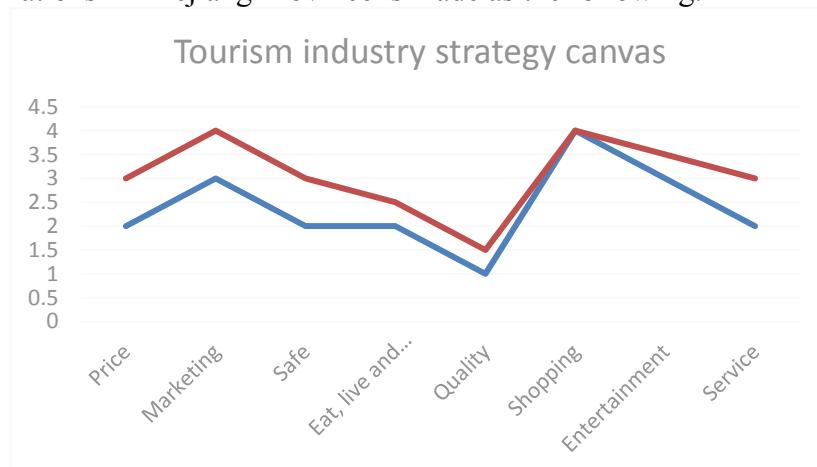


Fig 1. Tourism Industry Strategy Canvas in China in 2016
(From Chinese Industry Information Website)

The table shows that in current, there is no essential difference between China's famous tourist destination and small tourist destinations in the tourism industry. The main difference concentrates on the price level, the quality of food and shelter in tourism or the level of security facilities. The homogeneity of various types of tourism places is a favorable condition to Zhoushan Archipelago to expand market share and open up a new blue ocean market.

4.2 The Practical Actions of The Blue Ocean Strategy in Zhoushan Archipelago

At last, some actions could be taken according to the analysis above. As for marketing strategy, it should be considered from two aspects. First, the innovation of marketing means is mainly through various types of new media, not by increasing marketing inputs (Sweetland, W. and Thomson, S. C. 2010). Second, the marketing content should be based on the new products, through advertising good performance of new tourism products to enhance the brand's reputation.

At present, all enterprises in the tourism industry in Zhoushan Archipelago generally provide with the traditional tourism products by the model of group tour, which is no difference with tourism companies in other areas of China. In order to develop new Blue Ocean, it should break the traditional tourism product model (Ruben, E. F. M.; Düsseldorf, S.; Batter ink, M. H. 2012). Tourism companies can launch the "DIY tourism" concept firstly to create their own characteristics to attract more tourists, so that customers can freely combine various tourism elements.

In terms of price of DIY travel, customers can arrange transportation, accommodation, tickets to enjoy the preferential prices through tourism enterprises, also avoid the difficulty of purchasing individually or higher price (Peng, D. & Zhang, and C. 2013). About traveling safety issues, Zhoushan Archipelago tourism industry should regulate the responsibility and insurance before tourists' traveling, while tourism enterprises communicate with the customer when they have some travel problems.

Last but not least, these companies should provide with a special advisory services through the new media. On one hand, customers have a full understanding the environment to reduce uncertainties in the trip and the cultural connotation of the attractions before the trip. On the other hand, the special advisory service is also a characteristic of Zhoushan Archipelago.

5. Summary

The Blue Ocean strategy is generally considered as a substitute for the Porter's Competitive Strategy, but since the Blue Ocean Strategy came out, people have been focusing on using it to analyze the past industry strategy, lack of the analysis of the current industry and the forecast of future industry. There is no implementation of The BOS in China's tourism industry until now. It is proved that the theory in China's tourism industry is feasible through the analysis of Zhoushan Archipelago tourism companies. In the future, it will also be proved by the practice of the blue ocean strategy in China's tourism industry.

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