

B. SHEREMETA, N. CHUKHRAI

## USING THE BLUE OCEAN STRATEGY BY UKRAINIAN CINEMA NETWORKS IN UNCERTAIN ENVIRONMENT

The **subject** matter of the article is ukrainian film distribution market. In today's world, the movie rental market is a sector of the economy that has recently shown a trend of stable growth. This process in most European countries is associated with the introduction of the latest digital cinema technology, increasing the level of wealth of the population and the high popularity of multi-screen cinemas. Film distribution is a mechanism to support the development, promotion of national cinema, one of the main forms of leisure and intercultural dialogue. The **goal** of the article is to determine the feasibility of applying the blue ocean strategy by Ukrainian cinema networks to support the trend of dynamic development of the industry. After all, an effective concept of management in uncertain conditions can be a strategy of "blue ocean", the principles of which are considered in the article on the example of market participants in market cinemas of Ukraine. The following **tasks** were solved: construction of a new strategic canvas for state cinemas of Ukraine; search for new value for cinema visitors; analysis of the foreign market of cinemas. The following **methods** used are: methods of analysis and synthesis, systemic, structural method in the article were summarized approaches to choosing a methodology for strategic enterprise management, taking into account the contemporary challenges of economic change in the world. The following **results** were obtained – the directions and possibilities of application of the "blue ocean" strategy by Ukrainian cinema networks as a tool of strategic success in the field of cinema were developed; the paper proposes a new strategic outline of cinema networks of Ukraine on the basis of a survey of 160 cinema spectators; a strategic plan for state and municipal cinemas has been developed, based on an updated four-action model; benchmarking of the world's leading cinemas was conducted, on the basis of which practical recommendations for the development of Ukrainian cinemas of various forms of ownership were formed; proposals for the creation of a "blue ocean" for companies engaged in the provision of services for the demonstration film products in Ukraine were presented. **Conclusion:** studies of the use of the "Blue Ocean" strategy have shown that this process is impossible without creating a new value for the consumer.

**Keywords:** blue ocean strategy; movie rental market; value added; strategic canvas; four actions framework; benchmarking; cinema's management; competition.

### Introduction

The turbulence of the modern macroenvironment in the 21st century creates many new challenges for the management of Ukrainian cinema networks. In the scientific literature, the concept of "VUCA environment" is increasingly used, which is associated with instability, uncertainty, complexity and ambiguity of the environment in which organizations operate. In such circumstances, the need for organizations to implement new management tools and, accordingly, "VUCA-solutions" becomes relevant.

The introduction of quarantine in the first quarter of 2020 in many countries triggered the onset of the global financial and economic crisis. The main feature of the quarantine crisis is that people sit at home and many establishments are forcibly closed. Therefore, all costs associated with moving and contacting people are minimized. The crisis phenomena of enterprises providing entertainment services to the population are felt especially.

Obviously, during the quarantine, one should expect a decrease in the income of most entertainment companies, including the cinema market actors. However, as soon as quarantine is lifted, some experts also predict a decline in demand for cinema services [1], as consumers will be curtailed by economic uncertainty to cut costs, even if they have sufficient funds. At the same time, according to other experts [1], many consumers who do not receive quarantined services will form a pent-up demand that is realized later.

As today the cinema market has more features of oligopoly, the question of development of state,

communal and separate private cinemas which are not competitive is actualized. Problems of low efficiency of economic activity of such cinemas are caused not only by the lack of modern technologies that provide quality demonstration of film product, but also at the expense of internal factors, first of all, low level of management.

Absence of specific guidelines, mission and target development of national state, communal cinemas, as well as the possibility of recognizing the influence of its external environment and the correct reaction to it. This complicates the ability to adapt or actively influence the environment, creating in today's environment the situation that most movie theaters are closed.

In this regard, there is a need for a detailed study and analysis of foreign experience regarding the methods of cinema management, the formation of strategic management in order to adapt it to the current conditions of leading ukrainian networks. Among the modern management approaches proposed by scientists at the beginning of the 21st century is the "Blue Oceans" strategy. This tool enables managers to respond quickly to changes in the market and generate new creative solutions.

### Literature review

Back in 1994, scientist Henry Mintzberg, in his work "Rise and Fall of Strategic Planning" [2] argued that the process by which strategies are created must be reconceive - by emphasizing informal learning and personal vision - and the roles that can be played by planners. A quarter of a century has passed since the publication of this monograph, and the role of G. Mintzberg's conclusions on changing approaches to

strategic management of a modern enterprise has become even more relevant.

As for the activities of enterprises in an uncertain environment, the book "Singularity Management: from linear to exponential" poses a pressing question: "Is the company ready for an unprecedented acceleration of scientific and technical developments? Innovation and scientific breakthroughs face each other. The most important thing is not that the company has a plan, but only its adaptation to the developing circumstances" [3].

Chairman at Saatchi & Saatchi Worldwide (1997-2014) and Publicis Groupe Head Coach Kevin Roberts published book "64 Shots: Leadership in a Crazy World". In this book easily can find a term for crazy time - VUCA, which means Volatile, Uncertain, Complex, and Ambiguous. VUCA is an acronym used by the US Military. It was the response of the US Army War College to the collapse of the USSR in the early 1990s. Suddenly, there was no longer the only enemy, resulting in new ways of seeing and reacting [4]. According to K. Roberts, the traditional idea of leadership where leaders simply strategize, give orders, and try not to make mistakes is dead. But the eternal optimist, Roberts is not worried. On the contrary, he likes feeling super-VUCA - vibrant, unreal, crazy, and astounding.

In order to win in the VUCA world, it is necessary to focus not so much on the new, but on creating new value for consumers [4]. That is why the Blue Ocean Strategy is an effective tool to support the successful operation of businesses in a VUCA environment. This new VUCA environment, as Friedman notes, is taxing even the most able of leaders who may find their skills growing obsolete as quickly as their organizations change in this volatile, unpredictable landscape.

Leadership agility and adaptability are now required skills if organizations are to succeed in this VUCA world. As Horney, Pasmore, and O'Shea, authors of "Leadership Agility: A Business Imperative for a VUCA World" note, to succeed, "leaders must make continuous shifts in people, process, technology, and structure. This requires flexibility and quickness in decision making." [5]. Nathan Bennetta and G. James Lemoine (2014) showed how leaders can appreciate the differences among each of these challenging situations in order to properly allocate scarce resources to preserve and enhance organizational performance [6].

HR and talent management professionals must reframe leadership development activities to accommodate the faster-paced VUCA world and to focus less on behavioral competencies and more on complex thinking abilities and mindsets. Leadership development should be focused on learning agility, self-awareness, comfort with ambiguity, and strategic thinking [7].

The book "Blue Ocean Strategy: How to Create an Indisputable Market Space and Make Competition Irrelevant" presents an analytical framework and tools to promote the organization's ability to systematically create and capture "blue oceans" - exploring new market areas. The methodology and algorithm for applying this strategy in practice in modern conditions are clearly described: "As the need to create blue oceans increases, several driving

forces are hidden. Technological development has significantly increased production productivity, which allows suppliers to produce unprecedented volumes of products and services. Thus, supply is increasingly exceeding demand in various industries. The situation is complicated by globalization trends. As trade barriers are being erased between countries and regions, and information about products and prices is spreading around the world, niche markets and monopolies are constantly disappearing [9, p. 19]".

The Blue Ocean Strategy is a simultaneous pursuit of differentiation and low cost in order to open up new market space and create new demand. This can be achieved by creating a "value innovation". It is created through a series of strategic moves resulting in a product or service substantially different from any other offering. These strategic moves also function to lower costs to the producer of the product or service, creating value for both the buyer, the company, and its employees, thus, opening up new and uncontested market space. The goal of value innovation is not to compete, but to make the competition irrelevant by changing the playing field of strategy.

According to experts, the tool "blue ocean" can be used in all industries from typical consumer goods to B2B. Kim Chan offers an alternative approach to the existing strategic planning process, based not on drawing up a spreadsheet document, but on drawing a strategic canvas [8].

Aithal, P. S. describes that blue ocean strategy supports to create uncontested market space, make the competition irrelevant, create and capture new demand, break the value/cost trade-off, align the whole system of a company's activities in pursuit of differentiation and low cost [9].

---

#### **Highlight of the earlier unresolved parts of the general problem. Aim of the study.**

---

The turbulence of the modern macroenvironment, which is observed in the XXI century, generates many new challenges for business management. In the scientific literature, the term "VUCA environment" is increasingly used, which is associated with instability, uncertainty, complexity and ambiguity of the environment in which organizations operate. Under such conditions, the need to introduce new management tools and, accordingly, "VUCA solutions" into the activities of organizations becomes relevant.

The turbulence of the macroenvironment is exacerbated by new modern challenges - the quarantine crisis. The introduction of quarantine in the first quarter of 2020 in many countries caused the beginning of the global financial and economic crisis. The main feature of the quarantine crisis is that people are sitting at home, and many institutions are forcibly closed. Therefore, all costs associated with moving and contacting people are minimized. The enterprises that provide entertainment services to the population are especially affected by the crisis. Obviously, the crisis will consist of two stages: quarantine and typical, which will begin after the end of quarantine. Each of them can be expected to fall in

---

consumption, investment, exports and possibly budget expenditures – traditional components of aggregate demand.

During the last 10 years before the pandemic caused by COVID-19, the cinema market of Ukraine was actively developing due to the opening of multi-screen cinemas. As today the cinema market has rather features of oligopoly, the issue of development of state, municipal and separate private cinemas which are not competitive is actualized. The problems of low efficiency of economic activity of such cinemas are caused not only by the lack of modern technologies that provide quality demonstration of the film product, but also due to internal factors, primarily low level of management.

Prior to the quarantine crisis, there was a constant dynamics of the industry, which manifested itself in the emergence of newer technologies, increasing the efficiency of individual cinema networks and expansion of markets. Today in world practice one of the generally accepted approaches to ensuring the efficiency and competitiveness of management enterprises in the long run in an unstable aggressive market environment advocates strategic management. Lack of specific guidelines, mission and target development of domestic state and municipal cinemas, as well as the ability to recognize the influence of its external environment and the correct reaction to it. This complicates the ability to adapt or actively influence the environment, creates in today's conditions, the situation is that most cinemas are closed.

In this regard, there is a need for detailed study and analysis of foreign experience in cinema management methods, the formation of strategic management with in order to adapt it to modern conditions of leading domestic networks. Among the modern management approaches proposed by scientists at the beginning of the XXI century, there is a strategy of "blue oceans". This tool allows managers to respond quickly to market changes and generate new creative solutions. It is a well-developed development strategy and its effective implementation is the key to the success of Ukrainian cinemas.

The purpose of the article is to form recommendations on the use of the blue ocean strategy by domestic cinema networks as a tool to achieve their strategic success.

### Materials and methods

The VUCA world has replaced the SPOD world. SPOD is an acronym in the first letters of the following words: Steady, Predictable, Ordinary, Definite [10]. In the SPOD world, SPOD strategies were used, and by effectively selecting a strategy from the arsenal, the most correct goal was achieved with a high level of efficiency under certain conditions.

Neither an organization's leadership nor its strategies are spared in today's VUCA world. Experiences, dogmas and paradigms must all come under scrutiny; it is no longer a case of finding the one way or the management tool: standards give way to individuality. The increase in volatility, uncertainty, complexity, and ambiguity means

that managers must seek new orientations and take a fresh approach to management. Only then managers can guarantee positive results in changed circumstances.

Rapid changes taking place in political, economic, social and technological fronts are making the organizational world increasingly VUCA. Critical factors for success in this world depend on practicing: sound business fundamentals; innovation; fast-paced response; flexibility; change management; managing diversity – at both local and global level; market intelligence; and strong collaboration with all relevant stakeholders – employees, customers, suppliers, shareholders and the broader society [11]. Leaders leading Millennials face challenges with specific textures: convergence of traits, processes and outcomes with a leadership enriched by schools and theories immersed in a VUCA world where resiliency is a scarce commodity. Raising, building, taking advantage of the dynamism that each individual possesses, educating from the positive and toward the positive, is a benefit of a "Cloud Leader" in a VUCA world where Millennials have a strong presence [12].

The VUCA world challenges managers to find their own way, in particular through the construction of the "blue ocean". The "Blue Ocean" is all industries that do not exist now, an unknown market space that is free from competition. Here, demand is created and not the subject of a fierce struggle [8]. Formation and implementation of the "blue ocean" strategy should be the main task of strategic management of the organization, which involves the choice of strategic conception and implementation according to its strategic planning, focused on a new market niche. Blue Company offers a unique product or service, using a large number of growth opportunities that are both profitable and fast. There are two ways to create "blue oceans" [13]:

- 1) creation of a completely new industry;
- 2) creation of "blue space" inside the "red ocean"

With the SPOD environment, key strategic thinking efforts have been made to compete with the Red Ocean strategy - when the market is pre-determined and businesses have to compete within the established framework. The main indicator of a "red" environment is a fierce competition, and the higher it is, the lower the potential profit and higher costs [4]. The Blue Ocean Strategy assumes that you do not need to beat the competition. Value innovation is created instead. Compared to simple innovations, which are usually accompanied by high costs and no guarantees that the updated product or service will be in demand among consumers, "value innovation" indicates the need for a synthesis of novelty, practicality and low costs. The potential value created by a new product or service provided by a firm is determined by the difference between its (monetary) benefit, in view of the firm's customers, and the production cost of the unit of production for the firm. How much this potential value can be used as a market opportunity depends on the firm's success in gaining competitive advantage over other firms in the market.

To gain a competitive edge, a firm must outperform its competitors in value creation [14]. Analyzing the state

of ukrainian competition, we can see that the main focus of ukrainian cinema networks is mainly on one of the three existing value innovations for the consumer. The key to the success of the "Blue Ocean" strategy is the combination of these three components. But not always using one of the three possible values provides the company with the expected results. The question arises as to how such a management system is capable of providing businesses with increased chances of survival, commercial success and sustainable development.

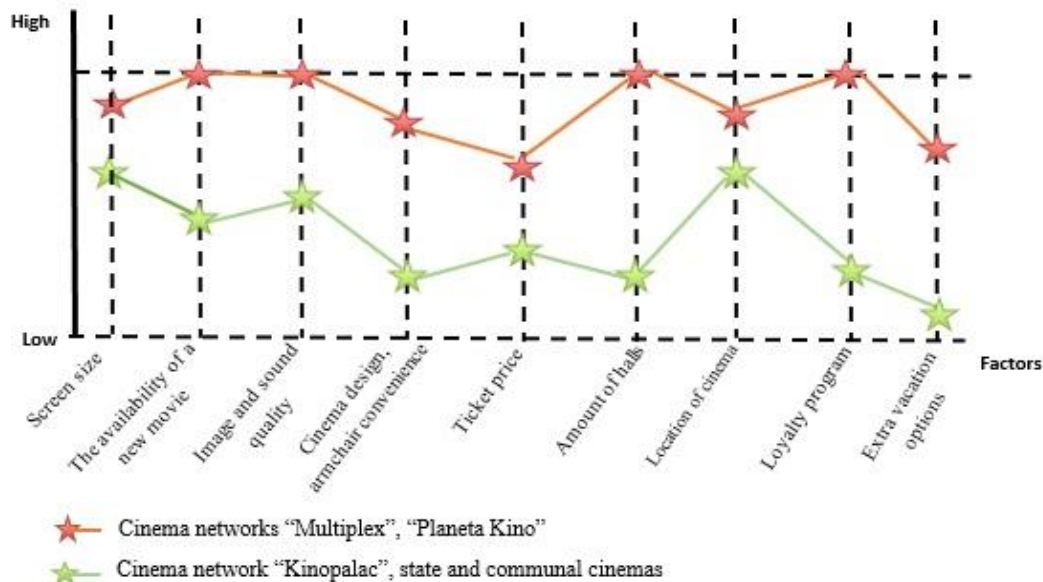
The effectiveness of implementing the "Blue Oceans" strategy is explained by Maslow's hierarchy of needs [15]: physiological - fully provided in developed countries, and are not a priority in the emergence of this concept; security needs - depending on the person's environment, environment, or social factors that may appear suddenly; cognitive needs - in fact, they are predetermined by a new market orientation in marketing, because today people are interested in learning something new through the glut of monochrome products and services; the needs for love, aesthetics, social community, respect, self-realization, creativity, transfer of experience to generations are not priorities. In these circumstances, it is advisable to consider several behaviors: firstly, to focus all efforts on the secondary consumer properties of the service, transforming them into a new "added value"; secondly, to meet the needs of consumers with a more successful technology that will be unmatched and create a new market space. The implementation of the "Blue Ocean" strategy creates the significant economic and cognitive barriers that prevent other competitors from repeating the same path for at least the next 5-10 years. This is due to the fact that imitation requires them to radically change the entire system of their activities, and

organizational policy in general can prevent a potential competitor to switch to another business model, which is determined by the strategy of the "blue ocean".

The following research methods became the methodological basis of the research: methods of analysis and synthesis, systemic, structural method - to study the theoretical foundations of the implementation of the blue ocean strategy for the development of cinemas in an unstable environment; graphic modeling - to display the results of the study. The information base of the study was scientific works of Ukrainian and foreign economists, which highlighted the basics of enterprise strategy development and evaluations of its effectiveness, as well as official electronic sources of statistical data.

### Study results and their discussion

The main tool for the diagnosis and construction of the "blue ocean" strategy is a strategic outline, which reflects the current state of affairs in a known market space [8]. Strategy canvas is both a tool to diagnose and build an exciting "blue ocean" strategy. It has two tasks. Firstly, it reflects the current state of affairs in a known market space. This allows us to understand where the competitors are investing, what are the characteristics of products that are the subject of competition within the industry, which is service, delivery, and what competing offers customers receive in the market [16]. Fig. 1 shows a strategic outline for Ukrainian movie market actors providing movie screening services. Horizontally, there are factors that compete for and where investments in cinema networks go.



**Fig. 1.** Strategic canva of Ukrainian cinema networks  
\* developed by the authors

In order to determine the direction in which changes should be made to cinema networks, was conducted a test survey of movie theaters using Google Forms. In developing the questionnaire, were aimed at answering the

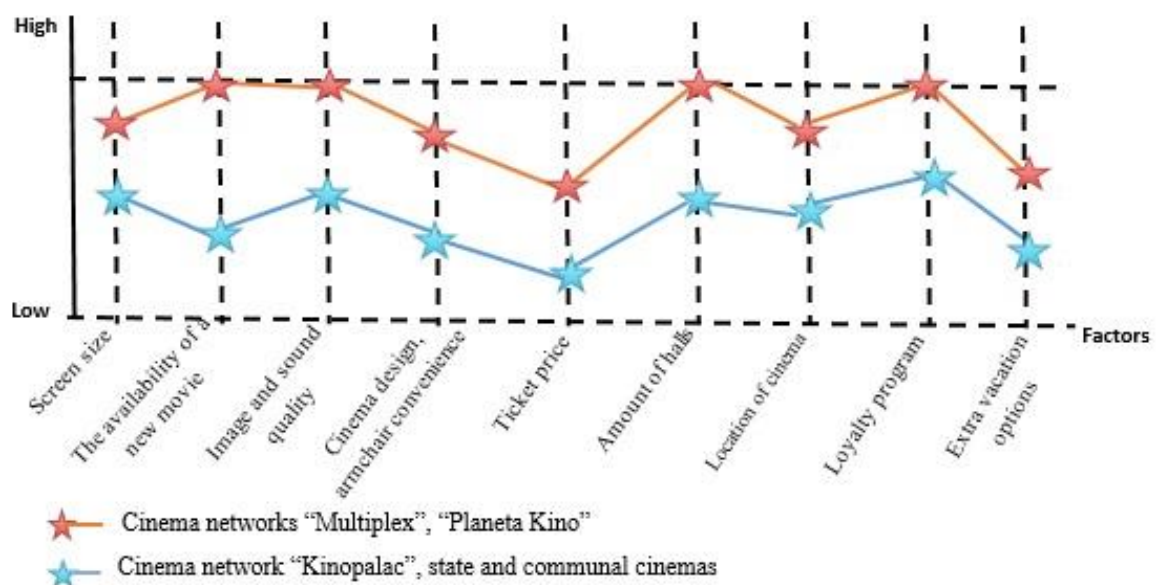
following key questions: Who are the main visitors to cinemas?; What additional services do they wish to receive?; What factors affect them when choosing a movie theater network to visit?. The survey was conducted to

improve the service of movie viewers in today's environment. Cinema visitors were offered a questionnaire consisting of 14 closed-ended questions. The survey was attended by 160 respondents. The sample size is 113 people, given that the confidence probability ("accuracy") is 95% and the confidence interval ("error") is 5%.

The survey was conducted from October 23, 2019 to November 24, 2019 via an online survey. As a result of the marketing research, it turned out that the main factors for the choice of cinema for visitors is the affordable price and repertoire.

The factors that underpin the strategies of most cinema networks, such as contemporary interiors, technology and high levels of service, have proven to be the least important for the consumer. Once the key factors have been identified, a new "value curve" for the

consumer must be developed, taking into account the following questions: what factors should be eliminated; what factors need to be reduced compared to existing industry standards; what factors need to be raised; what factors you need to create. Ukrainian cinema networks are invited not to address the traditional competition factors and to enhance only those that are relevant to the audience. You need to create a strategic profile that is out of competition. Therefore, according to practical research, ukrainian cinemas are encouraged to focus on individual, consumer-relevant factors such as affordable price and interesting repertoire, which means ease of choice, and refuse to purchase the latest equipment that complicates the choice of cinema visitor. The new strategic canvas offered to Ukrainian film market businesses is shown in fig. 3.



**Fig. 3.** The updated strategic canva of domestic cinema network  
\* developed by the authors

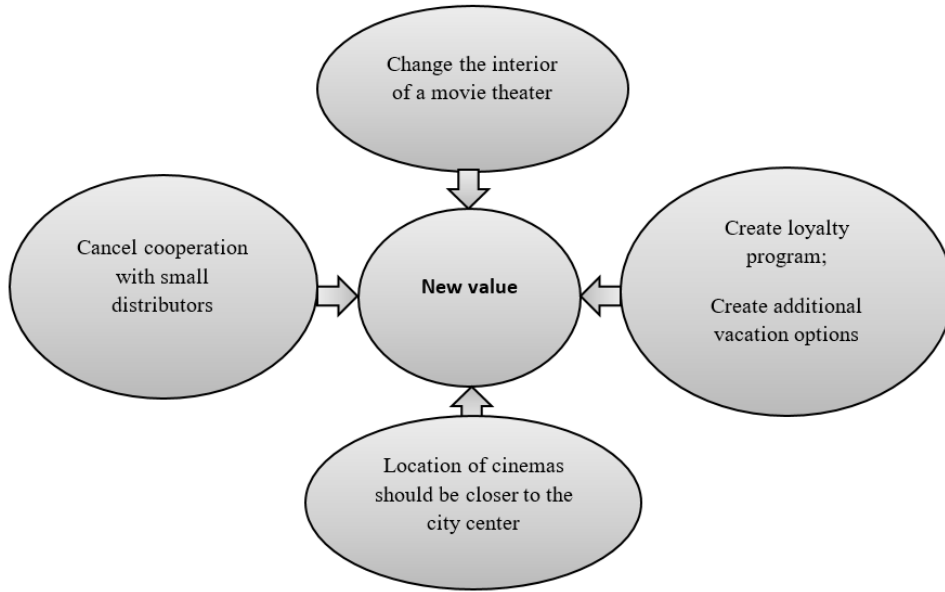
The Four Actions Framework is based on the ERRC Grid model to create a new value curve. Using this tool, the company can better understand which factor to focus, which to eliminate, which to create and which use to reduce [17]. To change the elements of value for the consumer when working on a new value curve, we will create a model of four actions for cinema networks (fig. 4). In fact, the implementation of the "Four Actions Framework" and the "Strategy Canvas" is complementary to the third alternative strategic tool called "Eliminate-Reduce-Raise>Create Grid". Through this matrix, the companies try to answer the key questions of the "Four Actions Framework" and draw a new value curve. As it has already been explained, the value curve is related to the focus of the company on certain value creating factors and helps distinguish them from the general profile of the competitors in the industry. The distinction is namely achieved through four steps: eliminate, reduce, enhance and create value. The cost curve also contributes to the creation of company's mission indicating as basic elements those related to value growth [18].

Another analytical model applicable to SMEs for developing a "Blue Ocean" strategy is the "Six Paths Framework". With its help, the SMEs should be able to examine more closely the alternative businesses (industries), the strategic groups and the customer groups, the proposals for additional products and services, the functional-emotional orientation of the industry and even the temporal development. This will give a clearer view of how businesses can break up market boundaries and find "Blue Oceans" [19].

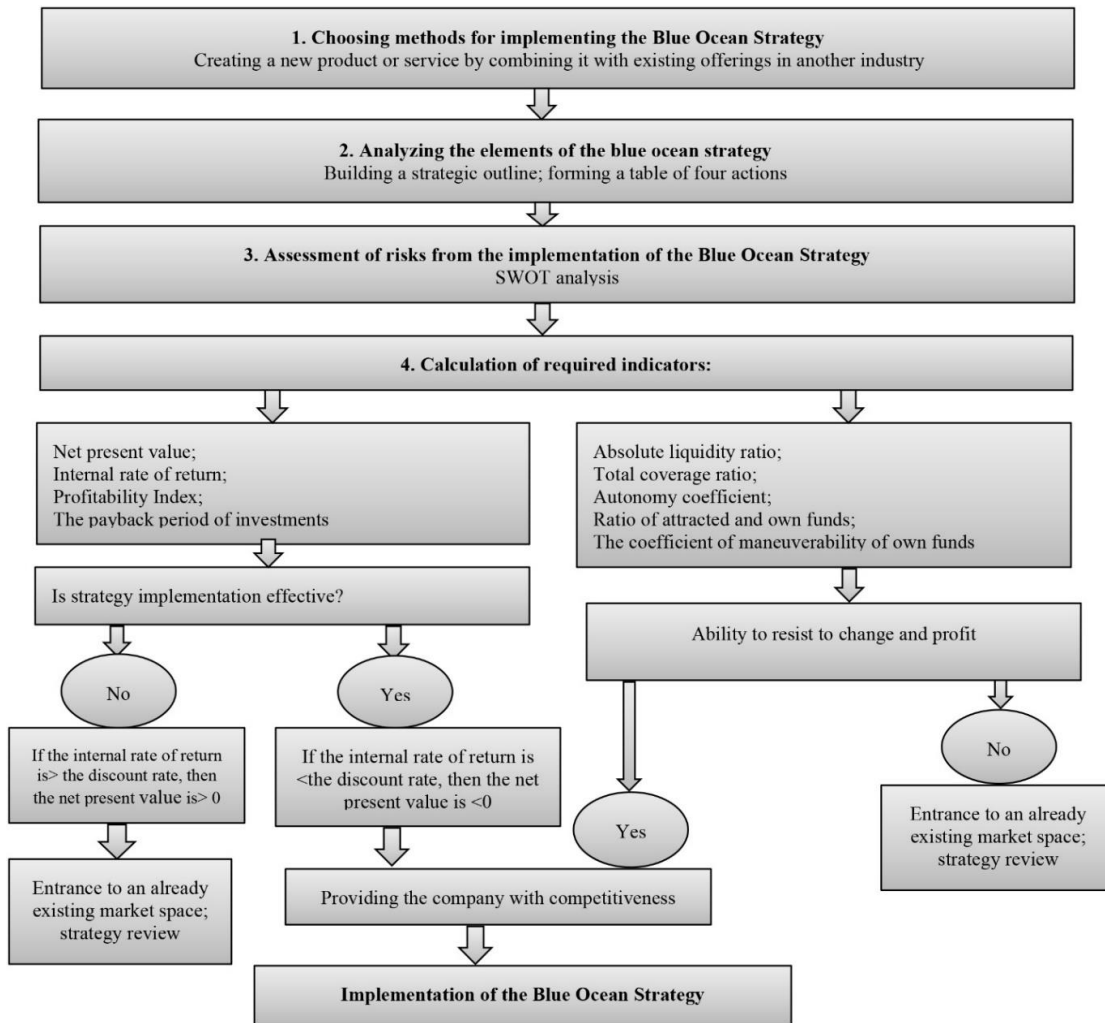
As shown in fig. 4, in order to eliminate the problems between differentiation and low costs and create a new value curve, it is necessary to answer four main questions concerning the strategic logic and business model inherent in this area: What industry-specific factors should be addressed?; What factors should be significantly reduced compared to typical industry standards?; What factors should be significantly improved compared to typical industry standards?; What factors that have never been proposed in the industry should be created?

The first question makes you realize the need to abandon the factors that have long been the subject of

competition in industry. The second question forces us to determine which products or services only complicate the struggle for victory over competitors.



**Fig. 4.** A four-act model for cinema  
\* developed by the authors



**Fig. 5.** The decision-making algorithm regarding the expediency of implementing the Blue Ocean strategy  
\* developed by the authors on the basis of [23-26]

The third question makes us see the trade-offs that the industry is forcing consumers to make and get rid of them. The fourth question helps to identify completely new sources of value for buyers, create new demand and change the system of strategic pricing adopted in the industry [8]. According to the strategy canvas, you can catch the known market competition situation intuitively. This allows you to understand where the competition is investing and which factors are the focuses of this industry currently. The horizontal axis captures the elements in the process of production [20]. Social infrastructure is a collection of industries and businesses that ensure a normal human life. These are social and cultural sites, housing and communal infrastructure, businesses and organizations related to health care systems, education, pre-school

education, businesses and organizations involved in recreation and leisure, retail, catering, sports and wellness facilities, etc. [21]. The location and development of social infrastructure is influenced by a large set of factors that, depending on the origin and socio-economic content, form the following groups: economic, demographic, social, urban, natural and climatic and others [22]. The rational location of social infrastructure contributes to improving the socio-economic development of the country.

Benchmarking results of the leading foreign cinemas are summarized in the table 1. The examples in the table show that the "Blue Ocean" strategy is not aimed at limiting the provision of services at higher prices, but at generating new demand by increasing value for the consumer at an affordable price.

**Table 1.** Creation of blue oceans by movie theaters / separate foreign cinemas (benchmarking results)

The name of the cinema	The blue ocean created a new one player or already present in the market?	The driving force the blue ocean was creating new ones technologies or new ones values?	Was there an industry attractive at times creation of blue the ocean?
<b>"Sci-Fi Dine-In"</b> cinema restaurant located in Los Angeles, USA concept: retro cafe and movie theater located at Disney Hollywood Studios, instead of chairs - cars, viewers serve traditional American dishes - burger and milkshake	New	New values *	Attractive
<b>"Cinema City"</b> the cinema contains 26 cinemas, each of which is unique and designed for a specific genre of film.	Present	New values	Attractive
<b>Boat movie theater in Paris</b> the pool is used in the daytime for its intended purpose, and in the evening - as a place for the demonstration of films	New	New values	Attractive
<b>"OLYMPIA"</b> the main idea of this cinema is to create a sense of home comfort by using double beds instead of standard chairs	New	New values	Attractive
<b>"Secret Cinema"</b> the cinema does not simply show the film, but literally immerses the audience in the course of events, for example, by showing "Shawshank Redemption" from the lattice or inviting viewers to take part in the ghost tampering in "Ghost Hunters", all cinema events are known only to the selected circle, have registered on the website Secret Cinema	New	New values	Attractive
<b>"Cinémathèque Française"</b> In addition to the cinema, the world's largest movie archives, which have been storing works since the Lumiere brothers and the birth of cinema, and that are constantly being updated with new tapes, the museum also stores memorabilia from cult films.	Present	New values	Attractive
<b>"Planeta Kino"</b> Cinema bars allow you to buy pop-corn with more than 18 different flavors	Present	New values	Attractive

\* The fact that the driving force is new values does not mean the lack of technology. Rather, it means that the technologies involved have previously been applied in this or that industry

As can be seen from the results of the article, the blue ocean strategy is well suited for use by cinema networks. It is advisable to highlight its main advantages or the key benefits and rules of applying the "Blue Ocean" strategy:

1) move away from competition, creating new value for customers;

2) searching for the "blue ocean", it is necessary to carry out in detail the analysis of all players of the industry, knowing their main strategic priorities and building their business completely different from their priorities;

3) take the best of each sector in the market and minimize unnecessary;

4) the strategy developed must have a focus on something specific, centered and to which maximum efforts are made, which already entail everything else;

5) successful implementation of the strategy is possible only when it is understood, when everything is as transparent as possible and everyone knows where the enterprise is going, what its goals are;

6) visualization of the strategy, so that at any given time it is possible to compare whether resources are properly spent. You can use the strategic outline curve;

7) large volumes resulting from value innovation lead to the rapid cost reductions;

8) creating value innovation ensures the high profile of your brand.

It is advisable to suggest the following ideas for the realization of the "blue oceans" by the ukrainian state / communal cinemas:

- "Pet friendly" concept;
- opening a branded restaurant on the territory of the cinema in which to prepare dishes from cult films;
- the possibility of celebrating birthdays;
- reorganization of existing one- and two-room cinemas into thematic ones (translation of films only in the language of the original, black and white films,

possibility of choosing a movie by a cinema visitor, "children's cinema", etc.);

- creating your own online cinema on a personal site;
- opening of a cinema-hostel.

### **Conclusion and perspectives of further development**

The main idea of the article was to determine the feasibility of applying the blue ocean strategy by Ukrainian cinema networks. The film distribution industry is exactly the place where you should show creativity, intuition, as well as use and analytical tools, one of which is the blue ocean strategy. Applying a blue ocean strategy will allow cinemas to generate new ideas that neither consumers nor marketers can offer research. The application of these concepts requires the avoidance of standard and habitual thinking, forcing a change in logic.

The developed concepts of the blue ocean strategy will help ukrainian state cinema networks to reach a new level and be able to compete with large private cinemas. After all, they need the greatest help from outside experts, as the film distribution industry is quite young in Ukraine, and the number of relevant publications is very limited.

Choosing a strategy based on the identification and strengthening of the key factors of competition in accordance with the selected stages of this process will allow ukrainian cinemas to increase the efficiency of the activity and thus to ensure a high level of competitiveness in the future. The focus of further research is to substantiate the ability to sustain and update the "blue ocean" strategy in a VUCA world. The authors of the "Blue Ocean" strategy argue for the achievement of "cloudless market space", but the practice shows that it is equally important to preserve it, since creating a new niche with established profitable business will attract new competitors. So, that will turn the "blue oceans" into "reds". Therefore, the subject of further research will be the methodology of building relationships with the target audience so that, according to Robert Klein's statement, that is "to be with your customers on the same wave ... and be with them on the equal footing".

### **References**

1. Anastasieva, O. (2020), "Monopoly on cinema: film distributors and government agencies discussed the development of the film distribution market" ["Monopoliia na kino: kinoprokatnyky ta derzhavni orhany obhovoryly rozvytok kinoprokatnoho rynku"], available at: <https://detector.media/rinok/article/138158/2018-06-04-monopoliya-na-kino-kinoprokatniki-ta-derzhavni-organi-obgovorili-rozvytok-kinoprokatnogo-rinku/from-04/25/2020> (last accessed 25.10.2020)
2. Mintzberg, H. (1994), *The rise and fall of strategic planning: reconceiving roles for planning, plans, planners*, New York, Free Press, 458 p.
3. Blommaert, T., Stefan van den Broek (2017), *Management in Singularity: from Linear to Exponential Management*, Vakmedianet Management B. V., 174 p.
4. Roberts, K. (2016), *64 Shots: Leadership in a Crazy World*, PowerHouse Books, 240 p.
5. Horney, N., Pasmore, B., O'Shea, T. (2010), "Leadership agility: A business imperative for a VUCA world", *Human Resource Planning*, Vol. 33, No. 4, P. 34–42.
6. Bennett, N. G., James Lemoine (2014), "What a difference a word makes: Understanding threats to performance in a VUCA world", *Business Horizons*, Vol. 57, Issue 3, P. 311–317. DOI: <https://doi.org/10.1016/j.bushor.2014.01.001>
7. Petrie, N. (2011), "Future Trends in Leadership Development", *Center for Creative Leadership white paper*, Vol. 5, No. 5, P. 36.
8. Kim, W. C., Mauborgne, R. (2015), *Blue ocean strategy: how to create uncontested market space and make the competition irrelevant*, Boston, Massachusetts : Harvard Business Review Press, 287 p.
9. Aithal, P. S. (2016), "The concept of ideal strategy and its realization using white ocean mixed strategy", *International Journal of Management Sciences and Business Research*, Vol. 5, No. 4, P. 171–179.



10. Sarkar, A. (2016), "We live in a VUCA World: the importance of responsible leadership", *Development and Learning in Organizations: An International Journal*, Vol. 30 Issue 3, P. 9–12.
11. "The World of VUCA" ["Mir VUCA"], available at: <http://becmology.blogspot.com/2016/03/vuca.html> (last accessed 26.10.2020)
12. Rodriguez, A., Rodriguez, Y. (2015), "Metaphors for today's leadership: VUCA world, millennial and "Cloud Leaders", *Journal of Management Development*, Vol. 34, No. 7, P. 854–866. DOI: <https://doi.org/10.1108/JMD-09-2013-0110>
13. Solovyova, T. V. (2014), "The Blue Ocean strategy as a new form of market relations" ["Stratehiiia blakytneho okeanu yak nova forma rynkovykh vidnosyn"], *Magisterium*, Vol. 56: Economic Studies, P. 102–105.
14. Raith, M. G., Staak, T., & Wilker, H. M. (2008), "A decision-analytic approach to blue-ocean strategy development", *Operations Research Proceedings*, P. 225–229. DOI: [https://doi.org/10.1007/978-3-540-77903-2\\_35](https://doi.org/10.1007/978-3-540-77903-2_35)
15. Kuzmin, O. E., Melnyk, O. G. (2003), Theoretical and applied principles of management [Teoretychni ta prykladni zasady menedzhmentu], Intellect-West, 352 p.
16. Kim, W. C., Mauborgne, R. (2005), "Blue Ocean Strategy: From theory to practice", *California management review*, Vol. 47, No. 3, P. 110.
17. "What is Blue Ocean Strategy?", available at: <http://guides.wsj.com/management/strategy/what-is-blue-ocean-strategy/> (last accessed 26.10.2020)
18. Sammut-Bonnici, T., Mi, J. (2015), "Blue Ocean Strategy", *Wiley Encyclopedia of Management*, Vol. 12. DOI: <https://doi.org/10.1002/9781118785317.weom120024>
19. Papazov, E., Mihaylova, L. (2016), "Using Key "Blue Ocean" Tools for Strategy Rethinking of a SME: A Case from the Bulgarian Knitwear Industry", *Economics and Business*, No. 29(1), P. 104–110. DOI: <https://doi.org/10.1515/eb-2016-0028>
20. Lv, Y. (2017), "The business model study on red collar group: based on the perspective of blue ocean strategy", *Chinese Studies*, No. 6 (2), P. 123–131. DOI: <https://doi.org/10.4236/chnst.2017.62011>
21. Pigul, N. G. (2014), "Social Infrastructure: Functional Purpose and Development Features" ["Sotsialna infrastruktura: funktsionalne pryznachennia ta osoblyvosti rozvytku"], *Publishing and Printing Center of Ternopil National Economic University "Economic Thought"*, Vol. 16, No. 1, P. 117–122.
22. Osman, H. (2016), "Coordination of urban infrastructure reconstruction projects", *Structure and Infrastructure Engineering*, Vol. 12, No. 1, P. 108–121.
23. Agnihotri, A. (2016), "Extending boundaries of blue ocean strategy", *Journal of Strategic Marketing*, Vol. 24, No. 6, P. 519–528. DOI: <https://doi.org/10.1080/0965254X.2015.1069882>
24. Borgianni, Y., Cascini, G., Rotini, F. (2012), "Investigating the Patterns of Value-Oriented Innovations in Blue Ocean Strategy", *International Journal of Innovation Science*, Vol. 4, No. 3, P. 123–142. DOI: <https://doi.org/10.1260/1757-2223.4.3.123>
25. Nyambane, G. O. (2012), "Challenges in the Implementation of Blue Ocean Strategies in Large Indigenous Banks in Kenya", *School of Business University of Nairobi*.
26. Kochkina, N., Medvedeva, I. (2015), "Assessment of the effectiveness of the Blue Ocean strategy for Ukraine's wine industry" ["Otsinka efektyvnosti stratehii "blakytneho okeanu" dlia ukrainskoi vynorobnoi haluzi"], *Bulletin of the Kiev National University, Series: Economics*, Vol. 8, No. 173, P. 25–31.

Received 26.10.2020

*Відомості про авторів / Сведения об авторах / About the Authors*

**Шеремета Божена Орестівна** – аспірант, Національний університет "Львівська політехніка", асистент кафедри менеджменту організацій, Львів, Україна; email: bozhena.o.sheremeta@lpnu.ua; ORCID: <https://orcid.org/0000-0002-8596-409X>.

**Шеремета Божена Орестівна** – аспірант, Національний університет "Львівська політехніка", асистент кафедри менеджменту організацій, Львів, Україна.

**Sheremeta Bozhena** – Postgraduate Student (Management), Lviv Polytechnic National University, Assistant Professor of the Department of Organizational Management, Lviv, Ukraine.

**Чухрай Наталія Іванівна** – доктор економічних наук., професор, Національний університет "Львівська політехніка", проректор з науково-педагогічної роботи та міжнародних зв'язків, професор кафедри менеджменту організацій, Львів, Україна; email: natalia.i.chuhraj@lpnu.ua; ORCID: <https://orcid.org/0000-0002-2129-3143>.

**Чухрай Наталья Ивановна** – доктор экономических наук, профессор, Национальный университет "Львовская политехника", проректор по научно-педагогической работе и международным связям, профессор кафедры менеджмента организаций, Львов, Украина.

**Chukhrai Natalia** – Doctor of Sciences (Economics), Professor, Lviv Polytechnic National University, Vice-Rector for Scientific and Pedagogical Work and International Relations, Professor of the Department of Organizational Management, Lviv, Ukraine.

## ВИКОРИСТАННЯ СТРАТЕГІЇ "БЛАКИТНОГО ОКЕАНУ" УКРАЇНСЬКИМИ КІНОМЕРЕЖАМИ У НЕВИЗНАЧЕНОМУ СЕРЕДОВИЩІ

**Предметом** статті є – український ринок кінопрокату. У сучасному світі ринок прокату фільмів – це сектор економіки, який останнім часом демонструє тенденцію стабільного зростання. Цей процес у більшості європейських країн пов'язаний із впровадженням новітніх технологій цифрового кіно, підвищенням рівня багатства населення та високою популярністю багатокранних кінотеатрів. Кінопрокат є механізмом підтримки розвитку, просування національного кіно,

однією з основних форм дозвілля та міжкультурного діалогу. **Мета** статті – визначити доцільність застосування стратегії "блакитного океану" українськими кіномережами для підтримки тенденції динамічного розвитку галузі. Адаптивною концепцією управління в невизначених умовах може бути стратегія "блакитного океану", принципи якої розглянуті в статті на прикладі учасників ринку кінотеатрів України. Основними **завданнями** статті є: побудова нового стратегічного полотна для державних кінотеатрів України; пошук нового значення для відвідувачів кінотеатрів; аналіз зовнішнього ринку кінотеатрів. Методи, що використовуються: методи аналізу та синтезу, системний, структурний метод. У статті були узагальнені підходи до вибору методології стратегічного управління підприємством з урахуванням сучасних проблем економічних змін у світі. Отримані наступні **результати** – розроблено напрямки та можливості застосування стратегії "блакитного океану" українськими кіномережами як інструменту стратегічного успіху в галузі кіно; у статті пропонується новий стратегічний план кіномереж України на основі опитування 160 глядачів кінотеатрів; розроблено стратегічний план державного та муніципальних кінотеатрів на основі оновленої моделі чотирьох дій; проведено бенчмаркінг провідних світових кінотеатрів, на основі якого сформовані практичні рекомендації щодо розвитку українських кінотеатрів різних форм власності; були представлені пропозиції щодо створення "блакитного океану" для компаній, що займаються наданням послуг з демонстраційної кінопродукції в Україні. **Висновок:** дослідження використання стратегії "блакитного океану" показали, що цей процес неможливий без створення нової цінності для споживача.

**Ключові слова:** стратегія блакитного океану; ринок кінопрокату; додана вартість; стратегічна канва; модель чотирьох дій; порівняльний аналіз; управління кінотеатром; конкуренція.

## ИСПОЛЬЗОВАНИЕ СТРАТЕГИИ ГОЛУБОГО ОКЕАНА УКРАИНСКИМИ КИНОСЕТЯМИ В НЕОПРЕДЕЛЕННОЙ СРЕДЕ

**Предмет** статьи - украинский кинопрокат. В современном мире рынок проката фильмов – это сектор экономики, который в последнее время демонстрирует тенденцию стабильного роста. Этот процесс в большинстве европейских стран связан с внедрением новейших технологий цифрового кино, повышением уровня благосостояния населения и высокой популярностью многоэкранных кинотеатров. Кинопрокат – это механизм поддержки развития, популяризации отечественного кино, одна из основных форм досуга и межкультурного диалога. **Цель** статьи – определить возможность применения украинскими киносетями стратегии голубого океана для поддержки тенденции динамичного развития отрасли. Ведь эффективной концепцией управления в неопределённых условиях может быть стратегия "голубого океана", принципы которой рассмотрены в статье на примере участников рынка кинотеатров Украины. В статье решены следующие **задачи**: построение нового стратегического полотна для государственных кинотеатров Украины; поиск новой ценности для посетителей кинотеатра; анализ зарубежного рынка кинотеатров. Используются следующие **методы**: методы анализа и синтеза, системный, структурный метод. В статье были обобщены подходы к выбору методологии стратегического управления предприятием с учетом современных вызовов экономических изменений в мире. Получены следующие **результаты** – разработаны направления и возможности применения стратегии "голубого океана" украинскими киносетями как инструмента стратегического успеха в сфере кино; в статье предлагается новый стратегический план киносетей Украины на основе опроса 160 посетителей кинотеатров; разработан стратегический план государственных и муниципальных кинотеатров, основанный на обновленной модели из четырех действий; проведен бенчмаркинг ведущих кинотеатров мира, на основе которого сформированы практические рекомендации по развитию украинских кинотеатров различных форм собственности; представлены предложения по созданию "голубого океана" для компаний, занимающихся оказанием услуг по демонстрации кинопродукции в Украине. **Вывод:** исследования использования стратегии "Голубой океан" показали, что этот процесс невозможен без создания новой ценности для потребителя.

**Ключевые слова:** стратегия голубого океана; рынок кинопроката; добавленная стоимость; стратегическая канва; модель четырех действий; сравнительный анализ; менеджмент кинотеатра; конкуренция.

### Бібліографічні описи / Bibliographic descriptions

Шеремета Б. О., Чухрай Н. І. Використання стратегії "блакитного океану" українськими кіномережами у невизначеному середовищі. *Сучасний стан наукових досліджень та технологій в промисловості*. 2020. № 4 (14). С. 137–146. DOI: <https://doi.org/10.30837/ITSSI.2020.14.137>

Sheremeta, B., Chukhrai, N. (2020), "Using the blue ocean strategy by Ukrainian cinema networks in uncertain environment", *Innovative Technologies and Scientific Solutions for Industries*, No. 4 (14), P. 137–146. DOI: <https://doi.org/10.30837/ITSSI.2020.14.137>