

ICanStudioLive use of Blue Ocean Marketing Strategy for Value Differentiation

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ABSTRACT

This study focused on music industry facing the following challenges: changing media technology, consumer demand and value. Companies have dealt with these massive changes. However, ICanStudioLive, a music company, viewed these from a different perspective. Instead of adopting a wait-and-see approach, they looked at opportunities to create value differentiation using Blue Ocean strategy, though unconsciously. This study used mixed research methods with sequential explanatory approach. Data was obtained from 50 music groups in addition to in-depth interviews with selected management. The SWOT analysis and PMS mapping were used to analyse the data. The results showed ICanStudioLive was practising differentiation strategy akin to Blue Ocean strategy. They were leading in divergence, differentiation, innovation, human resources and motivation compared with their two closest competitors. These variables helped their marketing programme leading to value differentiation. The PMS Mapping showed IcanStudioLive was a pioneer and they should develop and apply the value differentiation to implement the Blue Ocean strategy.

Keywords: Blue Ocean, innovation and changing media technology, marketing strategy, music industry, value differentiation

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INTRODUCTION

The era of globalisation and modernisation has led to intense competition among countries to survive. One way to deal with it is via continuous innovation (Lee, Mudambi, & Cano-Kollmann, 2016). A new marketing culture is essential without neglecting hierarchy (Simamora, Marcellinus, & Hartono, 2016). Technology has become

a game changer for the education sector, businesses, government and non-profit organisations. Traditional media too has become irrelevant in this new age of modernity whereby new media have shaped innovation and help businesses to become more effective, efficient, and friendly so that the audience accept them as part of their information source. Rapid changes have been witnessed in technology information, software industry, and communication technology (Richardson, Smithies, Chapman, & King, 2014). Therefore, government, communities, academicians, and industries need to collaborate to cope with the growth of this technology and enable business and market to adapt to this rapid changing on market needs (Anggadwita, Saragih, & Alamanda, 2016). In telecommunication and music industry, the technology is known as a new digital medium. It is easily manipulated, compressible, interactive and impartial (Abrar, 2003). Today, digital media are widely used in business particularly for marketing activities (Matthew, Danjuma Joro, & Manasseh, 2015). The media have influenced the way of doing business in developing countries (Benner, 2013), including Indonesia. They have changed the way and how people communicate, study, work and play (Bickham et al., 2008). Digitisation is the standard business practice now. The music industry in Indonesia is now trying to recover and survive (Galuszka, 2015). They have to deal with the market changes especially new innovations and technology which create new demands (Shapero, 2015). Instead of trying to

survive, ICanStudioLive managed to use the digital media and technology to develop themselves and become a music recording studio with new and fresh products and services. Their vision is to become the pioneer of the music industry. Generally, other music and recording studios offer space for musicians to practice and record their music. Meanwhile, ICanStudioLive differentiation has led to a new value proposition. It offers musicians the space to work and fresh concept and a complete promotion through digital media.

This paper examines whether ICanStudioLive is implementing a Blue Ocean marketing strategy unconsciously and if its marketing tools are suitable. It also explores and analyses the idea of marketing strategy, the relevance of that strategy in a competitive market environment, and the basic principles of blue ocean strategy.

LITERATURE REVIEW

Blue ocean strategy challenges companies to pull create their own market space with new value offering so that it would be difficult for competitors to imitate them and compete in the same market (Malhotra & Seth, 2014). Blue Ocean strategy is a new concept of competition where the company has a goal to create new value for long-term purposes (Hersh & Abusaleem, 2016). However, various factors need to be considered to ensure product and service competitiveness. Blue ocean suggests companies need to build innovative philosophy, consider changing their operation, patent and copyright and

also take advantage as being pioneers in the field (Eskandaria, Mirib, & Allahyar, 2015).

Innovation is a creative nature in addressing future opportunities and is something different than usual (Feret & Hartline, 2014). This is indispensable in the competitive world of business today and companies which are able to develop it have the possibility to implement Blue Ocean Strategy better (Kim & Mauborgne, 2005). In its progress, innovation is widely used to create a new strategy differently than the existing one by emphasising the uniqueness and advantages of the company (Borgianni, Cascini, & Rotini, 2012).

MATERIALS AND METHODS

This research adopted a descriptive analysis method using a purposive sampling. A mixed method is used to collect and analyse data (Bentahar & Cameron, 2015) from 50 music player groups. Qualitative data was obtained from in-depth interview involving the company management of ICanStudioLive and its two closest competitors, namely BS Pro and Nayas Music Studio. The scale of measurement used ordinal data and the measurement models used Likert scale for the survey. The indicators and variables are based on canvas strategy dimensions. There are Divergent, Differentiation, Innovation, Pricing, Cognitive, Human Resource, Motivation, and Politics. Cross-sectional used for the time horizon of the research. Blue Ocean strategy is used (Chakrabarti, 2014) to analyse the consistent pattern of strategic thinking behind the creation of new markets and industries where demand

is created rather than fought for and the rule of competition is irrelevant regarding ICanStudioLive's market. The analytical methods used in this research are: Canvas Strategy (Rawabdeh, Raqab, Al-nimri, & Haddadine, 2012), mapping PMS (Alhaddi, 2014), three tiers of non-customers, and confirmatory factor analysis. The PMS mapping shows an understanding of the growth trajectory of the business in terms of revenue, profit, and market share and customer satisfaction. The PMS Map (pioneer, migrator, settler) analyses a company or industry's product portfolio and reveals the growth potential of existing and planned products and services. The idea is to plot the company's existing products into pioneer, migrator or settler and then plot future offerings into the adjacent column (to see if the product is on a decline or growth trajectory?). In this study, the PMS Mapping evaluated ICanStudioLive and its two closest competitors and revealed the position of each company.

Settler means a company's offering that is not significantly different from other competitors in the marketplace. It has no competitive advantage and value differentiation. This does not mean that its product/service is not profitable. In fact, many cash cows are well-established as a settler. However, a settler product is in slow or declining growth in the market. It indicates a warning for the company to create an opportunity to develop a sustainable life cycle.

Migrator represents a company which has a significant competitive value to be

offered in the market. It could be the leading product in its category and offers value propositions that exceed that of its close competitors. In this category, it doesn't offer innovative value; therefore, it is vulnerable to disruptive competition.

Pioneer is a company offering unprecedented value. It stands out from the competition because its value propositions and value differentiation of its offering are leaps and bounds ahead. The company will enjoy the long market share and profit gain in the market as a result of attracting a mass following of customers. A pioneer product yields substantial profitable growth. It is a Blue Ocean offering. In this study, it is indicated that ICanStudioLive is a pioneer in terms of its effort to develop and implement marketing strategy.

RESULTS AND DISCUSSION

In this study, three music companies are investigated which offer similar product and services. Quantitative data were obtained from 60 music groups in order to get insight from market segment which becomes the main target of this company. Before conducting the analysis, the sampling was determined using the value of MSA, and the standard is 0.5. Therefore, it is accepted to determine the consistency of the sample with factor analysis.

Table 1 shows that the instrument is accepted and suits the factor analysis.

Table 2 shows the company's capability in implementing Blue Ocean strategy. Each indicator is above 50%. These indicators are proven valid to analyse the factor values. Of

Table 1
MSA analysis

Factor	MSA	Sign	0.5
Q1	0.854	>	0.5
Q2	0.853	>	0.5
Q3	0.881	>	0.5
Q4	0.909	>	0.5
Q5	0.907	>	0.5
Q6	0.887	>	0.5
Q7	0.886	>	0.5
Q8	0.891	>	0.5
Q9	0.630	>	0.5
Q10	0.818	>	0.5
Q11	0.886	>	0.5
Q12	0.920	>	0.5
Q13	0.906	>	0.5
Q14	0.921	>	0.5
Q15	0.906	>	0.5
Q16	0.914	>	0.5
Q17	0.924	>	0.5

Table 2
Communality value

Initial	Extraction
1.000	.697
1.000	.492
1.000	.640
1.000	.767
1.000	.811
1.000	.721
1.000	.525
1.000	.565
1.000	.689
1.000	.580
1.000	.784
1.000	.696
1.000	.778
1.000	.757
1.000	.757
1.000	.618
1.000	.659

the total values in the table of communalities below, there are 17 factors formed which have a large value of communalities (> 0.5). Thus, it can be interpreted that the 17 factors have a strong relationship with the factors which are formed. Therefore, the greater the value of communalities, the better the factor analysis.

The study shows ICanStudioLive employs the technique of Blue Ocean to conduct its business activities. Therefore,

this research aims to find whether it applies the Blue Ocean consciously or not. It studies two music studios with the same target market segment for comparison. They are BS Pro and Nayaz Music Studio. In order to reveal their differences, the researchers conducted interviews with the music studio owners and distributed questionnaires to musicians who regularly use each of them. The results obtained by the researchers are shown in Table 3, Table 4 and Table 5.

Table 3
Dimensional factor of ICanStudioLive

Dimension	Score assessment
Divergent	
Q1	91
Q2	91
Differentiation	
Q3	92
Q4	89
Innovation	
Q5	89
Q6	84
Price	
Q7	88
Q8	88
Cognitive	
Q9	86
Q10	91
Resources	
Q11	85
Q12	88
Motivational	
Q13	92
Q14	93
Politics	
Q15	87
Q16	92

Table 4
Dimensional factor of BsPro

Dimension	Score assessment
Divergent	
Q1	63
Q2	60
Differentiation	
Q3	51
Q4	60
Innovation	
Q5	44
Q6	58
Price	
Q7	71
Q8	74
Cognitive	
Q9	79
Q10	73
Resources	
Q11	53
Q12	56
Motivational	
Q13	56
Q14	54
Politics	
Q15	68
Q16	76

Table 5
Dimensional factor of Nayaz

Dimensions	Score Assessments
Divergent	
Q1	56
Q2	54
Differentiation	
Q3	46
Q4	37
Innovation	
Q5	29
Q6	29
Price	
Q7	73
Q8	61
Cognitive	
Q9	79
Q10	78
Resources	
Q11	37
Q12	41
Motivational	
Q13	37
Q14	41
Politics	
Q15	46
Q16	58

Canvas Strategy

After processing the data and averaging the value of each dimension, the next step is to place the dimension values on the canvas of strategy. This is done by representing them in a graphical form.

The above Canvas Strategy shows the vertical lines indicate scale level based on quantitative data and strengthened by the qualitative data. The horizontal lines on the other hand indicate the analysed variables which consist of: first is divergent, second is differentiation, third is innovation, fourth is price, fifth is cognitive, sixth is human resource, seventh is motivation, and eighth is politics.

The strategy canvas graph above shows ICanStudioLive has a high average curve value in each dimension factor. This means that it gives many offers to consumers and non-consumers. The value curve of B's Pro seems to have a curve that is down-up-down-up which indicates that the company does not have a coherent strategy or does

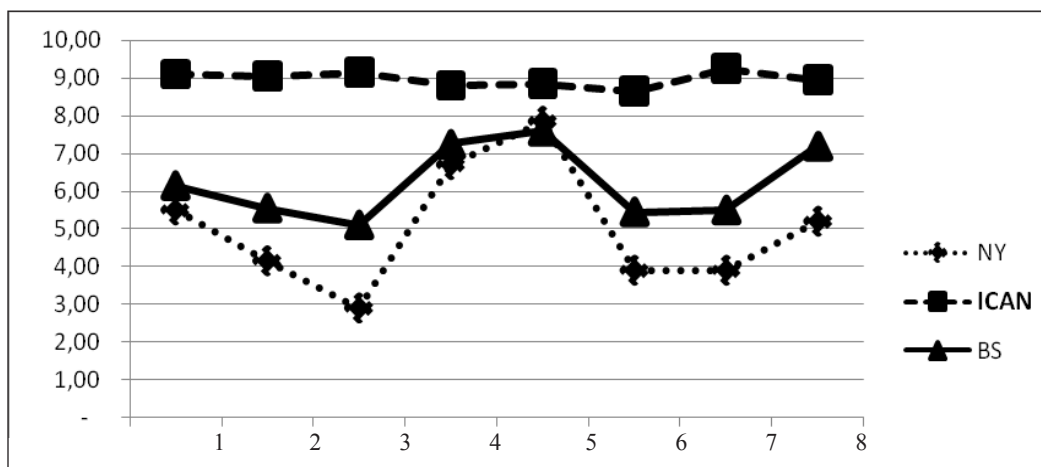


Figure 1. Canvas strategy

not focus on a specific strategy. Similarly, Nayaz Music studio's value curve has the same pattern as B's Pro. It can be interpreted that B's Pro and Nayaz Studio are caught in the red ocean strategies and are competing to show their superiority. ICanStudioLive has its separated offer area. It can be seen that although BsPro and Nayaz have shown changes, they cannot improve their value in the minds of artists as a company that offers something novel. They need to work harder if they want to create a competitive advantage and improve their marketing strategy, particularly in branding and value proposition.

PMS Mapping (*Pioneer-Migrator-Settler*)

The Pioneer - Migrator – Settler Mapping is used to categorise the value of each company and is also used to predict the extent to which the value of these companies

will grow in the future. Interview results with each owner of the studio service company are analysed to reflect its value in the PMS mapping and to predict how and towards which value is developed.

Horizontally, a benchmark assessment of innovation of each company, and vertically a benchmark assessment of differentiation of each company which has been averaged are used.

From the mapping, the result is explained as follows:

- Based on the point value of differentiation, 9:05, ICanStudioLive started as a pioneer with a value innovation, such as tapping future communication, innovation, digital marketing, and technology investment for production. Furthermore, based on the assessment and interview at 9.15 innovation, it can be predicted

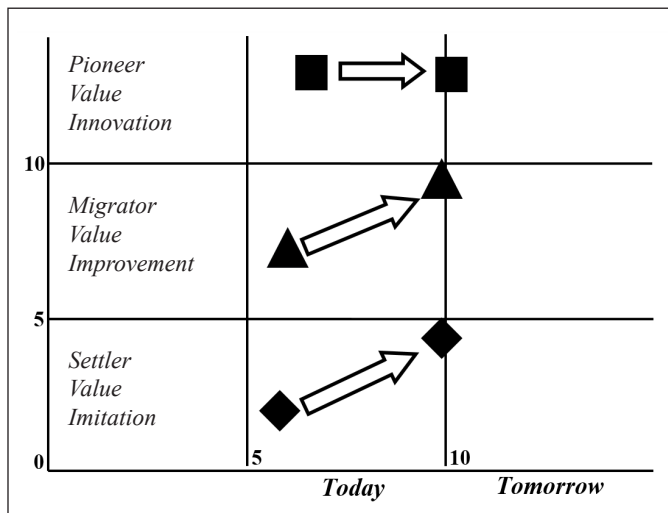


Figure 2. PMS Mapping

that the company is able to continue to develop its studio services in the future because the mission of the ICanStudioLive is to be innovative.

- Based on the point value of differentiation on 5.55, B's Pro started as a Migrator with value improvement. The owner of B's Pro service studio mentioned the improvisation values of the studio are different from the common ones such as using the services to make a jingle and company mars, providing a place for clients to support their creativity, collaborating band studio with cafe studio, standardising equipment with stage-quality grade. Based on the assessment of innovation at 5.1 and interview results, it is predicted that the company will become a pioneer in this field.
- Based on the point value of differentiation on 4.15, Nayaz Band Studio started with value imitation. Interviews with the owner of Nayaz Band Studio indicated it has a target market as ICanStudioLive can transform the studio into a producing house, focusing on marketing. However, based on innovation assessment of 2.9 and the interview results, it is predicted that Nayaz Band Studio will be a Migrator. Although the value of innovation is low for the future, many values will be improvised

by the owner, such as developing the studio to be the best with outstanding features and musicians who have their own idealism.

Three Levels of Non-Consumers

Three types of non-consumers are described that indicate which type will use the services of the company. Each nonconsumer intention is assessed.

The results of the assessment which have been disseminated through the questionnaire are: 1) ICanStudioLive obtained 9.3 from the average non-customers. It indicates high interest of non-customers to make use of the service; 2) B's Pro got 6.4 from the average non-customers indicating fair interest among non-customers to make use of its service; 3) Nayaz Music studio scored 4.5 out of average non-customer indicating low interest.

Factor Analysis

From the results, we can see three factors shape the success of the ICanStudioLive: factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle), factor 2 (Place Ambiance, Value Package, and Evaluation Awareness), Factor 3 (Criticism).

Factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle). After completing the Rotated Component Matrix test, a unique bundle containing several indicators are formed. The indicator "I feel the way the owner markets the band studio is a new thing" has the biggest impact

by 81.1%, while the smallest percentage of indicator is “I feel the band studio has its own characteristics among other band studios” by 49.2%, and the rest are “I feel the package of services offered by the band studio has an appropriate price range “ by 56.5%, “I feel the studio has policies benefiting all parties who use the facility and does not distinguish between big or small band” by 61.8%, “I feel the quality of the studio music instrument is good to use compared to one of other band studios” by 64%, “I feel I will continue to use the services of the studio” by 65.9%, “I feel the studio crew often provide inputs and suggestions” by 69.6%, “I feel the mixing tool provided by the band studio is a new thing” by 72.1%, “I feel the owners and crew can give motivation in creation and music” by 75.7%, “I feel the band studio can accommodate and carry out inputs and suggestions for common interest” by 75.7%, “I feel the programme offered by the band studio is different from the one offered by the others” by 76.7%, “I feel the owners and crew can provide inputs in creation and music” by 77.8%, “I feel the studio crew are sincere and professional in their field” by 78.4%.

Factor 2 (Place Ambience, Value Package, Evaluation Awareness). After doing the Rotated Component Matrix test, the dimensions of place ambience, value package, and evaluation awareness that contain several indicators are formed. From these indicators, the indicator of “I feel the

music studio can offer the ambience of the place which is different from that of other places “ had the greatest response at 69.7%, while the smallest percentage is showed by indicator “I feel the package offered by the music studio is in accordance with the services offered “ by 52.5%, while the other indicator: “I feel, the music studio needs to do an evaluation periodically to keep up-to-date “ had 58%.

Factor 3 (Criticism). The Rotated Component Matrix test showed 68.9% for one indicator: “I feel music studios need to take criticism from customers” by.

CONCLUSION

Based on our research carried out on ICanStudioLive marketing strategy and its market segments, the following can be concluded:

1. Three Factors formed are:
 - (a) Factor 1: Motivating Assistant, Facility Penetration, Unique Bundle (53.268%)
 - (b) Factor 2: Place Ambience, Value Package, Evaluation Awareness (7.7%)
 - (c) Factor 3: Criticism (6.85%)
2. Marketing is the most important factor that contributes to the success of ICanStudioLive.
3. Members and non-members are interested to use the services of ICanStudioLive regularly.

4. Unconsciously, ICanStudioLive does apply the Blue Ocean marketing strategy.
5. ICanStudioLive is the first music studio in Indonesia to implement a new digital media and is considered a pioneer.

Recommendation

The study provides the following recommendations:

1. In Factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle), the smallest factor is “I feel the studio has its own characteristic among the other music studios” (49.2%) and the indicator “I feel the service package offered by the studio has a suitable range of prices” (56.5%). Therefore, ICanStudioLive should showcase its uniqueness so that it stands out among the other studios. Additionally, ICanStudioLive should provide more attention to the range of prices offered in order that it can be accepted by the target segments. In Factor 2 (Place Ambiance, Value Package, Evaluation Awareness) the smallest factor is “I feel the package offered by the studio is in accordance with the services offered” (52.5%) and “I feel the studio needs to do an evaluation to update the concept periodically to keep up-to-date” (58%). Thus, ICanStudioLive should explain thoroughly the

packages it offers so the customers understand the package offered is in accordance with the service. ICanStudioLive should also update the concept periodically so the customers are aware that its creativity is the result of its innovation. Factor 3 (Criticism): The biggest factor is “I feel, the studio needs to take criticism from customers” (68.9%). That is why we recommend they accommodate the criticisms from customers for better development of ICanStudioLive.

2. ICanStudioLive should maintain the same strategy applied to the market segment.
3. Based on of customers and also non customers who use the service of the studio, it is suggested ICanStudioLive develop communication tools to reach out to those who are not familiar with the studio and to offer insights of its potential and attain higher market share in the future.
4. ICanStudioLive must highlights its strength by promoting its fresh and creative concepts as a pioneer, and it must continue to grow and become a trendsetter.
5. Future research should examine other music studios implementing Blue Ocean strategy to reveal their differentiation and competitive advantage significantly.

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