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Creating a Blue Ocean for Family-Owned SMEs: Value Innovation, Digital Transformation, and Sustainability in the Case of Ivan Color Paint Center

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Abstract

This paper examines how a provincial, family-owned micro–small enterprise in the Philippines can apply Blue Ocean Strategy (BOS) tools to redesign value creation beyond price-based competition. Using a qualitative descriptive, document-based case approach, the study analyzes the strategic transition of Ivan Color Paint Center (Tanauan City, Batangas) toward "Ivan Color Studio & Solutions Hub," a more customer-centric and digitally supported service model. The analysis follows the BOS sequence of (1) Eliminate–Reduce–Raise–Create (ERRC) Grid to restructure operational and service priorities, (2) Strategy Canvas to benchmark the enterprise against two locally relevant competitors, and (3) Buyer Utility Map to identify customer-experience stages where additional utility can be created through consultative service, digital access, and eco-oriented options. To complement strategic mapping, a descriptive cost structure and break-even assessment is used to assess feasibility and pricing alignment for an "affordable-premium" positioning. Across the tools, the case suggests that the proposed blue-ocean shift is expressed through streamlined low-value activities, strengthened color-consultation expertise, improved experiential service delivery, and expanded digital engagement, while integrating sustainability-oriented practices as a differentiating element. As an analytic case, the study offers a context-specific illustration of BOS operationalization in a provincial Philippine SME and identifies documentation and measurement details needed to improve auditability in future applications.

Keywords— Blue Ocean Strategy; Value Innovation; Family-Owned SMEs; Digital Transformation; Sustainability; Customer-Centric Strategy; Philippines; family business; micro and small enterprises; qualitative case study; strategy canvas; buyer utility map

1. Introduction

Family-owned enterprises represent a cornerstone of the Philippine economy, embodying both entrepreneurial tradition and socio-cultural continuity. However, many of these enterprises operate within increasingly saturated and price-driven markets, where differentiation becomes difficult and innovation is often secondary to survival. Such conditions typify what Kim and Mauborgne (2005) describe as the red ocean—a marketplace defined by intense competition, diminishing margins, and limited strategic renewal. To remain relevant and competitive, family-owned businesses must therefore seek strategic reinvention that transcends conventional boundaries.

The Blue Ocean Strategy (BOS) offers an alternative pathway toward competitiveness by emphasizing value innovation—the simultaneous pursuit of differentiation and cost efficiency that enables firms to create uncontested market spaces rather than competing within existing ones. Within this framework, innovation is not limited to technology or product design but extends to rethinking customer experience, service delivery, and strategic positioning. For family enterprises, BOS provides a means to transform tradition-bound operations into agile, forward-looking organizations capable of meeting evolving consumer expectations.

In the context of developing economies such as the Philippines, this transformation is both a challenge and an opportunity. Local family firms, particularly those in traditional retail sectors, often lack formal strategic planning mechanisms and digital infrastructure to support innovation. Yet their embedded community trust and personalized service culture provide a unique foundation for creating new value frontiers.

This study examines this process through the case of Ivan Color Paint Center, a family-owned business in Tanauan City, Batangas. Having established a strong local reputation in paint retail and automotive coating, the enterprise seeks to

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transition toward a solutions-oriented model under the name Ivan Color Studio & Solutions Hub. This model integrates customer-centric services, digital engagement, and sustainable practices, illustrating how BOS principles can be localized for SME innovation and growth.

The research is guided by the premise that strategic differentiation anchored in analytics, technology, and customer experience can reposition small, family-run businesses from transactional retail models to integrated service ecosystems. The case thus contributes to a broader understanding of how Blue Ocean Strategy, business analytics, and sustainability can converge to drive long-term competitiveness in developing market contexts.

This case also highlights how descriptive cost analytics and customer-experience mapping support evidence-based SME strategy, central to IJHBA's analytic perspective.

1.1 Objectives of the Study

This study aims to examine how a family-owned enterprise in a developing economy can apply the Blue Ocean Strategy (BOS) framework to achieve strategic renewal, differentiation, and sustainable growth. Specifically, it focuses on the transformation of Ivan Color Paint Center into Ivan Color Studio & Solutions Hub—a customer-centered enterprise integrating technology, sustainability, and value innovation.

The specific objectives are as follows:

To analyze the current competitive conditions of the paint and hardware retail industry in Tanauan City, identifying the limitations of traditional "red ocean" strategies among small family businesses.

To apply the key analytical tools of the Blue Ocean Strategy—namely, the Eliminate-Reduce-Raise-Create (ERRC) Grid, Strategy Canvas, and Buyer Utility Map—in developing a differentiated strategic model for the enterprise.

To determine how value innovation and customer-centric strategies can enhance long-term competitiveness and brand positioning for family-owned SMEs.

To evaluate the enabling role of digital transformation and sustainability practices in the successful implementation of a Blue Ocean business model.

To propose a strategic framework that demonstrates how family-owned SMEs in developing economies can transition from competition-based markets to innovation-driven, uncontested market spaces.

Through these objectives, the study contributes to the literature on entrepreneurial transformation, SME strategy, and business analytics, emphasizing localized applications of global strategic models within Philippine enterprise settings.

2. Review of Related Literature

2.1 Blue Ocean Strategy and SME Competitiveness in Developing Economies

Prior studies generally report that Blue Ocean Strategy (BOS) approaches can improve SME competitiveness in developing-economy settings by reframing competition around differentiated value propositions. Reported outcomes across contexts include improvements in positioning, customer acquisition, and—in some studies—financial performance, although results are contingent on implementation conditions and measurement approaches (Awladthani et al., 2023; Pasek et al., 2022; Eboreime & Gbandi, 2014).

Systematic reviews further indicate that BOS fosters sustainable growth by enabling SMEs to overcome both internal limitations (e.g., resource constraints, managerial inertia) and external pressures (e.g., market saturation and regulatory volatility) (Awladthani et al., 2023). However, scholars caution that effective implementation is context-dependent and requires enabling conditions such as access to financing, digital infrastructure, and leadership commitment to innovation (Christodoulou & Langley, 2020). Collectively, these findings reinforce BOS as a strategic logic of high growth for SMEs seeking to leapfrog competition in resource-constrained environments—an insight directly relevant to the transformation of Ivan Color Paint Center in the Philippine context.

2.2 Value Innovation and Sustainable Growth in Family-Owned Businesses

Research indicates that value innovation, the central construct of the Blue Ocean Strategy (BOS), can serve as a critical enabler of sustainable growth for family-owned enterprises when anchored in strategic alignment, sound governance, and a culture

of innovation. Empirical studies emphasize that value co-creation and innovation, when synchronized with long-term family objectives and supported by structured succession planning, strengthen continuity while minimizing internal conflict and value erosion (Salas-Paramo & Escandón-Barbosa, 2025; Ahmad et al., 2020; Rawaf & Alfalih, 2023). Family firms that cultivate innovation capabilities and embed responsible innovation within governance systems demonstrate higher probabilities of achieving longevity and competitive advantage (Ahmad et al., 2020; Rawaf & Alfalih, 2023; Koentjoro & Gunawan, 2020).

Additional evidence highlights that generational ownership, business agility, and proactive strategic planning amplify the positive effects of innovation on sustainability—particularly in volatile or rapidly transforming markets (Akanni et al., 2025; Gundry et al., 2014). Conversely, the literature cautions that implementation across family enterprises remains uneven; communication barriers during succession, inertia toward adopting new practices, and limited technological absorption may dilute innovation outcomes (Somboonvechakarn et al., 2022; Elmo et al., 2020; Arcese et al., 2020).

Overall, the findings converge on a clear proposition: value innovation under the BOS framework, when complemented by internal governance maturity and an innovation-oriented culture, functions as a robust driver of sustainable competitive advantage for family-owned businesses (Salas-Paramo & Escandón-Barbosa, 2025; Ahmad et al., 2020; Rawaf & Alfalih, 2023; Koentjoro & Gunawan, 2020; Akanni et al., 2025). This conclusion is particularly salient for enterprises such as Ivan Color Paint Center, where family stewardship, local identity, and adaptive strategy converge in the creation of a Blue Ocean pathway toward enduring growth.

2.3 Digital Transformation as an Enabler of Blue Ocean Strategy in SMEs

Contemporary research confirms that digital transformation functions as a powerful enabler of Blue Ocean Strategy (BOS) implementation among small and medium enterprises (SMEs). By leveraging technologies such as online marketing, cloud computing, and process automation, SMEs can reconfigure their business models to create new market spaces, enhance differentiation, and strengthen competitiveness—all of which reflect the foundational goals of BOS (Pasek et al., 2022; Ojukwu et al., 2025).

Empirical evidence reveals that firms aligning digital initiatives with BOS principles of innovation and value creation experience measurable gains in organizational performance, market responsiveness, and customer engagement (Pasek et al., 2022; Ojukwu et al., 2025). Core success factors include strategic digital planning, workforce upskilling, and the integration of scalable technologies, which collectively enhance operational agility and enable real-time decision-making (Zhang et al., 2022; Ojukwu et al., 2025).

Nonetheless, the literature highlights persistent challenges. Many SMEs face constraints related to limited financial resources, resistance to organizational change, and deficits in digital competencies—barriers that can impede full alignment between digitalization and BOS execution (Omrani et al., 2024; Zhang et al., 2022). Addressing these structural and cultural gaps is essential for realizing the transformative potential of digital tools within the Blue Ocean framework.

Overall, the evidence converges on a key conclusion: digital transformation, when strategically managed and culturally supported, empowers SMEs to actualize BOS principles by enhancing innovation capacity, sustaining differentiation, and achieving operational excellence (Pasek et al., 2022; Ojukwu et al., 2025; Zhang et al., 2022). For enterprises such as Ivan Color Paint Center, digital integration provides the analytic foundation and customer-experience infrastructure necessary to sustain its shift toward a solutions-driven business model in the competitive paint industry.

2.4 Customer-Centric Innovation and Long-Term Differentiation in SMEs

Extant literature provides compelling evidence that customer-centric innovation significantly enhances long-term differentiation and competitive advantage among small and medium enterprises (SMEs), especially when contrasted with purely price-based competition. Studies demonstrate that customer-driven strategies—encompassing digital business model innovation, relationship management, and active customer engagement—generate sustained loyalty, advocacy, and unique value propositions that serve as durable sources of differentiation (Ramli & Haron, 2025; Tuominen et al., 2022; Bekata & Kero, 2024; Sánchez-Gutiérrez et al., 2019).

Customer orientation fosters higher levels of organizational innovativeness, leading to improved performance and growth trajectories that extend beyond short-term sales gains (Tuominen et al., 2022; Bekata & Kero, 2024; Visnjic et al., 2016). Empirical research confirms that integrating customer insights into the innovation process enables SMEs to rapidly adapt to market fluctuations, co-create value with stakeholders, and maintain distinct market positioning (Cosenz & Bivona, 2020; Ibarra et al., 2020; Teoh et al., 2023). This adaptive capability, grounded in a deep

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understanding of customer needs and behaviors, is central to achieving the value innovation envisioned by the Blue Ocean Strategy framework.

In contrast, enterprises that rely heavily on price-based competition may experience temporary gains in market share but often face declining profit margins, brand commoditization, and weak customer retention (Visnjic et al., 2016). The cumulative evidence thus supports a clear strategic implication: SMEs that prioritize customer-centric innovation are more capable of sustaining differentiation and resilience in dynamic markets (Ramli & Haron, 2025; Tuominen et al., 2022; Bekata & Kero, 2024; Sánchez-Gutiérrez et al., 2019; Visnjic et al., 2016).

For Ivan Color Paint Center, this insight is particularly relevant, as the company's transformation toward Ivan Color Studio & Solutions Hub is grounded in the co-creation of customer value through personalized color consultations, digital engagement, and after-sales relationship management—concrete applications of customer-centric innovation within a localized Blue Ocean framework.

2.5 Environmental Sustainability and the Blue Ocean Strategy in SME Models

Recent scholarship affirms that environmental sustainability is both conceptually and strategically compatible with the Blue Ocean Strategy (BOS) framework when applied to small and medium enterprises (SMEs). Both paradigms emphasize innovation, value creation, and long-term viability, allowing firms to develop uncontested market spaces while contributing to environmental stewardship (Alhaddi, 2014; Ali et al., 2024). By embedding Environmental, Social, and Governance (ESG) principles within BOS-driven models, SMEs can simultaneously achieve differentiation, brand legitimacy, and resilience in dynamic markets (Asif et al., 2023; Zhavira et al., 2025).

Empirical and conceptual analyses demonstrate that the alignment of BOS with sustainability goals supports transitions toward net-zero and carbon-neutral operations, fostering competitive advantages through eco-innovation and responsible resource management (Asif et al., 2023; Matinaro et al., 2019). Case studies from the construction, manufacturing, and food sectors show that when sustainability is embedded in strategic design, SMEs can move beyond compliance toward strategic leadership in green value creation (Zhavira et al., 2025; Alhaddi, 2014).

However, successful integration requires systemic organizational commitment and cross-functional collaboration. Barriers such as resource limitations, lack of environmental literacy, and industry-specific constraints may inhibit implementation, especially in developing economies (Matinaro et al., 2019; Das et al., 2020; Caldera et al., 2019). These findings reinforce that environmental sustainability is not merely an ethical adjunct but a strategic complement to BOS—enabling firms to innovate responsibly while strengthening long-term market positioning (Asif et al., 2023; Zhavira et al., 2025; Alhaddi, 2014; Ali et al., 2024).

For enterprises like Ivan Color Paint Center, integrating sustainable practices—such as low-VOC paints, waste minimization, and community beautification initiatives—illustrates how local family businesses can pursue value innovation that is both economically and environmentally regenerative, aligning with the dual imperatives of growth and sustainability.

2.6 Synthesis and Research Gaps

The reviewed literature collectively establishes a robust theoretical foundation connecting Blue Ocean Strategy, value innovation, digital transformation, customer-centricity, and environmental sustainability as interrelated dimensions of SME competitiveness. Studies consistently affirm that BOS provides SMEs with a strategic framework to transcend competition, generate novel value propositions, and foster sustainable growth (Awladthani et al., 2023; Pasek et al., 2022; Zhavira et al., 2025). Furthermore, the integration of family governance, customer co-creation, and environmental consciousness enhances long-term viability, positioning BOS not merely as a market differentiation tool but as an organizational transformation paradigm.

However, several research gaps remain evident:

a. Contextual Application in Family-Owned SMEs: While BOS has been tested in various SME contexts, limited empirical evidence exists on how family-owned enterprises in developing economies translate BOS principles

into operational models that balance tradition, governance, and innovation.

b. Localized Implementation Frameworks: Most BOS studies are derived from international cases; there is insufficient exploration of localized adaptations that reflect the socio-economic and cultural dynamics of provincial enterprises like those in the Philippines.
c. Digital and Environmental Integration Synergy: Though digital transformation and sustainability have been studied separately, their combined role as dual enablers of BOS in SMEs remains underexamined.
d. Customer Experience Analytics: There is a lack of research on how data analytics and virtual tools can quantify customer satisfaction and brand loyalty outcomes within BOS-driven service innovations.
e. Scalability Models for Regional SMEs: Few studies have mapped how micro and small family enterprises can scale Blue Ocean innovations sustainably without diluting personalized service and community identity.

The present study on Ivan Color Paint Center addresses these gaps by offering an integrative Blue Ocean transformation model for family-owned SMEs in emerging markets. It contributes empirical insights into how strategic innovation, digital engagement, and environmental responsibility can converge to generate sustainable value and competitive differentiation—anchored in the realities of local enterprise ecosystems.

3. Methodology

3.1 Research Design

This study employed a qualitative–descriptive case study design to analyze the strategic transformation of Ivan Color Paint Center, a family-owned paint and hardware business in Tanauan City, Batangas.

The approach is consistent with exploratory strategic research, which seeks to interpret how and why specific strategic models—such as the Blue Ocean Strategy (BOS)—can be adapted to small, family-run enterprises in developing economies.

Rather than testing hypotheses, the study aimed to document, structure, and interpret the enterprise's transition from a traditional retail model to a differentiated solutions-hub configuration.

3.2 Case Selection and Context

Ivan Color Paint Center was purposively selected because it represents a typical yet progressive family-owned SME operating in a saturated local market.

The business's 20-year community presence and its decision to pursue rebranding through BOS tools provided a rich setting for examining strategic renewal within a resource-constrained environment.

The unit of analysis is the business itself, encompassing its retail operations, service innovations, and internal decision processes leading to the creation of Ivan Color Studio & Solutions Hub.

3.3 Data Sources

Data were derived from primary and secondary qualitative materials that reflected actual business conditions and planning outputs.

Primary sources included internal business documents (price lists, service descriptions, cost structures, and branding proposals) and direct consultations with the proprietors regarding their vision for strategic transformation.

Secondary sources consisted of publicly available market descriptions, competitor benchmarks, and supporting literature on BOS and SME innovation.

No survey or experimental data were used; all analyses were interpretive and document-based.

3.4 Analytical Framework

The analysis followed the Blue Ocean Strategy analytical sequence outlined by Kim and Mauborgne (2005):

a. Eliminate–Reduce–Raise–Create (ERRC) Grid – applied to identify which operational and customer-service elements should be eliminated, reduced, raised, or newly created to shift from a red-ocean price-driven model to a value-innovation model.

   The ERRC Grid synthesized management insights into a four-quadrant framework highlighting inefficiencies (e.g., passive service, excess inventory) and new value dimensions (e.g., color consultation, online hub).
b. Strategy Canvas – used to visually benchmark Ivan Color Paint Center against two major competitors: a leading Boysen dealer and a local hardware chain.

   Ratings across key factors (price, quality, service, marketing, and accessibility) were plotted to illustrate differentiation gaps and opportunities.

c. Buyer Utility Map – utilized to trace customer experience stages and identify

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where new utility could be created through service bundling, digital access, and eco-friendly options.

This map contextualized how proposed innovations would enhance customer productivity, convenience, and environmental friendliness.

d. Cost and Pricing Analysis – descriptive computations were made to determine fixed and variable costs, break-even volume, and markup percentages.

These served not for financial forecasting but to confirm the economic feasibility of the proposed value-innovation model and to align pricing with the brand's "affordable-premium" positioning.

In this study, "margin" refers to the computed markup-based contribution/gross margin used in the enterprise's pricing structure, and "units" refer to the defined standard sales unit used in the break-even computation (e.g., per can/gallon/service bundle), which is explicitly specified in the accompanying cost table.

3.5 Validation and Triangulation

Conceptual validity was ensured through methodological triangulation of (a) strategic documents from the enterprise, (b) competitive market data, and (c) theoretical constructs from BOS literature.

Each analytical tool (ERRC Grid, Strategy Canvas, Buyer Utility Map) was cross-checked against the others to confirm coherence in identifying sources of value innovation.

Because this is an interpretive case analysis, validity rests on logical consistency and transparency of reasoning rather than statistical generalization.

As a single-enterprise qualitative case, the results offer analytic rather than statistical generalization; transferability should be assessed contextually.

3.6 Ethical Considerations

Permission to use company data and descriptive details was obtained from the business proprietors.

All financial computations reported in this paper were derived from enterprise-provided cost and pricing records and the authors' descriptive computations; to protect commercially sensitive information, values are reported in aggregated form and interpreted only for feasibility illustration rather than forecasting.

The study followed academic integrity standards of proper citation, non-disclosure of confidential data, and faithful representation of the enterprise's own strategic materials.

4. Results and Discussion

4.1 Overview

The case analysis of Ivan Color Paint Center demonstrates how a traditional family-run retail outlet can use the Blue Ocean Strategy (BOS) framework to reconfigure value creation within a saturated local market. The findings are drawn from the sequential use of BOS analytical tools—the Eliminate-Reduce-Raise-Create (ERRC) Grid, Strategy Canvas, and Buyer Utility Map—followed by a descriptive financial assessment that verified feasibility. Together, these analyses reveal a consistent pattern of value innovation focused on personalization, technology integration, and sustainability.

4.2 Eliminate-Reduce-Raise-Create (ERRC) Grid

Application of the ERRC Grid identified key operational and service elements to be removed, streamlined, enhanced, and newly created in order to move the business away from price-based competition.

1. Eliminate: traditional hardware-style bulk inventory, passive customer service, and in-store-only purchasing options.
2. Reduce: dependence on walk-in traffic, overhead from slow-moving stocks, and manual estimation processes.
3. Raise: professional expertise in color consultation, customer convenience, service customization, and community engagement.
4. Create: an Auto Paint Customization Studio, an Online Experience Hub for booking and visualization, a DIY/Professional Loyalty Program, and Hybrid Consultation Services combining digital and on-site interactions.

This configuration transformed Ivan Color Paint Center from a transactional paint retailer into a comprehensive solutions hub, thereby establishing an uncontested market space in Tanauan City.

Table 1. *Eliminate-Reduce-Raise-Create (ERRC) Grid of Ivan Color Paint Center.*

• Traditional hardware store inventory • Passive customer service • Limited in-store-only purchasing options	• Reliance on walk-in customers • Overhead from slow-moving stock • Manual estimate processes
• Expertise in color consultation • Convenience • Customization • Community engagement	• Auto Paint Customization Studio • Online Experience Hub • DIY/Pro Loyalty Program • Hybrid Consultation

4.3 Strategy Canvas

The Strategy Canvas visually compared Ivan Color Paint Center with two principal competitors—a leading Boysen Dealer (Competitor A) and a regional hardware chain (Competitor B)—across eight value factors: product quality, price competitiveness, customer service, location accessibility, product variety, marketing, promotions, and reputation.

Results show that Ivan Color Paint Center scored highest in price competitiveness (5), customer service (5), and product quality (4) but lagged in marketing efforts (2) and brand visibility (3). Competitors excelled in marketing and promotional intensity but offered weaker personalization. This gap highlights a strategic opportunity: by enhancing marketing communication and digital presence, the enterprise can complement its service strengths with greater brand awareness, reinforcing its Blue Ocean positioning as a customer-driven, affordable-premium provider.

Key Factors	Ivan Colors Paint Center	Competitor A (Boysen Dealer)	Competitor B (Hardware chains)
Product Quality	4	5	4
Price Competitiveness	5	3	4
Customer Service	5	3	3
Location Accessibility	3	5	4
Variety of Products	4	5	5
Marketing Efforts	2	4	5
Promotions and Discounts	3	4	5
Reputation/Brand	3	5	5

Figure 1. *Strategy Canvas (Ivan Color Paint Center versus Competitors A and B)*

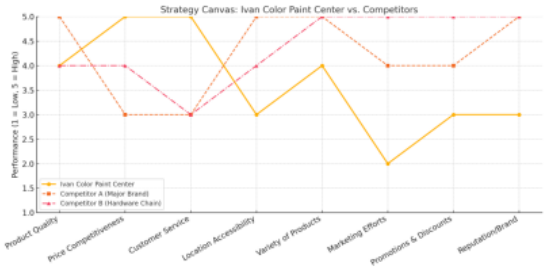

Figure 2. *Strategy Canvas Visualization*

4.4 Buyer Utility Map

The Buyer Utility Map clarified how the rebranded Ivan Color Studio & Solutions Hub creates value across six stages of the customer journey—purchase, delivery, use, supplements, maintenance, and disposal—using six utility levers: customer productivity, simplicity, convenience, risk reduction, fun and image, and environmental friendliness.

Key insights include:

1. Customer Productivity & Convenience: bundling of paint, labor, and consultation services reduced coordination time and purchase complexity.
2. Risk Reduction: transparent pricing and service guarantees improved trust and purchase confidence.
3. Fun and Image: the aesthetic showroom and professional guidance elevated customer satisfaction beyond functional needs.
4. Environmental Friendliness: low-VOC paints and recycling guidance introduced ecological value rarely offered in local markets.

Collectively, these dimensions illustrate value innovation through experiential utility—moving the firm from mere product supply to holistic project partnership.

4.5 Cost Structure and Pricing Feasibility

The descriptive cost analysis confirmed that the proposed model is financially viable. The estimated monthly fixed cost of ₱ 170,000 and variable cost per unit of ₱ 3,600 yield a break-even volume of approximately 57 units per month at a selling price of ₱ 6,600. The applied 80% markup corresponds to a 45.5% profit margin, positioning the brand as affordable-premium—competitive yet reflective of expert service value.

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This financial validation supports BOS's core principle that differentiation need not increase cost when efficiency gains and digital integration offset traditional overhead.

Table 2. Buyer Utility Map for Ivan Color Studio & Solutions Hub

Buyer Experience Stages	Customer Productivity	Simplicity	Convenience	Risk Reduction	Fun and Image	Environmental Friendliness
Purchase	One-stop shop: paint + services + tools	Expert-guided buying reduces confusion	Online ordering and delivery are available	Transparent pricing and brand guarantees	Professional, aesthetic showroom experience	Options for low VOC and eco friendly paints
Delivery	Materials + services booked together	Hassle-free scheduling via online presence	Home delivery, flexible timing	Trained staff ensure safe handling	Branded vehicle and staff presence	Efficient delivery routes and minimal packaging
Use	Custom packages simplify DIY/home projects	Color consultation reduces decision stress	Scheduled site visits, app based project tracking	Service guarantees, trained painters/mechanics	Visually pleasing results via pro guidance	Eco-conscious usage tips provided
Supplements	Access to curated tools, brushes, and accessories	Bundled products and guides	All materials available in store or online	Only recommended tools sold	Branded kits and paint sets	Recyclable containers, eco tools promoted
Maintenance	Follow-up services for touch-ups or repainting	Booking maintenance online presence	Loyalty program offers incentives	Retouch guarantees, helpful reminders	Sense of pride in maintaining a well painted space	Tips for long lasting, sustainable use
Disposal	Guidance on paint/material disposal	Signage + in store info on how to dispose properly	Pickup options for leftover materials	Safe disposal processes	Promotes community responsibility	Paint recycling program, eco partner tie-ups

The cost configuration (See Table 3) of Ivan Color Studio & Solutions Hub reveals how a small enterprise can sustain a differentiated, service-rich model without exceeding typical SME expenditure levels.

Fixed Costs (₱170,000 monthly) encompass core operational resources that ensure consistent service quality. The largest share—staff salaries (₱85,000)—reflects the labor-intensive nature of personalized consultation and on-site work, characteristic of the new solutions-hub concept. Rental (₱27,000) and utilities (₱13,000) represent the physical footprint of both the retail space and the specialized auto-paint studio. Strategic allocation to marketing & promotion (₱20,000) and digital tools & web (₱15,000) signals a deliberate shift toward visibility and technology-enabled customer interaction—two critical levers in Blue Ocean repositioning. Finally, equipment depreciation (₱10,000) covers spray systems and mixing tools that sustain technical quality.

Table 3. Monthly Cost Structure, Break-Even Analysis, and Pricing Summary.

Cost Type	Description	Estimated Monthly Cost (PHP)
Staff Salaries	Store clerks, in-house home and auto painters, customer support/admin	85,000.00
Rental (Store + Studio)	Retail space, auto bay, storage	27,000.00
Utilities	Electricity (for tools and compressors), water, internet	13,000.00
Marketing & Promotions	Facebook/IG ads, seasonal in store promotions, community painting events	20,000.00
Digital Tools & Web	Website, booking system, virtual room painter tool, maintenance fees	15,000.00
Equipment Depreciation	Paint sprayers, mixing machine, tools	10,000.00
Total Fixed Costs		**170,000.00**
Premium Paint & Consummables	Interior/exterior paints, auto paints, primers, masking tape, rollers	1,800.00
Packaging & Delivery	Cans, packing, fuel, vehicle maintenance	900.00
On-Site Labor & Mobilization	Painter transport, setup tools, time allowances	600.00
After-Sales Buffer	Retouching materials, follow up calls/visits	300.00
Total Variable Costs		**3,600.00**

Variable Costs (₱3,600 per unit) scale with project volume and include consumables and logistical components directly tied to sales activity. Premium paints and consumables (₱1,800) account for roughly half of each unit's cost, indicating the premium-quality input standard. Packaging & delivery (₱900) ensure end-to-end convenience, while on-site labor & mobilization (₱600) and a modest after-sales buffer (₱300) cover service follow-through.

This cost composition emphasizes controlled overhead, predictable quality, and built-in flexibility. The relatively high fixed-to-variable ratio illustrates commitment to professional staffing and brand experience, while the modest variable component confirms operational efficiency. In Blue Ocean terms, this cost discipline supports value innovation—allowing the firm to deliver superior customer experience at an accessible price point without eroding margins.

4.6 Break-Even and Pricing Strategy

A descriptive financial assessment was undertaken to confirm the feasibility of the proposed service model for Ivan Color Studio & Solutions Hub. Based on the enterprise's monthly cost structure, total fixed costs were estimated at ₱170,000, covering labor, rent, utilities, marketing, digital tools, and equipment depreciation. The variable cost per unit, including paint materials, packaging, on-site labor, and after-sales provisions, amounted to ₱3,600.

Using these parameters, the unit profit margin was computed at ₱3,000 per service bundle, derived from a unit selling price of ₱6,600 less variable cost. Applying the standard break-even formula—

Break-Even Volume = Fixed Costs / Unit Margin

₱170,000÷₱3,000=56.67 units.

Thus, the break-even point is approximately 57 service transactions per month, a target well within the operational capacity of the existing workforce.

The enterprise adopts a cost-plus pricing strategy, reflecting both affordability and the added value of expert service. The base cost per unit of ₱3,600 was marked up by 80%, producing a computed selling price of ₱6,480, rounded to ₱6,600 for simplicity and psychological pricing alignment. This pricing tier positions the brand as an affordable-premium provider—higher than basic hardware outlets but below large-brand dealerships—consistent with its Blue Ocean intent to combine personalization and professional quality at accessible cost.

Overall, the break-even and pricing results validate the economic viability of the business transformation. The model ensures that differentiation through consultation, technology, and eco-friendly practices can be sustained without eroding profitability, illustrating that value innovation and cost efficiency can coexist within a small-enterprise framework.

4.7 Competitive Pricing Positioning

Pricing serves as both a financial and strategic lever in sustaining Ivan Color Studio & Solutions Hub's Blue Ocean positioning.

Within the local paint and auto-service landscape, most competitors remain trapped in price-based competition—either appealing to budget-sensitive DIY buyers or targeting high-end brand loyalists.

By contrast, Ivan Color deliberately situates itself in the affordable-premium segment, balancing professional quality with accessibility.

Table 4 presents a comparative view of prevailing market price ranges and target segments.

Table 4. *Price Positioning versus Competitors*

Brand / Provider	Typical Price Range (₱)	Primary Market Focus
Local Hardware Paint	1,000 – 3,000	Budget DIY and small-scale needs
Branded Paints	2,500 – 6,000	Quality-conscious, brand-loyal users
Mobile Auto Repaints	4,000 – 7,000	Convenience-focused car owners
Ivan Color Studio & Solutions Hub	6,480 – 6,600	Affordable-premium with service value

The chosen price band of ₱6,480–₱ 6,600 deliberately positions the brand slightly above the median market level, signaling reliability and expert service while remaining below luxury thresholds.

This "value-for-experience" approach aligns with the Blue Ocean concept of differentiation without exclusion—capturing customers who seek professional guidance and convenience but remain price-sensitive.

4.7.1 Margin and Mark-Up Analysis

The pricing model is grounded in a cost-plus computation derived from actual cost data:

Unit Cost: ₱ 3,600

Selling Price: ₱ 6,600

Markup: (₱ 6,600 – ₱ 3,600) ÷ ₱ 3,600 = 80%

Profit Margin: (₱ 3,000 ÷ ₱ 6,600) × 100 = 45.5%

This configuration ensures operational sustainability and sufficient profit buffers while allowing flexibility for promotional pricing or loyalty discounts.

It demonstrates that premium positioning can be achieved without excessive mark-ups, reinforcing Ivan Color's philosophy of fair pricing for expert value.

4.7.2 Pricing and Brand Perception

The pricing structure complements the company's evolving brand identity as a community-trusted, service-oriented enterprise.

Rather than competing through discounts, the firm differentiates through experience quality, guidance, and convenience.

Key brand–pricing alignments include:

a. Affordable yet quality-focused: pricing remains competitive while signaling reliability and professional craftsmanship.
b. Accessible to the core market: targeted toward middle- to upper-middle-income homeowners, small builders, and car owners.

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c. Value-driven packaging: bundled offers that integrate consultation, paint, and labor enhance perceived worth and simplify decision-making.
d. Professional without luxury mark-ups: expert service and customized support are priced within reach of the everyday consumer.
e. Loyalty reinforcement: transparent pricing, reward programs, and flexible payment options nurture repeat patronage.
f. Transparency and trust: clear, published pricing fosters integrity and strengthens community goodwill.

These attributes collectively reinforce Ivan Color's reputation as both expert and approachable, two traits often absent in its larger competitors.

4.7.3 Brand–Pricing Synergy

In a marketplace dominated by transactional selling, Ivan Color Studio & Solutions Hub reframes pricing as part of its value-creation narrative.

By integrating brand strategy and pricing logic, the firm establishes a Blue Ocean advantage characterized by fairness, inclusivity, and perceived professionalism.

This synergy is expressed through five core linkages:

a. Value-based branding, fairness-based pricing – each reinforces the other to sustain trust.
b. From product to experience – bundled pricing converts a single paint sale into a complete home or auto-solution engagement.
c. Affordable-premium positioning – maintains quality signaling without alienating cost-conscious buyers.
d. Customer-centric justification – prices are rationalized through convenience, expertise, and reliable after-sales support.
e. Sustainable growth through integration – pricing supports profitability while brand equity drives long-term loyalty.

Together, these principles demonstrate how a small, family-run enterprise can transform ordinary price structures into a strategic communication tool, reinforcing both the financial logic and the emotional promise of the brand.

In effect, Ivan Color's pricing strategy operationalizes its Blue Ocean identity—profitable, transparent, and rooted in authentic service value.

4.8 Synthesis of Findings

The results from the three primary BOS analytical tools—ERRC Grid, Strategy Canvas, and Buyer Utility Map—together with cost and pricing validation, converge on a unified conclusion:

Ivan Color Paint Center's transformation into Ivan Color Studio & Solutions Hub exemplifies value innovation achieved through four complementary shifts:

(a) elimination of redundant, low-value processes;

(b) introduction of customer-centric digital tools;

(c) enhancement of experiential and consultative service quality; and

(d) alignment of costs to support sustainable profitability.

The analysis demonstrates that even a micro-enterprise, when guided by Blue Ocean principles, can redefine competitive boundaries without extensive capital investment. By integrating community trust, adaptive use of technology, and environmentally responsible practices, Ivan Color repositions itself as a solutions-based enterprise rather than a conventional retailer.

This case therefore contributes a localized model of Blue Ocean Strategy for family-owned SMEs—one that validates how strategic differentiation, digital adoption, sustainability, and customer experience can coexist within a single, scalable framework tailored to the realities of provincial Philippine business contexts.

5. Conclusions and Recommendations

5.1 Conclusions

This study demonstrates that the Blue Ocean Strategy (BOS) provides an effective framework for strategic renewal among family-owned small and medium enterprises (SMEs) in developing economies. Through the case of Ivan Color Paint Center in Tanauan City, Batangas, the research illustrates how a traditional paint retailer can transform into a customer-centric, technology-enabled solutions hub without departing from its community-based roots.

The application of BOS analytical tools—the Eliminate-Reduce-Raise-Create (ERRC) Grid, Strategy Canvas, and Buyer Utility Map—revealed that differentiation can be achieved not through costly expansion but through reconfiguration of value. By eliminating redundant operations, reducing reliance on walk-ins, raising service quality, and creating digital and experiential touchpoints, the enterprise generated a new value curve distinct from conventional competitors. The accompanying cost and pricing analyses confirmed that this transformation is economically sustainable: at a 45.5 percent margin and 57-unit break-even threshold, the business remains both profitable and accessible.

The findings suggest that strategic innovation, customer experience, and sustainability can be integrated within small-scale business models when guided by structured strategic tools and locally grounded decision-making. As an analytic case, the Ivan Color narrative contributes a context-specific illustration of how BOS instruments (ERRC, Strategy Canvas, Buyer Utility Map) may be adapted to a provincial Philippine SME setting, while also clarifying practical constraints and implementation considerations.

5.2 Recommendations

1. Institutionalize the Solutions-Hub Model.

Ivan Color Studio & Solutions Hub should formalize its new structure through documented service protocols, performance indicators, and customer-feedback systems. This ensures that the Blue Ocean shift becomes embedded in operations rather than remaining a one-time initiative.

2. Enhance Digital Presence and Analytics Capability.

Expanding the Online Experience Hub to include customer analytics—such as service frequency, repeat-purchase trends, and satisfaction metrics—will strengthen decision-making and sustain differentiation. Data analytics can further identify emerging color or design trends that inform inventory and marketing strategies.

3. Pursue Sustainable Innovation.

The enterprise should continue adopting eco-friendly practices, including low-VOC paints, recyclable packaging, and community beautification programs. Aligning these initiatives with marketing narratives enhances both environmental impact and customer loyalty.

4. Develop Scalable Training and Franchise Models.

To extend the Blue Ocean concept beyond Tanauan, Ivan Color may explore a franchise or partnership framework that transfers its solutions-hub model to other cities while preserving service quality. Training modules on color consultation and digital sales processes would be critical to replication.

5. Encourage Further Research and Cross-Sector Application.

Future studies should test the Ivan Color framework across other sectors—such as construction supply, home improvement, or small-scale manufacturing—to validate scalability. Quantitative follow-ups could also measure customer satisfaction, sales growth, and environmental outcomes to deepen empirical grounding.

5.3 Closing Insight

Ultimately, this case confirms that innovation need not be capital-intensive to be transformative. By reframing competition through the lens of value creation, Ivan Color Studio & Solutions Hub exemplifies how family-owned SMEs can chart their own blue oceans—spaces defined not by rivalry, but by relevance, creativity, and purpose.

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