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## Jim Faber: Redbox showed us how to make competition irrelevant

- Idaho Statesman

Since the rise of Redbox, have you noticed how fast your local video stores have gone out of business? And Redbox is only a recent upstart.

Do you remember the days before DVDs, GPS and even cell phones? How did we ever live without them? With the record high cost of fertilizer, mainstream farmers are trying to maximize profits by spending money only in areas that need fertilizer. How could they have done that without relying on precision agriculture?

It took a new way of thinking — a new paradigm.

There is a rising need for new ways of thinking in our organizations. We can no longer afford to continue doing business the way we have in the past. Albert Einstein once said, "The significant problems we face cannot be solved at the same level of thinking we were at when we created them." In other words, we need a paradigm shift.

There are compelling reasons for developing new ways of thinking. Technological advancements continue to accelerate, and the result in many market sectors is that supply exceeds demand. The problem is compounded further as the Internet has made potential competitors out of anyone who wants to hook up to it. We can no longer rely on benchmarking against neighboring contenders. Now we have to benchmark against "world class" competition.

In their book, "Blue Ocean Strategy," W. Chan Kim and Renee Mauborgne argue that tomorrow's progressive businesses will succeed not by clashing head-on with competitors, but by creating "Blue Oceans" of new, uncontested market space. If Red Oceans, colored by bloody competition, represent all of the known markets in existence today, then Blue Oceans represent all those that don't yet exist.

Redbox is a good example of a Blue Ocean market opportunity. The automated Redbox kiosk concept is simple. Consumers simply use a touch screen to select their favorite movies, swipe a valid credit or debit card and go. Redbox didn't even exist six years ago. In a few short years, Redbox has made the traditional competition irrelevant.

The Redbox example demonstrates that Blue Ocean thinking utilizes a different paradigm from the old Red Ocean accepted standard where markets get crowded, profits decline and competition turns cutthroat. Blue Ocean opportunities evolve out of shifting paradigms from the old Red Ocean view of the world to a whole new way of thinking.

For the Red Ocean thinker, it will be threatening to learn a new mindset and skill-set. Those who have begun sailing into Blue Oceans have already figured this out. They have recognized what it takes to be a player in this new era. Imagine what it would require of you and your organization to sail in Blue Oceans.

Next time you pick up your DVD from Redbox, take a moment to reflect on what new Blue Ocean ideas might be coming to your industry. Or, better yet, create your own Blue Ocean opportunity and make the competition irrelevant.

Jim Faber lives in Boise and is an associate of Knipe Land Co. Inc. Reach him at (208) 954-1960 or [jfaber@spro.net](mailto:jfaber@spro.net).