ABSTRACT

The rapid growth of the barbershop industry in Bandung City has intensified competition, with many businesses offering similar prices and services. This condition has created a saturated market (red ocean), resulting in a decline in the daily number of customers at Eiji Cuts Barbershop in Bojongsoang, especially since the pandemic. This study aims to formulate strategies to enhance Eiji Cuts' competitiveness through the application of the Blue Ocean Strategy, enabling the creation of new market space and unique value propositions.This research employs a qualitative approach using interviews, observations, and documentation. The analysis applies the Business Model Canvas (BMC) to map the current business model, Porter's Five Forces to assess external pressures, and Blue Ocean Strategy through the Strategy Canvas, Six Paths Framework, and ERRC Grid to develop value innovation. The findings indicate that Eiji Cuts still relies heavily on regular haircut services and word-of-mouth promotion, with limited service innovation and differentiation. Meanwhile, competition intensity and customer bargaining power are high, signaling the need for new strategies to expand the market segment. The proposed strategies include operating a Japanese-themed minivan barbershop to reduce rental costs and expand service coverage, reactivating premium packages with additional foot soak, head massage, and skincare treatments, implementing a digital loyalty program for core customers, conducting targeted promotions for students and Gen-Z, and digitalizing reservations and transaction records. This approach is expected to lower fixed costs, broaden the customer base, enhance emotional experiences, and strengthen brand image sustainably. This study contributes to the literature on innovation strategies for MSME service businesses and provides practical guidance for barbershops to move away from price-based competition toward new market creation.

Keywords: *Blue Ocean Strategy, Business Model Canvas, Porter's Five Forces, Competitive Advantage, Barbershop, Value Innovation.*