



A Case Study of New Era Art Resort & Spa About Its Business Evolution and Coping Strategies with Covid-19

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Abstract. This case study takes the “New Era Art Resort & Spa” as the study case. This research aims to explore the evolution of its business models and managerial strategies used when facing the business crisis caused by Covid-19. For research methods, this study adopts the case study method and inquiry research design along with the application of systems thinking, PEST and industrial analyses, and the SWOT tool. Original data were collected by observing the operation status of the case and interviewing the operators and key managers. Based on the interview, observation results and other secondary data, New Era Art Resort & Spa adjusted its management strategies to target top customers that were willing to pay higher prices for luxury camping where a quieter and more refreshing natural environment was established to stay away from crowds during the epidemic and go sightseeing and consumption in suburban resorts. Additionally, part of the land in the park will be redeveloped to build large-scale commercial villas as a reception and recreational place for business guests and employees. This management strategy will generate financial revenue by selling villas to offset the debt and improve the financial situation. This will help the park to survive the impact of Covid-19.

Keywords: New Era Art Resort · Puli · Sun Moon Lake · Tourism · Glamping · Case Study · Covid-19 · Strategic Management · Business Model

1 Introduction

1.1 Case Introduction

The main target of the case study is the New Era Art Resort & Spa Park, which was established in 1987 located in Puli basin in the middle of Taiwan [1]. The park is located on the route from the end of the sixth highway to the famous and popular destination, Sun Moon Lake. With unique ethnic art ambiance full of renowned Taiwanese sculptor “Lin Yuan’s” authentic outdoor works in a style of Art Brut, “New Era Art Resort & Spa” successfully leveraged these precious resources to attract visitors in the business of tourism and hospitality. In the 6.6 hectares, the sculpture park has evolved its complex business model with creative restaurants, conference and wedding facilities, vacation

cabins, a spa, a beer plaza, a local specialty, souvenir, and boutique stores. Additionally, the Tung blossoms at this resort and center of art became another major attraction [2].

The park's operation is mainly based on the cottages built by Canadian fir, combining stone carving artworks, local creative food, health products, beer plaza and kiln-baked pizza bread, etc. In addition, diversified entertainment service programs form a comprehensive leisure and vacation center to meet various needs. Combined with the rich local tourism resources in Puli, the New Era Art Resort & Spa Park is a famous tourist attraction in central Taiwan.

1.2 Impact of Covid-19 on Hospitality and Tourism

On December 8, 2019, several cases caused by a Coronavirus variant were identified in China, which raised concerns with public health about the spread of a new disease (Covid-19) in the world [3]. In the past two years, 2020 and 2021, the Covid-19 epidemic has ravaged the global tourism industry [4], and Taiwan is hard to be exceptional. A series of strict prohibitions almost shut down the resort's business and operations. As a result, the number of foreign tourists visiting Taiwan has dramatically decreased. Domestic tourists have also reduced their tourism consumption due to the epidemic's impact, which has had a significant impact on the operation of New Era Art Resort & SPA Park.

The income of the recreational holiday homestay has decreased to one third (1/3) of the original business performance. At the same time, the diversified entertainment and catering services in the park have been seriously affected, which has greatly caused a crisis in the operation of New Era Art Resort & SPA Park. At the time of the significant impact of Covid-19 on the catering, tourism and hospitality industries, it is critical to reflect on this situation, adjust business strategies, and transform business models. This paper aims to describe the strategic choices in the face of such crises and challenges in the process of corporate coping strategies with two major changes. During this period, an extended area in the park is designed and developed for glamping. Large business villas will be built and sold in the park to improve the financial situation.

2 Literature Review

2.1 Strategic Management

Scholars such as Crook and others [5] put forward a concept of strategic management as a company's strategic position, which is the ability of managers to collect and interpret data related to the company itself, including customers, employees, partners, shareholders and other stakeholders. Strategic management means the main goals and strategies formulated by the senior management of the company, based on the judgment of the company's resources and the evaluation of the external and internal environment [6, 7]. PEST (political, economic, social-cultural, and technological) external environment analysis, SWOT (strength, weakness, opportunity, threat) analysis and business models are used to examine the current operating conditions of the case company: New Era Art Resort & Spa (牛耳藝術渡假村 in Chinese).

Based on their strengths (S) and weaknesses (W), companies can use the PEST analysis method to examine the environment and learn about the opportunities (O) and

threats (T) that external environmental factors may bring to a company. A two-by-two matrix of SWOT analyses (that is a cross table between SW and OT) is helpful for a company to develop strategies that can leverage its strengths to catch opportunities and avoid its weaknesses susceptible to the threat [8].

2.2 Business Model

The business model refers to the integration of various internal and external factors that enable the enterprise to operate to maximize the value of all parties to form a complete, efficient, and competitive operating system and satisfy customers through the best system or model. That pursues a holistic solution to achieve business goals and make the enterprise continue to be profitable [9]. Simply put, a “business model” is the means and method by which a business creates revenue and profits.

Three interpretations of the meaning and function of “business models” have emerged from the management literature: (1) business models as attributes of real companies, (2) business models as perceived cognitive or linguistic models, and (3) business models as a formal conceptual representation of how business functions or operates [10]. Generally speaking, a business model covers a vast range, including how an enterprise organizes its employees and faces customer needs and how to formulate organizational strategies and obtain benefits by implementing the strategies [11].

2.3 Systems Thinking

For developing managerial strategies and business models, systems thinking is useful along with environmental PEST and industrial analyses as well as the SWOT tool. The systems thinking is a holistic perspective and approach in cognition to help managers identify patterns of behaviors, underlying processes and structures, and predominant social mental models behind a trend or phenomenon [12, 13], which the impacts of Covid-19 might cause.

For example, because people have more leisure time, a better economic status, and more convenient transportation than before, a high order of authentic, aesthetic, peaceful or harmonious values is getting more attention when people plan their leisure activities. At the same time, due to Covid-19, social distancing is adopted to avoid spreading the illness. Thus, a natural and spacious attraction without drawing crowds may become an ideal and safe destination for tourists to visit.

3 Research Methods

3.1 Case Study Method

The purpose of the research is to explore the strategic management and business model used by “New Era Art Resort & Spa” when it faced the business crisis caused by Covid-19. This research adopts the case study method. In general, research questions that focus on processes, such as how and why usually take the case study approach [14]. Regarding the development of strategic management and business model, because it is necessary

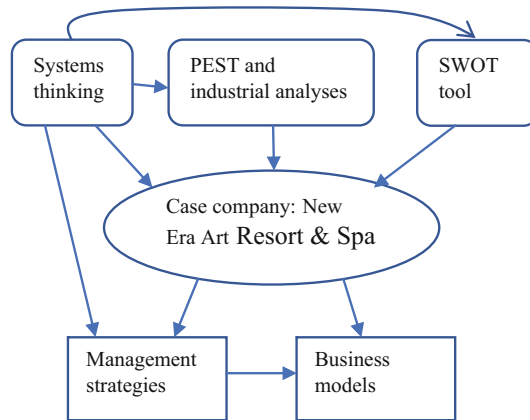


Fig. 1. Research Framework

to be based on actual practices, the case study method can be an effective research design to understand those practices that the case enterprise implemented and record them systematically. The case study method collected data by observing the case on the spot and interviewing the operators and key managers of the case and sorting out the case's managerial strategies and business models based on the interview and observation results.

3.2 Research Design and Framework

In addition to the case study method, a heuristic inquiry research design was adopted [15]. One of the authors was a consultant working for the case company. This provides an advantage in data collection, analysis, and interpretation to ensure the feasibility and credibility of the study.

A research framework was created by three pillars: Systems thinking, PEST and industrial analyses, and a SWOT tool. PEST and industrial analyses attempted to identify and predict possible impacts and influences of Covid-19. The SWOT tool helped assess available resources of the case company, New Era Art Resort & Spa. Systems thinking adopted a holistic perspective to consider potential and effective management strategies and to establish business models (Fig. 1).

4 Case Analysis

4.1 Threats and Opportunities

The biggest threat to the diversified services of New Era Art Resort & SPA Park is the impact of Covid-19, causing almost shut-down of the resort's business and operations. The epidemic of Covid-19 has led Taiwan's Central Epidemic Command Center to impose a series of strict prohibitions on gatherings, which directly affects the operation of the tourism and hospitality industries. It becomes a crisis and a big challenge for "New Era Art Resort & Spa Park" to face.

Fortunately, vast and well-maintained green grasslands, a beautiful park environment, and ample parking space can become an ideal place for escapists from the epidemic as long as a safe social distance is assured. This implies that fewer visitors will be allowed to enter the park but still can afford to maintain the park's operation. It seems a good timing and opportunity for the park managers to adjust their strategies for top target customers, who are willing to pay higher prices.

4.2 Weaknesses and Strengths of Internal Resources

New Era Art Resort & SPA Park is a family-owned company, and its management method is relatively conservative and difficult to change. At the same time, due to the shortage of income, personnel costs and new investment in developing glamping area, the deficit is severe. This is an urgent internal weakness.

However, a large park area, environmental resources, and a well-known brand are the internal strengths. New Era Art Resort & SPA Park is a well-known local enterprise with popularity and consumers' trust to be the internal advantages. Additionally, the large area of the park with its unique ethnic art ambiance and the environmental resources can be a good base as a competitive advantage to actively diversify and differentiate products and create innovative service programs.

5 Result and Discussion

Based on the observations and interviews, this study found that when the case company faced the challenge of the Covid-19 epidemic, a process of adjusting strategic management was recognized. First, the operator and key managers would enhance the management's awareness of coping requirements. Then it would be helpful to analyze the threats and opportunities of the overall environment, and understand the advantages and disadvantages of internal resources to form coping strategies. Finally, it is essential to improve the flexibility and resilience of strategy application.

The case management team uses data from various sources to formulate management strategies and establish business operation models based on internal and external advantages and disadvantages. The two primary business models are as follows.

5.1 Glamping Area

The pandemic of Covid-19 allows fewer visitors to enter the park. In order to maintain the operation of the park, the park managers adjusted their management strategies to target top customers that are willing to pay higher prices to enjoy a quieter, cleaner, and more refreshing and comfortable natural environment.

New Era Art Resort & SPA Park has a vast and good environment. This advantage is conducive to the development of "glamping" business projects. "Luxury camping" is an industry that demands high-quality services, beautiful surroundings and creative services [4]. For New Era Art Resort & SPA Park's high-quality human resources along with sufficient environmental resources, such development has advantages.

“Luxury camping” operators consolidate the comfort and service quality of the facilities in the field as the basis, and then pay attention to the beauty of the environment, maintain low-density accommodation in the camping site and high natural environment of the campsite, and provide more natural experiential activities, so as to meet the needs of target customers. A combination of spiritual pleasure and authentic experiences adds value for luxury campers. This supports that high-quality services and facilities make consumers willing to pay higher prices.

5.2 Development of Enterprise Commercial Villa

In the face of the challenge of the epidemic of Covid-19, New Era Art Resort & SPA Park still needs to pay the operating costs, personnel salary, and environmental maintenance costs. Therefore, part of the land in the park will be redeveloped to build large-scale commercial villas, and the financial situation will be improved by selling villas. Such repackaged business operation model can maintain the continued operation of New Era Art Resort & SPA Park.

New Era Art Resort & SPA Park is located in Puli on the way to Sun Moon Lake. In addition to precious natural resources of scenic mountains, beautiful landscapes, and lake, the park itself owns numerous stone carving artworks, spa, and the Tung blossoms to attract visitors. Many people in Taiwan love such a beautiful environment. If the beautiful environment in the park can be turned into an individual’s own home, the park is believed to be like a dreamland for leisure and recreation.

Therefore, it is planned to develop “enterprise-commercial villas” in the park, combining the recreational purpose of sightseeing and business reception as welfare for employees. A combination of natural ecological resources and a beautiful environment as well as aesthetic ambiance, these villas are believed to be attractive to entrepreneurs for enhancement of life quality and for an excellent investment to co-operate the park. This management strategy will generate financial revenue to offset the debt and help the park to survive the impact of Covid-19. That is, this business model will allow New Era Art Resort & SPA Park to maintain its sustainability.

6 Conclusion

This case study uses the “New Era Art Resort & Spa” as the study case, which was established at central Taiwan in 1987. The case has an excellent sightseeing location, beautiful scenery and unique works of ethnic art sculptors. These valuable sightseeing resources have successfully attracted many tourists. Unfortunately, in the face of the Covid-19 pandemic, a series of strict travel bans have resulted in operations being almost shut down.

Systems thinking, PEST and industrial analyses, and a SWOT tool consisted of the research framework for this study. Original data collection included observing the operation status of the case and interviewing the operators and key managers. Based on the interview and observation results, the main findings are twofold. First, in the part of strategic management, firstly, this study found that when a case is faced with the challenges of the Covid-19 epidemic, the management level should be enhanced with

the awareness of coping, and secondly, after analyzing the advantages and disadvantages of the overall environment, a coping strategy should be formed, and finally the flexibility of using the strategy should be improved.

In the part of the business model, first of all, managers may combine the environmental advantages and adjust the available resources of the enterprise, re-integrate the existing operation model, add more service elements, and package them into a consumption model expected by customers; secondly, combining with marketing strategies to create a high-end camping area image, through the concept of being close to nature, attracts customers to stay away from crowds during the epidemic and go sightseeing and consumption in suburban resorts; finally, part of the land in the park will be redeveloped to build large-scale business villas, and the financial situation will be improved by selling villas.

The contribution of this study is to adopt a real case and examine its strategies and business models in facing the impact of the Covid-19 pandemic. The practices could be valuable and inspiring for managers who are interested in how to develop coping strategies under the Covid-19. However, a caveat should be noticed for evaluating whether these strategies and business models will work well to succeed. Therefore, it is required in further and future research to keep following this case, collect more data, and develop some criteria to judge whether these strategies and business models are successful.

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