Generic Strategies, Outpacing and Blue Ocean – Discussing the Validity of Three Strategic Management Theories Using Case Studies from Airlines and Grocery Retail

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SUMMARY

This article discusses the validity of three famous approaches of strategic management – Porter's Generic Strategies, the Outpacing Concept and Blue Ocean Strategies – by using cases from two industries: airlines and grocery retail. The discussion shows that all three concepts make important contributions to the explanation of the success and failure of existing strategies, but none of the concepts fully describes the reality. While generic and Blue Ocean strategies neglect dynamics, the outpacing approach is still too much imprisoned by the categories of Porter. As a conclusion, first ideas towards a more dynamic theory of market evolution are drawn which include aspects of Blue Ocean and Outpacing and recall a more philosophical approach.

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INTRODUCTION

Porter's Generic Strategies and the more recent concept of Blue Ocean strategies belong to the modern fundamentals of strategic management theory, as shown by a special collection of the famous Harvard Business Review (2011). Surprisingly, the connecting and separating elements of both approaches have seldom been discussed. An exception is an article written by the founders of the Blue Ocean Strategy, W. Chan Kim and R. Mauborgne, where both approaches were characterized as rather contradictory (Chan Kim & Mauborgne 2009). Wider room was given to the discussion of whether Porter's hypothesis that a company needs a clear strategic focus to succeed is backed by empirical evidence or not. A multitude of surveys were not able to give a clear answer to that question (e.g. Thornhill & White 2007). The Outpacing Approach, first formulated by Gilbert and Strebel (1987) tried to bring more light into that discussion by adding a new dimension: time. Taking time into consideration, Porter's Generic Strategies, Outpacing and Blue Ocean Strategies seem to be rather different steps in a general theory of market evolution than opposing approaches.

To outline this hypothesis, a short summary of these three approaches is given in the first part of the following article. The second part discusses the validity of these approaches by means of two case studies from two different industries: airlines and grocery retail.

PORTER'S GENERIC STRATEGIES AND THE U-CURVE

In his famous book *Competitive Strategy* (1980) Michael Porter introduced the concept of Generic Strategies as a milestone of the discipline. Using the two dimensions: competitive advantage, with the possibilities *lower costs* or *differentiation*, and competitive scope, which can be narrow or broad, he deduced three basic strategy types:

- *Cost/Price Leadership*: This strategy comprises companies that compete by low prices and concentrate on the whole market, trying to get a high market share

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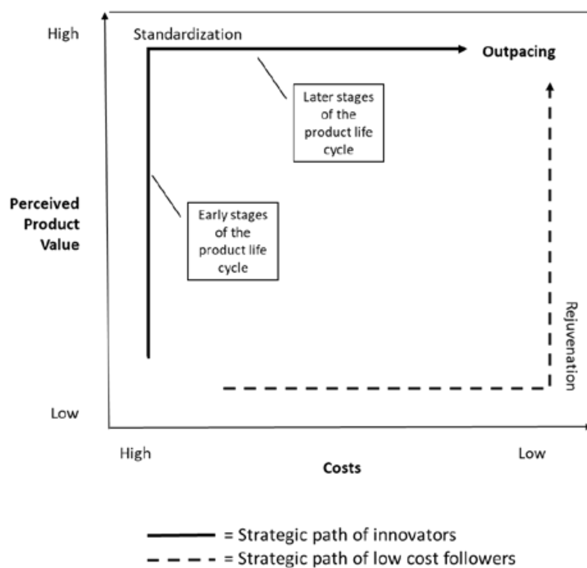
for realizing maximum cost savings from economies of scale.

- *Differentiation*: This strategic positioning is built on competitive advantages besides lower prices. Examples are a better functionality, higher quality or superior services. Nevertheless the whole market is targeted and not only a narrow segment.
- *Focus (Niche)*: A niche strategy concentrates on a small and well-defined segment or target group by either offering a customized product or service, which is more often the case, or a special price.

According to Porter, a company has to choose one of these generic strategy types in a pure form, not intermixing them. Companies that have a lack in positioning by not clearly representing one of those types, "stuck in the middle" and will therefore most likely fail.

THE OUTPACING APPROACH



Source: own representation based on Gilbert & Strebel 1987, p. 32

Figure 1. Outpacing

According to the Outpacing Approach, success does not necessarily mean to exclusively concentrate on a cost-/price-leadership strategy or a differentiation approach; rather, these strategies can be perceived as steps in the process of market evolution. To successfully occupy a superior market position two paths of development exist. Figure 1 illustrates the basic ideas of the approach (Gilbert & Strebel 1987). Typically, markets evolve by innovations. In an early stage of the product life cycle, these innovative companies continuously improve the value of the new product up to a certain level at which a commonly accepted standard is established. This level defines the turning point in the strategic orientation. Competition is now mainly dominated by price struggles. Thus, companies have to change their strategic orientation towards lowering their costs, which is mainly done through process improvements. The overall aim of all these strategic steps is to be the first to reach the upper right-hand position in the box, which is called the outpacing strategy (see Figure 1). In that position, a company offers a maximum value for reasonable prices. Later market entrants can attack that position by a strategy that first concentrates on low costs and prices. Thereby these cost advantages not only occur through process improvements, rather the quality and functionality of the product is reduced. In a later stage of the development, which implies the achievement of a certain market share, these companies start to invest in product enhancements. This process is called rejuvenation. Gilbert and Strebel (1987) mentioned that these two paths represent idealized generalizations; nevertheless, a company should choose a clear path regarding the two opportunities and not a "middle-of-the-road-strategy".

In the past, the Outpacing Strategy was often used by Asian companies, e.g. in the car sector (Scheuss 2012) or more recently the solar industry.

BLUE OCEAN STRATEGIES

The concept of Blue Ocean Strategy was created by W. Chan Kim and Renée Mauborgne in the late 1990s and further developed ever since (Chan Kim & Mauborgne 2005, 2017). Research regarding the success factors of the Fortune 500, mainly in US-industries, brought the decisive insight that strategies of outperforming companies diverge dramatically from their "normal" competitors, mainly by ignoring common sense and breaking rules set up by industries. Outperformers do not concentrate on competition by surpassing opponents with more and refined product features; rather, they concentrate on creating new quantum leaps in value for the mass of customers. These extra values are often created by new ways to offer a product or new business models and are more seldom based on technological innovation.

The basic instrument of Blue Ocean Strategy is what is called the *Four Actions Framework* together with *Value Curves*. Many industry examples have shown that the typical standard of how to offer a product does not match the needs of the mass of customers in regard to several factors. A famous example is the case of the Canadian Cirque du Soleil (Chan Kim & Mauborgne 2005). Whereas circuses typically include animal dressage, e.g. with elephants or tigers, Cirque du Soleil eliminated this element and instead invested in the creation of a unique atmosphere by better staging, realized by fantastic light shows, music and dance or visible themes around the show. Before Cirque du Soleil launched its new strategy, animal dressage had been taken for granted by the circus industry. But even before the environment had changed, more and more people felt discomfort with the circus-like way of presenting animals. Also, exotic animals are nothing special in a modern world with zoos, people

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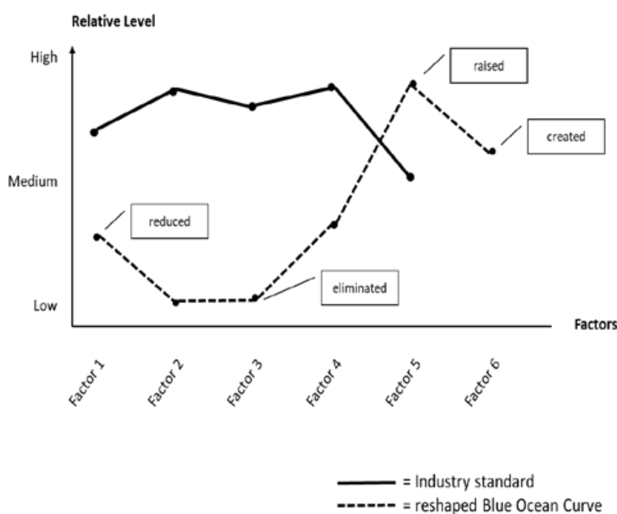
traveling to Africa or knowing these animals from multimedia. On the other hand, animals belong to the most costly elements of traditional circuses. The abolishment of animal dressage enabled Cirque du Soleil to invest the saved money into the creation of a glamorous staging atmosphere. Finally, new target groups, e.g. business people or people with higher incomes, were attracted by the new format, enabling Cirque du Soleil to charge higher prices for tickets.

To create a Blue Ocean Strategy similar to that example, a company has to answer four questions – the Four Questions Framework (Chan Kim & Mauborgne 2005):

- Which of the factors that the industry takes for granted should be eliminated? (in the example, animal dressage)
- Which factors should be *reduced well below* the industry's standard? (in the example, fun and humor by clowns)
- Which factors should be *raised well above* the industry standard? (in the example, the refined atmosphere)
- Which factors *should be created* that the industry has never offered? (in the example, shows centered around specific themes).



Source: own research

Figure 2. The instrument Value Curve

The result of the Four Question Framework can be represented graphically by what are called Value Curves. As shown in Figure 2, first typical factors describing products or services of an industry and the way to offer them have to be defined (x-axis). Next the traditional way of offering, the industry standard, is represented by a value curve showing the relative level of realization regarding these factors (y-axis). It is important to recognize that this relative level should not be confused with customer value. A high level of realization does not necessarily mean that customers really appreciate that or at least would be willing to pay for it (like the animal dressage in the example used). In a second step a company has to find answers to the four questions and by that to reshape (questions 1-3) or extend (question 4) the value curve – as done by Cirque du Soleil. For reshaping the curve, the need of the mass of customers always has to be taken as a decisive criterion. This customer mass is not only represented by the number of current clients, it can also include people who have not been using a product so far because their needs have not been fulfilled (like business people in the Cirque du Soleil example). The Wii, a game console by Nintendo, is another good example for that insight. Before the launch of Wii, game consoles had been mainly used by young men – a minority of the whole society. Elderly people and women perceived gaming on consoles as something being too passive or, depending on the game, too aggressive, and by that not staying in accordance with their value sets. With Wii, the new factor "movement" was added to game consoles, changing the perception by these two groups and opening the market for game consoles to the real mass of people.

Discussing Cases from Two Industries

In the following, examples from two industries, airlines in Europe and grocery retail in Germany, will be used that seem to represent typical Generic Strategies, Blue Ocean Strategies and Outpacing Strategies at the same time. These two industries have been chosen, because companies showing cost leadership gained a substantial market share. For the airline industry these cost leaders are called low-cost carriers, holding a market share of more than 40% in Western Europe (Powley 2017). The most successful low-cost carrier in the European skies is Ryanair, representing a cost-leadership approach by applying a strategy which broke the traditional standards on how to operate an airline. Therefore, this example will be further examined below. The German market for grocery retail not only shows a relatively high market share of 29.5% for cost leaders, the so-called discount stores (own calculations based on Lebensmittelzeitung, 2018), it also includes the company Aldi, an inventor of the discount principle, that dramatically changed the rules in the German and later European retail industry. Hence, that company was chosen for a deeper inquiry.

Both industries, German grocery retail and European airlines, are highly competitive and consolidated. The consolidation in the German grocery retail sector is extremely high. The biggest five players –Edeka, Rewe, Lidl & Schwarz, Aldi and Metro – account for more than 70% of total turnover in the market (Bundeskartellamt 2014; GAIN report, 2018). In the airline sector, this consolidation is still in process, especially in Europe, where the six leading airlines account for only 43% market share, compared to 90% in the US-market. The consolidation of airlines is not only realized by mergers and acquisitions; more important are strategic alliances,

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such as Star Alliance or One World. Star Alliance, for example, with Lufthansa and United Airlines as main players, holds a worldwide market share of 23.9% (Anwar & Chacko 2015).

Whereas the German market for grocery retail can be characterized as mainly saturated (GAIN report, 2018, p. 1), the airline industry is still growing, with growth rates clearly exceeding GDP growth and a positive development of margins in recent years (European Commission 2017). Nevertheless, insolvencies of main players like Alitalia or Air Berlin have occurred recently, showing the high degree of competition in the European market (Powley 2017). Margins in the German grocery retail sector are traditionally low. This is, among other factors, caused by generally price sensitive consumers. However, recent trends show an increasing willingness to pay higher prices for higher quality or specialties, e.g. fair trade and organic products or ethnic foods (GAIN report 2018).

The Example of Ryanair

According to the company, Ryanair nowadays holds the number one status among European airlines, carrying over 130 million customers each year and connecting 215 destinations in 37 countries (https://corporate.ryanair.com/about-us/history-of-ryanair/). Ryan Air was founded in 1985 by the Irish family Ryan, operating as a small and more regional airline. In 1990 Michael O'Leary became CEO of Ryanair and started to successfully copy the strategy of the US low-cost carrier Southwest, becoming the first European low cost airline.

Table 1
Original and modified strategies in the airline industry

Factors	Traditional Airlines		Ryanair	
	Original Strategy	**Modified Strategy**	**Original Strategy**	**Modified Strategy**
Network and Destinations	Worldwide	No modification	Europe	Europe and neighbouring countries
Airports Used	Mainly bigger airports	No modification	Solely small airports	Also selected big airports
Connecting Flights	Connecting flights with luggage transfer	No modification	Connecting flights without luggage transfer	Luggage transfer available only at a few airports
Seat reservations	Reserved seats included	No modification	No seat reservations	Seat reservations possible (extra payment)
On-board Catering	Warm meals and drinks included	Reduced meals, drinks included	Meals and drinks not included, available for extra-payment	No modification
Seat Comfort	Relatively high comfort also for economy	Reduced for economy	Low comfort	Higher comfort possible (extra payment)
Luggage policy	Luggage up to 20 kg included	Depending on class, luggage paid extra	Only hand luggage included	Extra fee for checked luggage, also for bigger hand luggage (not for Flexi Plus)
Booking & Check-In	Mainly via travel agencies, online booking paid extra	Free online booking as important channel	Solely online (service fee for travel agencies)	No modification
Prices	Rather high	Low to high	Very low	Low to middle
Offered classes	First, Business, Economy	Economy Flex added	Only Economy	Flexi plus added
Safety	High	No modification	High	No modification

Source: based on own research and Thomson & Baden-Fuller 2010; Tungate 2017

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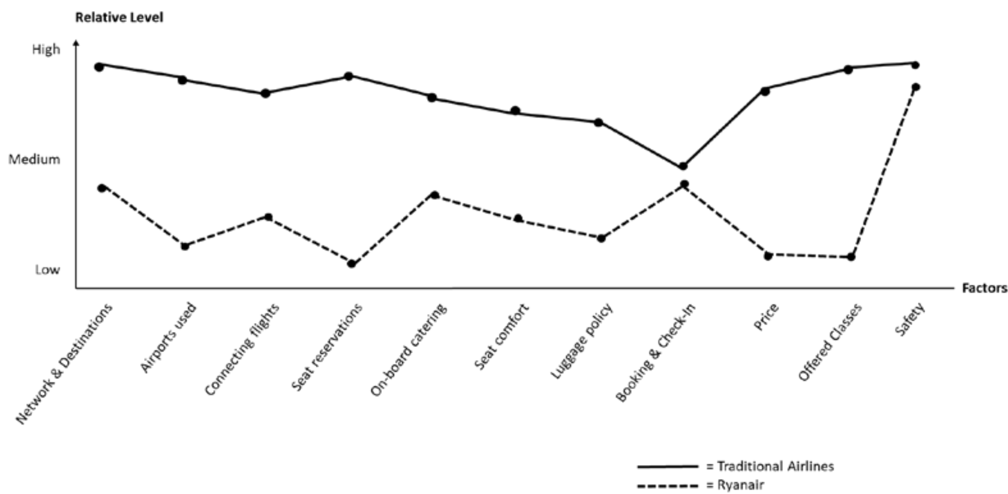
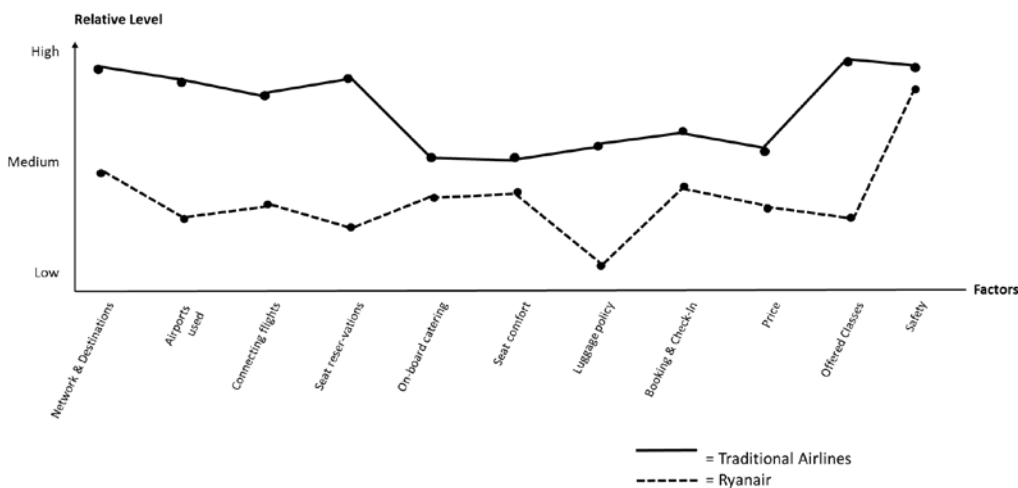
The low-cost carrier concept rests on a number of principles which were in clear contradiction to the industry standards used by traditional airlines such as Lufthansa, Air France or British Airways (see Table 1, columns "original strategy"). Thus, Ryanair's moves can be clearly seen as a kind of a Blue Ocean Strategy, as visualized by the value curves of traditional airlines and Ryanair in Figure 3.

In its pure and original concept, Ryanair broke typical industry standards by eliminating factors like free meals, luggage transfer for connecting flights or seat reservations. Furthermore, it reduced factors like the size of airports, seat comfort or the flight classes. Together with changed internal processes, like the use of only one type of aircraft (Boeing 737), which are not represented in the customer-focused concept of value curve, these changes enabled Ryanair to offer flights for a price well below the standard level. By that strategy Ryanair not only competed with the existing airlines, but could even attract clients to use flights as a mode of transportation, e.g. for weekend trips, who up to then had preferred to use other modes like cars or trains. This can be seen as another example of the Blue Ocean hypothesis that the mass of potential customers is not limited by the current number. Despite the fact that the target groups of traditional airlines and Ryanair did not overlap much, Ryanair put pressure on owners like Lufthansa by changing the price expectations of clients and showing that open potential for customers existed that had not been detected by traditional airlines. Thus, the traditional airlines started to change their strategies slightly, moving step by step towards Ryanair's model. Table 1 in connection with Figure 4 shows these reshaped strategies.



Source: own research

Figure 3. Value curves of traditional airlines and Ryanair, original strategies



Source: own research

Figure 4. Value curves of traditional airlines and Ryanair, modified strategies

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Visible changes were the reductions in meals offered and seat comfort. Later also the luggage policy changed and, similarly to Ryanair, 20 kg of luggage is not always automatically included. Together with other changes, traditional airlines were enabled to offer at least a certain amount of seats on inner-European flights for reasonable prices, affordable for private travelers. Due to the fact that traditional airlines still kept some advantages, e.g. the use of more centrally located airports and the offer of connecting flights, now some pressure was put on Ryanair. The Irish carrier therefore started to reshape its original and pure cost-leading strategy, step by step towards the traditional players (see Figure 4 and Table 1). Steps in that direction have been the offering of seat reservations, seats with higher comfort or an extra booking class (Flexi plus). However, in Ryanair's pricing policy clients were charged extra for all these offerings. The newest step in the strategic change of Ryanair is the use of selected big hub airports, such as Frankfurt. This can be seen as the first bigger change in the original strategy of Ryanair, because cost savings rested to a large degree on the use of small airports that not only charged Ryanair less, but also guaranteed smooth and quick handling of processes to shorten the unproductive time of aircrafts on the ground.

The Example of Aldi

With revenue of more than 30 billion Euro, Aldi (the companies Aldi Süd and Nord together) is currently (2018) ranked number 4 in the German market for grocery retail (Lebensmittelzeitung 2018) and number 1 among the discount stores. The company was founded in 1913 by Karl Albrecht (senior) as a small family-owned bakery and grocery store in the German town Essen (Aldi 2018). In 1945 the two brothers Karl Jr. and Theo Albrecht took the store over and started to open subsidiaries. An important change compared to traditional stores was the introduction of self-service, which led to further expansion. By 1955 Aldi was already operating 100 stores, first concentrating on the German province North Rhine-Westphalia. In 1962 Aldi opened the first store that was fully operated according to the discount principles. These principles are visible in Table 2 and are graphically represented by the value curve in Figure 5.

Table 2
Original and modified strategies in the grocery retail industry

	Traditional Grocery Retailers		**Aldi**	
Factors	**Original Strategy**	**Modified Strategy**	**Original Strategy**	**Modified Strategy**
Check out	Cash and bank card	No modification (first trials with self-service)	Cash only	Cash and bank card
Brand goods	Mainly branded goods	Branded goods and more and more retail brands	No branded goods (only own retail brands)	More and more well-known brands
Service	Service for fresh products	Full self-service for fruits and vegetables, more and more self-service for meat products and cheese	Full self-service	No modification
Distribution of Locations	Decentralized in housing areas (few parking facilities)	More centralized in local shopping areas (parking facilities and competition)	In local commercial areas (good parking facilities)	More centralized in local shopping areas (parking facilities and competition)
Price	Medium	Low to high	Very low	Low to medium
Food Assortment (breadth and depth)	Broad and deep assortment (including fresh food)	Breadth and depth further increased (specialties, low cost products)	Small assortment (only 400 items), mainly non-fresh products, everything pre-packed	Bigger assortment (e.g. fresh meat, organic food, specialties), also non-prepacked fruits and vegetables
Non Food Assortment	Very few items	Few items, sometimes promotional products	Non-permanent assortment, promotional products (e.g. computers)	Not modified, but at least two thematic promotions per week
Facilities	Bigger stores	Somewhat bigger stores, somewhat nicer design	Small stores, very crude design (product presentation mainly on pallets)	Bigger stores, nicer design, products mainly on shelves
Product quality	Medium–high	Low–very high	Medium–very high	No modification

Source: based on own research and Brandes 2003

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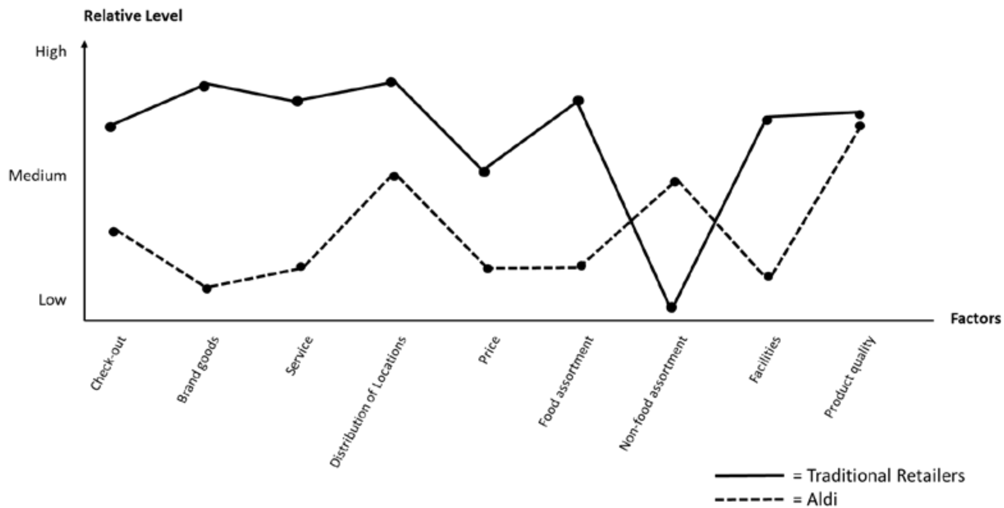
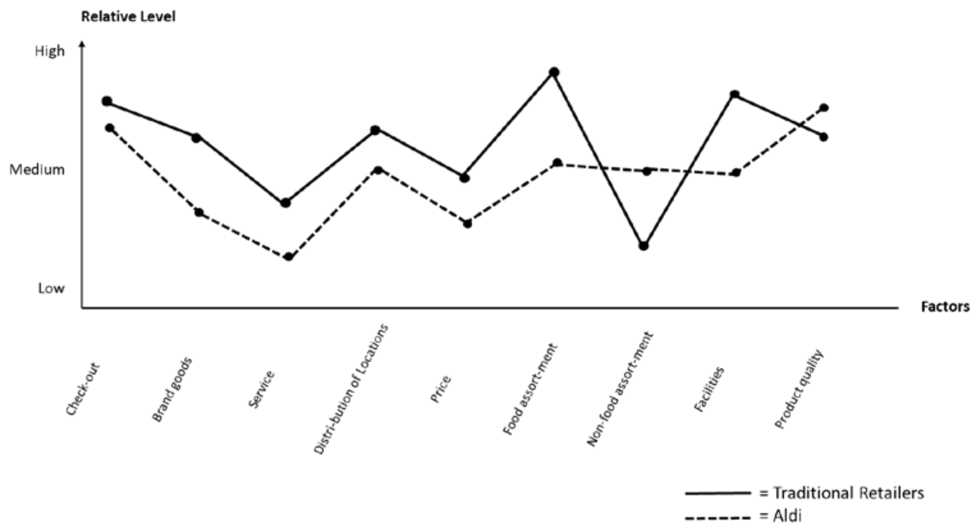


Source: own research

Figure 5. Value curves of traditional grocery stores and Aldi, original strategies



Source: own research

Figure 6. Value curves of traditional grocery stores and Aldi, modified strategies

Besides self-service, the assortment's breadth and depth were decisively reduced. This enabled Aldi to sell standardized goods in high volumes and to gain tremendously from economies of scale. Together with the simple presentation of goods, the realized cost savings enabled Aldi to offer goods of comparable quality at prices well below those of their competitors. By that, Aldi can be seen as inventor of discount strategies in retail. The success not only led to international expansion of the company and to imitation of the concept (e.g. by Lidl); traditional grocery chains, so-called full-range retailers, like Rewe or Edeka in Germany, were also put under pressure. Consequently, they started to modify their strategies towards Aldi's principles (see Table 2 and Figure 6).

One reaction was the foundation of their own discount stores by retail chains (e.g. Penny as a subsidiary of Rewe), but also the original stores went through some changes. The most serious change was the establishment of retail brands, mainly in the low price sector (e.g. the Rewe-brand Ja). These retail brands offered products with prices comparable to Aldi, but mostly in a lower quality. In addition and to save more costs, the degree of service for fresh food was diminished step by step. By these steps traditional grocery chains tried to convince customers that it no longer paid off to visit discount stores, especially because very often customers had to shop twice, first in the discounter with the limited assortment and later on in a traditional grocery store, where they could find the missing goods not available at Aldi.

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Aldi had to react to those strategic modifications and started a process in the direction of the traditional competitors. The company increased its assortment by offering more fresh products, frozen products, specialties, fresh baked bread and organic food. Also payment by bank cards was initiated. The latest step in that direction is an upgrade of the facilities with an investment of more than 8 billion Euros (Handelsblatt 2017). New stores present a nicer shopping atmosphere and are larger in size.

Discussion and Conclusion

Summarizing the insights gained from the two case studies, it is easy to recognize that both industries show the same patterns of development:

1. A predominance of traditional players that were almost all operating according to the same principles.
2. A newcomer, starting a "revolution" (in both cases by applying a discount, cost leadership strategy).
3. An answer to that "revolution" by the traditional players by changing parts of their strategy in the new direction.
4. An answer by the "revolutionaries" in the direction of the traditional industry standards.
5. A result in form of a (partial) convergence of both strategies, as is visible in Figures 4 and 6.

With those insights in mind, a deeper look at the validity and relationship of Porter's Generic Strategies, the Outpacing Approach and Blue Ocean Strategy is possible.

Do Porter's Generic Strategies Exist?

The strategies of Aldi and Ryanair seem to belong to the cost leadership category of Porter, and it is not surprising that cost leaders and differentiators like Lufthansa and Rewe can be successful at the same time. Aldi and Ryanair filled existing gaps in the market. This is to some extent true. A deeper look at the strategies of Aldi and Ryanair reveal that it is not absolutely clear whether they follow cost leader strategies in the sense of Porter. Especially Aldi focuses on a high quality of products and was able to create a high degree of trust among its customers (Rentz 2018). The concept of the value curve shows that quality does not simply mean more of whatever the product/service is. Attributes can be divided into those that create higher or lower value to the mass of (potential) customers. Key value creators such as the quality of sold products (in the case of Aldi) or flight safety (in the case of Ryanair) should not be decreased to successfully run a discount strategy. Other examples like the Swedish furniture retailer IKEA show that even in combination with a discount strategy, more "features and functions" (in IKEA's case more enjoyment through restaurants, shopping for articles besides furniture or amusement for children) may be added. The more evolutionary perspective reveals that the cost leadership strategies were strategic answers to predominant existing strategies that neglected market potentials by concentrating too much on imitating competitors and creating so-called "Red Oceans", markets with a destructive high degree of competition (Chan Kim & Mauborgne 2005).

Does the Blue Ocean Strategy Tell the Full Truth?

The Blue Ocean strategy is successful in describing why strategies like those of Aldi and Ryanair were created and able to perform well. The concept of key value creators for the mass of people and the Value Curve shows that quality and reasonable prices do not have to be contradictory. But this works mainly in a world where traditional competitors play to rules that had been developed earlier and no longer fit the needs of the mass of customers or potential customers. Reshaping the value curve means coming closer to a customer-oriented approach and taking one's eyes away from existing competitors. However, these existing, traditional competitors have the chance to learn which parts of their offer are rather obsolete and to reshape their strategies towards their new competitors. This may erode parts of the competitive advantage created by Blue Ocean Strategies.

Does Outpacing Fully Explain the Development?

Outpacing is the only one of the three approaches that includes the dimension time. Outpacing forecasts a convergence of discount and quality strategies over time, which can be clearly seen from the examples used above. Also, the order of market entry, first by quality leaders, later by cost leaders, seems to support the approach. The only problem is that this convergence does not necessarily lead to a status where companies end as quality and cost leaders at the same time. The following arguments support this conclusion:

- The convergence is not total. The different strategic players still have a tendency towards cost leadership and differentiation, only the gap is smaller.
- The remaining gap is smaller in grocery retail than in the airline industry. This might be caused by the earlier appearance on the market of Aldi compared to Ryanair. Future developments will show if the gap between traditional retailers and Aldi will be further closed or not.
- The development can lead to different situations. In grocery retail, changes by discount stores like Aldi in the direction of traditional retailers seem to be bigger than the convergence from the other side. In the airline case it is the clear opposite. Lufthansa has, up to now, changed its former offering much more in Ryanair's direction than the other way around.
- Convergence does not always mean that the higher value strategy adopts parts of the low cost strategy and vice versa. In some cases also a value increase by both

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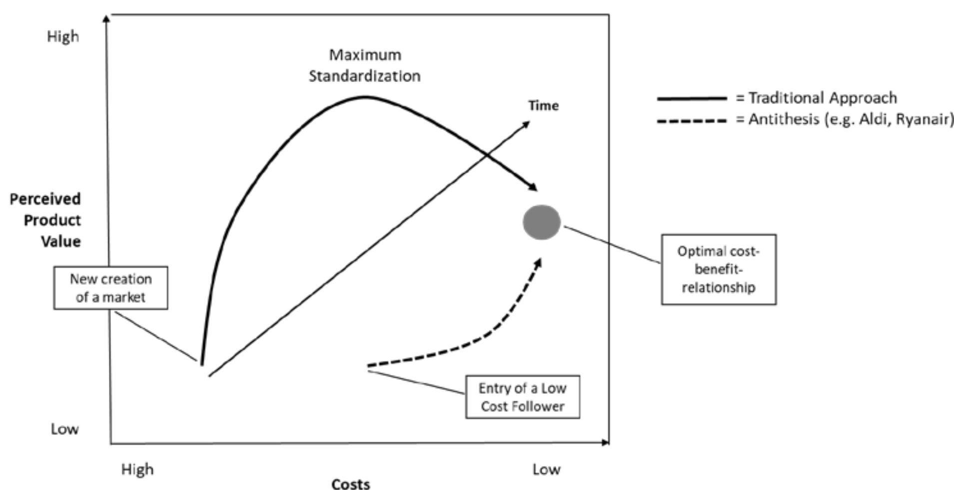
strategy types may occur. A good example is the distribution of locations in grocery retail. Both types, discount stores and traditional retailers, have changed their strategy in the same and new direction. Whereas Aldi stores were often located in mixed commercial areas and traditional grocery stores in the neighborhood of housing areas, both turned to a preference for new established shopping areas, which offer a selection of different competing grocery retailers, drug stores and fashion shops, mainly located at the periphery of cities and offering bigger parking facilities.

The question of in which direction the convergence mainly runs seems to be a question of the special situation in the particular industry. Another famous work of Porter, the Five Forces (Porter 2008), may contribute to an explanation concerning the direction.

Moving away from famous approaches of strategic management theory, one can clearly see parallels to the philosopher Hegel's dialectics (Maybee 2016). Social and political developments of all types are described by an order of thesis, antithesis and synthesis. Blue Ocean strategy shows how an antithesis can be found in an industry as an answer to existing concepts (theses) that lag behind recent developments. The synthesis is a convergence of thesis and antithesis. This might be one of the basic principles of market evolution, mainly where technological developments do not play a decisive role (in these cases, a full substitution of former products and markets is more likely to occur, as examples like streaming substituting CDs and DVDs show).

Figure 7 illustrates the typical development, exemplified by the case studies Aldi and Ryanair. The figure uses the framework of Outpacing, although the upper right-hand corner is not the end point of the development. Indeed, this can be found somewhere on the right side of the box and represents a kind of optimal cost-benefit-relationship in the eyes of customers, which at the same time also enables companies to make enough profits. As described by the Outpacing concept, the point of standardization plays a major role in the evolution of markets. It marks a starting point for the appearance of new competitors, mainly those who have a low-cost strategy, resulting in price-leadership. The latter aspect is not compelling. As the above example of Cirque du Soleil reveals, increases in prices may also occur. The more important point is that the strategy can be seen as an antithesis to the former standard, eliminating and reducing factors that have been taken for granted but do not (or no longer) contribute enough to the customer value. This aspect is clearly shown by the Blue Ocean Strategy. The likelihood for the appearance of those revolutionary strategies is especially high under the following two conditions:

- Prices in the industry are too high for the mass of (potential) customers, there is a so-called price umbrella, and enough room for an aggressive pricing strategy is left (a circumstance described by Gilbert and Strebel 1987).
- Industry standards have not been changed for a while and simultaneously the market environment has moved in another direction. Coming back to the example of Cirque du Soleil, exotic animals were a sensation in the 19th century, but did not only lose attractiveness in the late 20th century, but more than that evoked negative feelings among the spectators who may be more sensitive to animal rights nowadays. Also in grocery retail the influence of environmental change is visible. Aldi used the trend towards self-service and a price-sensitive mentality of customers, but had to adapt its strategy to trends like organic food later on.



Source: own research

Figure 7. The evolution of markets as a combination of Outpacing and Blue Ocean strategies

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Based on only two cases, these insights are a first hypotheses on the way to a more general theory of market evolution. Similar developments can be seen in many other cases like McDonald's reacting to the success of Starbucks by inventing McCafé and currently also offering more service, more like traditional restaurants. Nevertheless, more research is needed to support and further develop the theory.

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