

Adapting to Change: A Case Study of New Era Art Resort & Spa's Business Evolution and Resilience Strategies During the Covid-19 Pandemic

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Abstract: This case study focuses on the "New Era Art Resort & Spa" to investigate how its business models and managerial strategies have evolved in response to the crisis caused by Covid-19. Employing a case study methodology along with an inquiry research design, the study integrates systems thinking, PEST analysis, industrial analysis, and SWOT tools. Original data were gathered through direct observations of the resort's operations and interviews with operators and key managers. The findings reveal that the New Era Art Resort & Spa adapted its management strategies to focus on attracting premium customers willing to pay higher prices for luxury camping experiences. These offerings emphasized a tranquil and refreshing natural environment, allowing visitors to escape crowded areas during the pandemic while enjoying suburban leisure activities. Additionally, plans are underway to redevelop part of the park's land for large-scale commercial villas, designed to serve both as reception and recreational spaces for business guests and employees. This strategic initiative aims to generate financial revenue by selling these villas, helping to offset debts and improve the park's financial health. Ultimately, these measures are intended to ensure the park's survival amid the challenges posed by Covid-19.

Keywords: New Era Art Resort; tourism; Covid-19; strategic management; business model

1. INTRODUCTION

1.1. Case Introduction

This case study focuses on the New Era Art Resort & Spa Park, established in 1987 in the Puli basin of central Taiwan. Conveniently located along the route to the renowned Sun Moon Lake, the park boasts a unique ambiance enriched by the authentic outdoor works of celebrated Taiwanese sculptor Lin Yuan, presented in an Art Brut style. By effectively leveraging these artistic resources, the New Era Art Resort & Spa has successfully attracted visitors in the tourism and hospitality sectors. Spanning 6.6 hectares, the sculpture park has developed a multifaceted business model that includes innovative dining options, conference and wedding facilities, vacation cabins, a spa, a beer plaza, and shops offering local specialties and souvenirs. Additionally, the blooming Tung flowers enhance the park's appeal, making it a significant attraction. The park's operations primarily utilize cottages constructed from Canadian fir, which are complemented by stone carvings, local gourmet food, health products, and unique offerings such as kiln-baked pizza. The diverse entertainment services create a comprehensive leisure and vacation experience that caters to a variety of visitor needs. Together with the rich local tourism

resources in Puli, the New Era Art Resort & Spa Park has become a well-known tourist destination in central Taiwan.

1.2. Impact of Covid-19 on Hospitality and Tourism

On December 8, 2019, several cases linked to a novel Coronavirus variant were identified in China, raising global public health concerns about the spread of Covid-19. Over the following two years, 2020 and 2021, the pandemic severely disrupted the global tourism industry, and Taiwan was no exception. A series of stringent restrictions led to the near shutdown of the New Era Art Resort & Spa Park's operations. The number of foreign tourists visiting Taiwan plummeted, while domestic tourism consumption also declined significantly due to the pandemic's effects. Revenue from recreational accommodations dropped to just one-third of pre-pandemic levels, and the park's diverse entertainment and dining services were critically impacted, resulting in a substantial operational crisis for the New Era Art Resort & Spa. In light of the significant challenges facing the catering, tourism, and hospitality industries, this period became crucial for reflecting on current strategies and adapting business models. This paper aims to detail the strategic choices made in response to these crises, highlighting two key changes. During this time, the park has developed an extended area for glamping and plans to construct and sell large business villas to enhance its financial position. These initiatives are designed to improve the park's overall sustainability amid the ongoing impacts of Covid-19.

2. LITERATURE REVIEW

2.1. Strategic Management

Scholars such as Crook et al. propose that strategic management encompasses a company's strategic position, reflecting the ability of managers to gather and interpret data about the organization, including insights from customers, employees, partners, shareholders, and other stakeholders. This process involves setting primary goals and formulating strategies based on an assessment of the company's resources and an evaluation of both external and internal environments. Tools such as PEST (Political, Economic, Social-Cultural, and Technological) analysis, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, and business models are employed to assess the current operational conditions of the New Era Art Resort & Spa. By identifying its strengths (S) and weaknesses (W), a company can utilize the PEST analysis to explore external factors that present opportunities (O) and threats (T). The SWOT analysis framework, represented as a two-by-two matrix, facilitates strategic development by allowing the company to leverage its strengths to capitalize on opportunities while mitigating weaknesses that may expose it to threats. This strategic approach is essential for navigating the complexities of the business environment effectively.

2.2. Business Model

A business model encompasses the integration of various internal and external factors that enable an enterprise to operate effectively, maximizing value for all stakeholders and creating a complete, efficient, and competitive operating system. Its goal is to satisfy customers through an optimal system that pursues holistic solutions to achieve business objectives and ensure ongoing profitability. In simpler terms, a "business model" describes how a business generates revenue and profits. Management literature presents three interpretations of business models: (1) as attributes of real companies, (2) as cognitive or linguistic constructs perceived by stakeholders, and (3) as formal conceptual representations detailing how a business functions or operates. Generally, a business model covers a broad spectrum, including how an organization structures its workforce, addresses customer needs, formulates strategies, and realizes benefits through those strategies.

2.3. Systems Thinking

In the development of managerial strategies and business models, systems thinking proves valuable when combined with PEST and industrial analyses, as well as the SWOT tool. Systems thinking offers a holistic perspective that aids managers in identifying behavioral patterns, underlying processes, and the dominant social mental models that influence trends or phenomena, such as those induced by Covid-19. For instance, as individuals gain more leisure time, improved economic status, and convenient transportation options, there is an increasing focus on authentic, aesthetic, peaceful, or harmonious values when planning leisure activities. Simultaneously, the necessity of social distancing to mitigate

the spread of illness has heightened the appeal of natural and spacious attractions that allow for safe visits without large crowds. This shift in mindset underscores the importance of adapting business models to meet evolving consumer preferences in the context of the pandemic.

3. RESEARCH METHODS

3.1. Case Study Method

This research aims to explore the strategic management and business model employed by the New Era Art Resort & Spa in response to the business crisis triggered by Covid-19. A case study method was chosen, as it is particularly suited for addressing research questions focused on processes—specifically, how and why certain strategies are implemented. This approach allows for a detailed examination of real-world practices, making it an effective research design for understanding the strategies enacted by the case enterprise and documenting them systematically. Data for the case study were collected through on-site observations and interviews with operators and key managers. These insights were then analyzed to clarify the managerial strategies and business models adopted by the resort.

3.2. Research Design and Framework

In addition to the case study method, a heuristic inquiry research design was utilized. One of the authors served as a consultant for the case company, providing a unique advantage in data collection, analysis, and interpretation, which enhances the study's feasibility and credibility. The research framework is structured around three key pillars: systems thinking, PEST and industrial analyses, and the SWOT tool. The PEST and industrial analyses aimed to identify and predict the potential impacts and influences of Covid-19 on the business environment. Meanwhile, the SWOT tool was employed to evaluate the resources available to the New Era Art Resort & Spa. Systems thinking provided a holistic perspective, enabling the consideration of effective management strategies and the development of robust business models (see Figure 1).

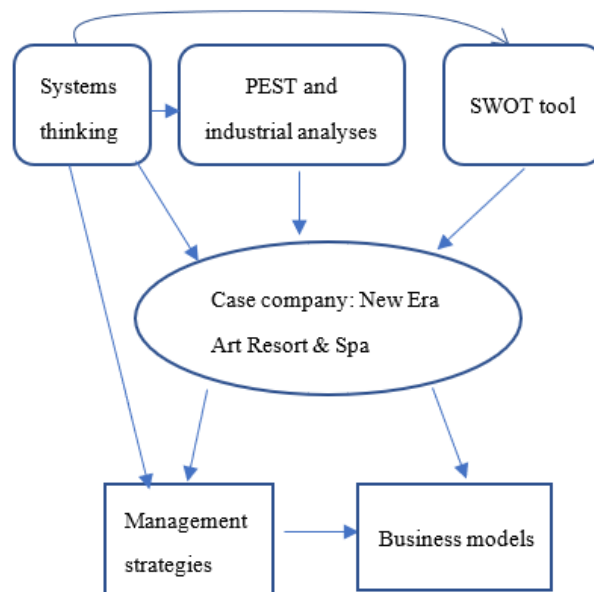


Figure1. *Research Framework*

4. CASE ANALYSES

4.1. Threats and Opportunities

The most significant threat to the diversified services of the New Era Art Resort & Spa Park stems from the impacts of Covid-19, which led to the near-total shutdown of its business operations. The pandemic prompted Taiwan's Central Epidemic Command Center to enforce strict restrictions on gatherings, directly affecting the tourism and hospitality sectors. This situation has created a crisis and posed considerable challenges for the New Era Art Resort & Spa Park. On a more positive note, the park's

expansive green spaces, picturesque environment, and ample parking can provide an ideal setting for those seeking refuge during the pandemic, provided that safe social distancing measures are maintained. While this means limiting visitor numbers, it allows the park to continue operations. This context presents a timely opportunity for park management to refine their strategies to attract high-end customers willing to pay premium prices for exclusive experiences.

4.2. Weaknesses and Strengths of Internal Resources

The New Era Art Resort & Spa Park is a family-owned business characterized by a relatively conservative management approach, making it resistant to change. Coupled with a significant decline in income, high personnel costs, and the need for new investment in glamping developments, the park faces urgent internal weaknesses. Conversely, the park possesses notable strengths, including its large land area, rich environmental resources, and a well-established brand. As a recognized local enterprise, the New Era Art Resort & Spa enjoys consumer trust and loyalty. Additionally, the park's unique ethnic art ambiance and extensive grounds provide a solid foundation for competitive advantage, enabling it to diversify offerings and develop innovative service programs effectively.

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6. RESULTS AND DISCUSSION

Based on observations and interviews, this study identified a strategic management adjustment process that the New Era Art Resort & Spa underwent in response to the challenges posed by the Covid-19 pandemic. Initially, management and key personnel recognized the need to enhance awareness regarding coping strategies. Following this, they conducted a thorough analysis of the environmental threats and opportunities, as well as an assessment of their internal strengths and weaknesses, to formulate effective coping strategies. Finally, the importance of flexibility and resilience in strategy implementation was emphasized. The management team utilized data from various sources to develop operational strategies and establish business models that leveraged their internal and external advantages. The two primary business models identified are as follows:

6.1. Glamping Area

The Covid-19 pandemic resulted in a reduced number of visitors to the park. To sustain operations, park managers shifted their strategies to target high-end customers willing to pay premium prices for a quieter, cleaner, and more comfortable natural environment. The New Era Art Resort & Spa Park benefits from a vast and appealing landscape, which supports the development of "glamping" (luxury camping) projects. This sector demands high-quality services, beautiful surroundings, and innovative

offerings. The park's high-quality human resources, combined with its environmental assets, position it favorably for this development. Luxury camping operators prioritize comfort and service quality, focusing on creating low-density accommodations in aesthetically pleasing natural settings. They offer experiential activities that cater to the desires of discerning customers. This blend of spiritual fulfillment and authentic experiences adds value for luxury campers, reinforcing the notion that superior services and facilities justify higher prices.

6.2. Development of Enterprise Commercial Villas

Despite the challenges posed by the pandemic, the New Era Art Resort & Spa Park still faces ongoing operational costs, including salaries and environmental maintenance. To address this, part of the park's land is being redeveloped for large-scale commercial villas, with the aim of improving the financial situation through villa sales. This revised operational model will help ensure the continued viability of the resort. Located in Puli, along the route to Sun Moon Lake, the park boasts stunning natural resources, including scenic mountains, beautiful landscapes, and a wealth of artistic attractions such as stone carvings and Tung blossoms. Many people in Taiwan appreciate this picturesque environment, making it an appealing prospect for potential homeowners. The plan to develop "enterprise-commercial villas" combines leisure and business reception purposes, providing an attractive option for entrepreneurs seeking to enhance their quality of life while investing in the park. This strategy is expected to generate financial revenue, helping to offset debts and enabling the park to endure the impacts of Covid-19. Ultimately, this business model aims to ensure the sustainability of the New Era Art Resort & Spa Park.

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8. CONCLUSION

This case study focuses on the New Era Art Resort & Spa, established in central Taiwan in 1987. The resort boasts an exceptional location, stunning scenery, and unique ethnic art, which have successfully attracted numerous tourists. However, the Covid-19 pandemic imposed stringent travel restrictions, leading to a near-total shutdown of operations. The research framework for this study incorporated systems thinking, PEST and industry analyses, and a SWOT analysis. Original data were collected through direct observations of the resort's operations and interviews with its management team. The main findings are twofold:

In terms of strategic management, the study identified that management must first enhance its awareness of the challenges posed by the Covid-19 crisis. Following this, a thorough analysis of internal and external environments should be conducted to inform the development of coping strategies. Lastly, improving the flexibility of these strategies is crucial for effective implementation.

Regarding the business model, managers can leverage environmental advantages and optimize available resources by re-integrating existing operational models, adding new service elements, and creating appealing consumption models tailored to customer expectations. Furthermore, marketing strategies should focus on establishing a high-end camping experience that emphasizes nature, attracting customers seeking to avoid crowds during the pandemic. Additionally, redeveloping parts of the park for large-scale commercial villas can enhance financial stability through sales.

The contribution of this study lies in its examination of a real-world case and the strategies employed in response to the Covid-19 pandemic. These insights may prove valuable for managers seeking to formulate effective coping strategies in similar circumstances. However, it is essential to remain cautious when assessing the potential success of these strategies and business models. Future research should continue to monitor this case, gather additional data, and develop criteria to evaluate the effectiveness of the implemented strategies.

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