

Red oceans & blue oceans

Covered in this section:

Types of markets

- Red ocean
 - a lot of food and a lot of sharks
 - a lot of competition, well established markets
- Blue ocean
 - no sign of there being a market
 - exploratory and speculative
- “Profit erosion”: Profit margins are getting worse because of too many competitors
 - Depending on the business you want to create, you should go into different oceans / markets
- Example:
 - The coffee market is too red, but the market for a drink that no one heard about is too blue for you
 - Some special type of coffee could be a good idea
 - You need a large enough market to support yourself, but a new enough market that you can charge a premium
- Lifestyle business: Red ocean
 - in a well-established market, you can make profit faster
 - establishing markets takes time
 - you want to be in front of a trend curve, but not the first
- Startups: Blue ocean
 - you need to look at new markets
 - focus on innovation
 - unpredictable changes
- Side business: Red ocean
 - you need something that you know for sure people will buy
 - risk is not an option