

A Study on the Application of Innovative Value of Blue Ocean Strategy in Cultural Performance and Exhibition Facilities– Take the National Taiwan Music and Cultural Park as an Example

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Abstract

This study not only provided a comprehensive discussion involving the formation of Blue Ocean Strategy, the future prospect, and people managing the National Taiwan Music and Cultural Park, but also expanded to further include some other relevant issues. The application of Blue Ocean Strategy adopted by the study subject can provide some useful information for others in the cultural creative industry. Practically, due to a cultural nature of the study case, the study result can also offer a concrete method for managers in the art and culture industries to tailor their own industry-specific Blue Ocean Strategy.

Key Words: cultural creative industry, Blue Ocean Strategy, value innovation

1.Introduction

The goal of this project is to promote cultural, recreational, and tourism education development via corporative managerial concepts, and to ultimately popularize art into a part of mass education. The author has worked for the National Taiwan Symphony Orchestra for 20 years and noted that people do not make a good use of public art resources, and moreover, only a relatively small population would spend time on art appreciation. This problem reflects that a set of effective corporative managerial strategies are desperately required by the public art and cultural agencies for disseminating art and culture and for encouraging public involvement. Furthermore, effective corporative managerial strategies are needed in the integration of art, culture, and tourism resources for renovating art functions and cultural features of central Taiwan. Consequently, the government can effectively promote art appreciation while realizing the goal of creating cultural creative industrial business

opportunities for central Taiwan through cultural economy and the tourism industry.

2. Research Questions and Purposes

The study questions are 1) How should the manager of the park apply the Blue Ocean Strategy and the differential development of innovative value to confront challenges from those pluralistic art and cultural activities presented by the private sector? 2) How should the manager of the park apply the Blue Ocean Strategy and innovative value to create more added values for the customers? In attempt to answer the aforementioned questions, the author choose the National Taiwan Music and Cultural Park for the case study and analyze it in terms of the cultural exhibition and performance facilities, the Blue Ocean Strategy, and the value innovation concept. The goal is to establish strategies providing competitive advantages for building up an art and cultural facilities industry with pluralistic dimensions in art and culture.

3. Literature Review

(1). An Overview of the Recent Development of Cultural Creative Industries

According to the Creative Economy Report released by the United Nations Conference on Trade and Development (UNCTAD) in 2008, export by the creative industries (including creative products and creative services) worldwide had increased from 227 billion USD in 1996 to 424 billion USD in 2005. In other words, there was 87% of growth in ten years. While developed countries are still the mainstream in creative industrial export internationally, especially those European countries, with their industries come of age still possessing advantages on cultural export, Asian countries, more recently, have also shown significant advancement in creative industries, and scored well in exporting business.

To enhance our nation's soft capability (軟實力) and industrial competitiveness, the government has included "Cultural Innovative Industry Development Plan" when promoting "Challenge 2008: National Development Plan.". Together, the Ministry of Economic Affairs, the Government Information Office, the Council for Cultural Affairs, and the Ministry of Education have invested more than 9.8 billion dollars in cultural creative industries since 2002. One can say that in the 21 century, an epoch of knowledge economy, "content" is the center of the global competition, whereas creativity, knowledge, the establishment of values and standards, quality of the citizens, as well as cultural uniqueness has all become the core elements determining a nation's competitiveness.

(2). Blue Ocean Strategy and Value Innovation

Blue Ocean Strategy

Blue Ocean strategy is a highly valued and widely discussed managerial strategic

movement. Kim and Mauborgne (2005) considered that the market is composed of red and blue oceans. In the past 25 years, strategic studies were mostly focused on Red Ocean Strategy that places competition as the main theme; for example, analyzing the potential economic structure of current industries, favoring low costs, creating differentiation, and pursuing a focused strategic position. Blue Ocean Strategy, on the other hand, stresses the importance of exploring a brand new market that has no competition. The comparison between Red and Blue Ocean Strategies are presented in Table 1.

Table 1 A Comparison between Red and Blue Ocean Strategies

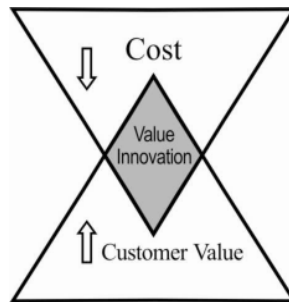
Red Ocean Strategy	Blue Ocean Strategy
Compete within existing market space	Create a competition-free market space
Defeat the competitors	Make competition irrelevant
Utilize the current demands	Create and control new demands
Trade-off between value and cost	Transcend from the value and cost trade-off
The overall activity system of the company is in coordination with the selected strategy—either differentiation or low cost.	The overall activity system of the company is in coordination with the pursuit of differentiation and low cost simultaneously.

Kim and Mauborgne (2005) suggested four major principles for setting up one's Blue Ocean Strategy: 1) Reconstruct market boundaries; 2) Focus on the big picture, not the number; 3) Reach beyond existing demand; and 4) Get the strategic sequence right. Various studies have shown that there is a clear pattern for creating a Blue Ocean Strategy, which they referred to as the six basic pathways for reconstructing market boundaries, or the Six Pathways Framework: involvement in alternative industries, reviewing the strategic groups, crossing the buyer groups, development of complementary products and services, analysis of rational vs. sensibility demands, and exploring the future trends. These pathways can be applied by any domain to guide companies in developing their profitable Blue Ocean schemes.

Value Innovation

Kim and Mauborgne (2005) indicated that value innovation is the foundation of the Blue Ocean Strategy. Instead of putting efforts in defeating one's opponents, companies should be devoted in creating value for customers and companies in order to open a market space that has no competition. Value innovation is a brand new strategic thinking and implementing model for creating Blue Ocean while making competition irrelevant. The key of value innovation is that it breaks away from the value-cost trade-off. The purpose of exploring Blue Ocean is to reduce cost and

enhance product value for the customers. See Figure 1. Value Innovation: the Foundation of Blue Ocean Strategy.



Pursuing both Differentiation and low cost

Figure 1 Value Innovation: The Foundation of Blue Ocean Strategy

(3). Analytical Tools and Structure

Strategic Canvas

Kim and Mauborgne (2005) provided a strategic canvas for making diagnosis and setting up an action framework. This canvas enables managers to gain an insight into the competitive trend of a known market space, the focus of the competition in the present market, competitive factors concerning products, services, and supply, as well as what are obtained by customers from the market competition. See Figure 2. Strategic Canvas' Value Analysis.

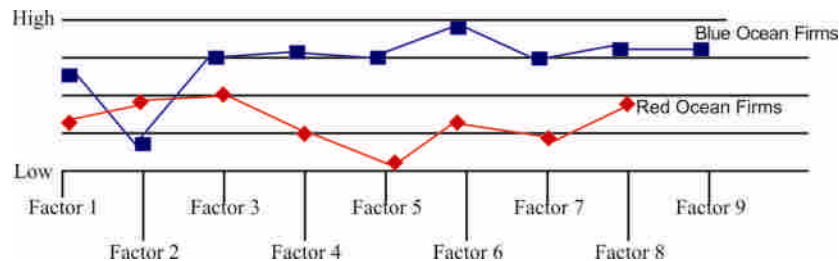


Figure 2. Strategic Canvas' Value Analysis

Four Actions Framework

Kim and Mauborgne (2005) considered that the four actions framework could break up the trade-off relation between differentiation and low-cost while creating a new value curve. In the industrial strategic logic and operation model, the managers have to solve four crucial challenges. Remove or eliminate are about realizing how to modify the cost structure. Raise and create, on the other hand, are about contemplating ways to elevate the value of the buyers and to create new demands. The two most important actions are “remove” and “create” because they prompt business corporations to surpass the maximum value determined by present competition

standards. The inclusion of these four actions framework into the industrial strategy is a great enlightenment for managers.

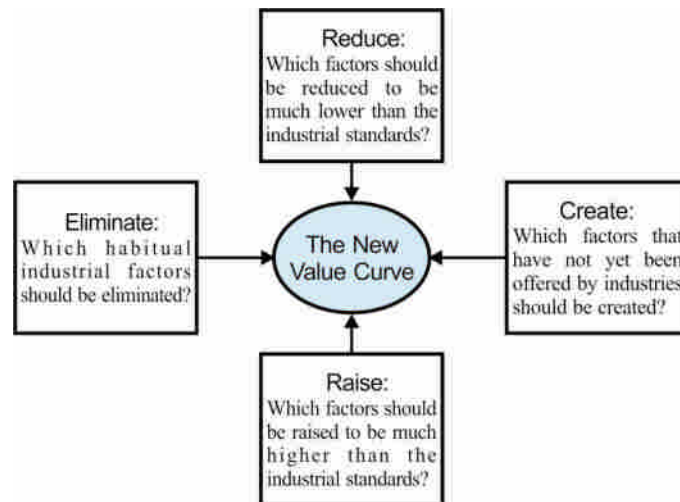


Figure 3. The Four Actions Framework

4. Research Design

This study adopted the steps for constructing the Blue Ocean Strategy proposed by Kim and Mauborgne (2005): First, redefine market boundaries based on the six pathways framework. Next, apply the two analytic tools, i.e., the four actions frameworks and the strategy canvas, to analyze the new value curve and verify their impacts on value innovation.

The first step is to establish a structural logic model for the research design and set up a conceptual framework based on the collecting, integrating, and synthesizing the relevant literature. The next step is to carry out empirical analysis by examining evidence from the studied case. For research limitation, this study adopted the analytical generalization concept to examine the studied case and to search for common strategic factors. This is a non-quantitative study using logical reasoning as the main analytical tool.

5. Conclusions

Case Analysis

The Six Pathways Framework of Blue Ocean Strategy

Table 2. The Case's Six Pathways Framework of Blue Ocean Strategy

The Six Pathways Framework	The National Taiwan Music and Cultural Park
Involvement in Alternative Industries	Transform the classical symphony orchestra to an experiential music-theme cultural-innovative park.
Reviewing the Strategic Groups	<ol style="list-style-type: none"> 1) Incorporated with Wufen local industrial marketing 2) Focused on experiential marketing 3) Belonging to knowledge-type of industries with high entry barriers
Crossing the Buyer Groups	<ol style="list-style-type: none"> 1) Incorporated into the art and humanities courses in elementary and junior high school 2) Family tourism 3) Incorporating the tourism marketing of Tourism Bureau
Complementary Products and Services Development	<ol style="list-style-type: none"> 1) An innovative experiential content 2) In alliance with art and cultural institutes in central Taiwan 3) Elevating the depth, width, and added value of products
Analysis of Sensibility vs. Rational Demands	<ol style="list-style-type: none"> 1) Sensibility oriented 2) Focused on music experiential 3) An innovative experiential content
Exploration of Future Trends	<ol style="list-style-type: none"> 1) Becoming an international tourism spot 2) Recreational industrial development 3) Cross-strait relationship 4) Requiring only a 10-minute drive from the Wurih high-speed rail station to the park

The National Taiwan Music and Cultural Park established by the National Taiwan Symphony Orchestra is a good example of a knowledge-based experiential, pluralistic art and cultural activity. For the four actions framework, the classical symphony orchestra's traditional operating mode, i.e., providing purely music performances was abandoned. Also, those who enjoy music have been invited to be volunteers for giving guided tours for visitors to reduce personnel cost. Furthermore, a music hotel is built and run by the recreational strategic alliance approach. It has created a higher output value by offering weekend concerts, applying music experiential marketing, and establishing an interactive multimedia cultural house. Last but not the least, the park has planned various innovative exhibitions and performances for the general public and families, enhanced the quality of performances and exhibitions, and created new values. See Figure 4. The Four

Actions Framework of the National Taiwan Music and Cultural Park.

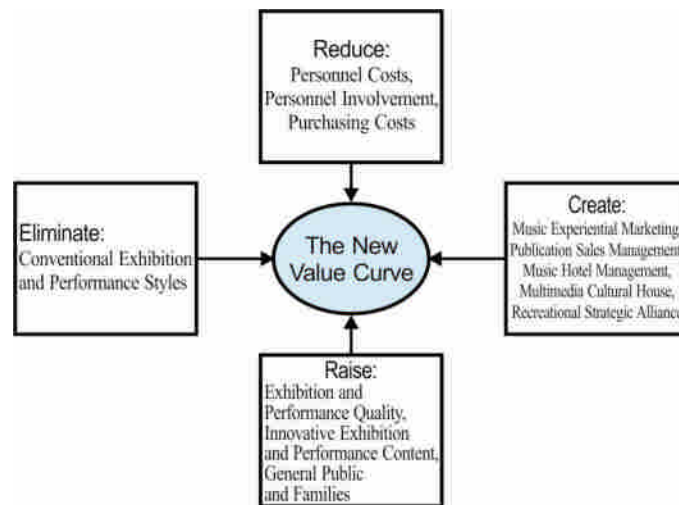


Figure 4. The Four Actions Framework of the National Taiwan Music and Cultural Park

No similar industry is available for comparing the strategic canvas with the studied case because the studied case belongs to a novel industry, . Therefore, the author chose domestic art and cultural corporations that have similar attribute from the private sector (e.g., the New Aspect or the Management of New Arts) for the comparison on strategic position. According to the result from the value curve analysis of strategic canvas, the National Taiwan Music and Cultural Park has in-depth experiential activities as well as art and cultural aesthetics as the appeals with a focus on the innovation. The goal is to set up a pluralistic art and cultural space for creating differentiation and elevating customer value. The Blue Ocean Strategy, on the other hand, takes innovation as the core and customer demand as the orientation for implementing value innovation as well as practical observation and introspection. Because of the uniqueness and distinctiveness of the National Taiwan Music and Cultural Park, the very essence of it is lining toward the Blue Ocean area. See Figure 6. The Strategic Canvas of the National Taiwan Music and Cultural Park

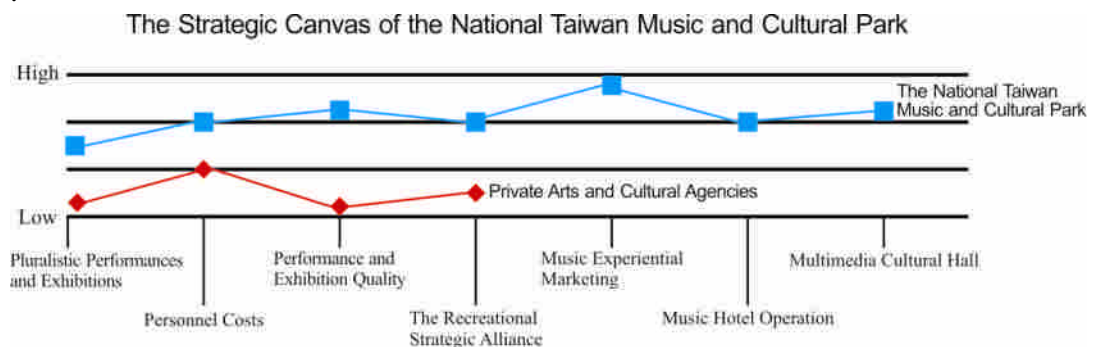


Figure 5. The Strategic Canvas of the National Taiwan Music and Cultural Park

Summary

According to the empirical analysis on the aforementioned six pathways framework, the four actions framework, and the strategic canvas, the author provided the following summary:

- 1) The dimensional factors between the six pathways framework of the National Taiwan Music and Cultural Park (i.e., involvement in alternative industries, reviewing the strategic groups, crossing the buyer groups, development of complementary products and services, analysis of rational vs. sensibility demands, and exploring the future trend) and the four actions framework (Eliminate, Reduce, Raise, and Create) have an interactive association during the strategic planning process.
- 2) When drawing up the Blue Ocean Strategic Plan, the National Taiwan Music and Cultural Park had eliminated factors that are either valueless or may diminish the value as well as factors affecting the cost structure due to unnecessary manpower or purchase. This measure could effectively reduce the costs.
- 3) When drawing up the Blue Ocean Strategic Plan, the National Taiwan Music and Cultural Park has raise factors that can improve the performance and exhibition quality, provide more diverse operational content, or create future demands of the customers and value. This measure could effectively build up differentiation, increase the value added, and thereby create customer value.

6. Research Review and Evaluation

The initial finding supports the theoretical concepts. Yet this research finding also indicated that innovative decision making is accompanied by certain extent of risk and uncertainty. Furthermore, take the studied case—the National Taiwan Music and Cultural Park—as an example, the park holds the Blue Ocean business opportunities because of its unique industrial features and operation approach as well as its high entry barriers, yet according to the strategic canvas analysis, this advantage may be carved up by private art and cultural agencies that share the market. This problem can be clearly identified by the Blue Ocean Strategic Framework.

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