Emerging Key Elements of a Business Model for Sustaining the Cultural and Creative Industries in the Post-Pandemic Era

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Abstract: In this article, the challenges that cultural and creative industry (CCI) firms face in forming sustainable business models—issues heightened by the ongoing COVID-19 pandemic and the evolving consumer patterns that it has triggered—are addressed. The goal of this study was to identify a set of unique key elements crucial for the construction of a business model that aligns with the distinct characteristics of CCIs. To achieve this goal, an in-depth, long-term study using semi-structured interviews with proprietors in Eastern Taiwan was conducted. This region is home to unique, small-scale cultural and creative businesses and represents less than 5% of Taiwan’s population. The semi-structured, in-depth interviews served as the data collection method, while content analysis was used for data interpretation. This approach allowed the current study to encapsulate a set of key elements that could inform the creation of a business model for CCI firms. The insights gathered by the study provide a robust framework for the development of sustainable CCI business models, offering valuable guidance for both existing businesses seeking to adapt and grow and new entrepreneurs entering the industry. This research also aims to stimulate further scholarly debate on the importance of a tailored, multidisciplinary business model for CCIs, given their unique needs and characteristics.

Keywords: cultural and creative industries; key elements of a business model; post-pandemic era; semi-structured in-depth interview; the COVID-19 pandemic

1. Introduction

While Internet-associated businesses have experienced more than two decades of implementing and advancing practical industrial models and strategic frameworks, such as those provided by Chaffey et al. [1], Jelassi and Martinez-Lopez [2], and Laudon and Traver [3], most of these models were designed and established for conventional enterprises and normal brick-and-mortar firms. Currently, there is a lack of appropriate and sustainable industrial models that have proved to be perfectly suited to cultural and creative industry (CCI) firms, owing to these firms’ local, small-scale features and distinctive cultural and creative context [4].

Furthermore, there is no doubt that the ceaseless spread of the coronavirus (https://coronavirus.jhu.edu/map.html, accessed on 10 April 2023) has gone down in history as the defining crisis of the period from 2020 to 2023, and perhaps beyond. Kessler [5] (p. 55) proposed a term—the so-called New Normal—to describe the world in the wake of the pandemic; even if people’s lives return to normal, things will never be exactly the same as they were before. While the business opportunities for CCI firms will not disappear completely, this form of firm will invariably face new consumption patterns. Individuals can be anticipated to have a greater-than-ever demand for personalized and customized products, such as wall art or creative accessories, because of their long hours working at home, which will also give rise to novel demands for CCI products and services.

Since many CCI proprietors’ educational and training backgrounds were based on the prospects of becoming artists, craftspeople, or designers, the question of how to develop a
successful industrial model and make sure that it comprehensively addresses the compulsory elements and activities has become a critical issue because it is related to the notions of the business sector [6]. Furthermore, based on prior studies, many CCI proprietors have expressed that they do not have sufficient knowledge and the practical wherewithal to formulate appropriate business models for their firms, especially in the nascent, albeit gradually maturing, era of ubiquitous Internet access [4,7,8].

In this context, the present article contends that the potential key elements for a cultural and creative industry (CCI) business model, as proposed by prior studies—namely cultural and creative value, market estimation, achievement of business benefits, and marketing leverage—appear to be insufficient when these elements are confronted by the distinctive features of CCIs. These features include a heightened level of risk associated with business activities, a focus on balancing creativity and commerce, high production costs versus low reproduction costs, and the semi-public nature of goods that necessitates the creation of scarcity. Consequently, this study poses a major research question: "What are the special key elements crucial for the construction of a business model that aligns with the unique characteristics of CCIs?"

This study aims to address this challenging issue by considering the key elements of a CCI business model in the form of a set of guidelines, drawing on the insights of proprietors of firms in the CCI realm. Moreover, the study hopes to draw further attention to and spur debates about the scope of culture and creativity since it seems to be the time to consider 'business' ideas for CCI firms and proprietors and go beyond the traditional concepts of 'art', 'culture', 'craft', and 'novelty'.

This manuscript is organized as follows. First, the defining characteristics of the CCI and related notions, as well as potential key spheres of a business model designed especially for the post-pandemic era, are explored in depth. Second, the compounded research methods applied for data collection and analysis herein are illustrated at length. Third, the findings are reported based on the viewpoints of the current CCI proprietors by converging the results with the preceding literature. Finally, the article arrives at conclusions and advice on the implications for theory and practice.

2. Conceptual Background

The prior literature has indicated the importance of constructing specific business models for cultural and creative industries (CCIs) [9,10]. Because of CCI firms’ distinctive cultural and creative contexts and their local, small-scale features [4,11], there is currently still no proper model among those proposed by researchers for online and/or offline business (see [2,3]) that has proved to be perfectly suited to CCI firms. It would benefit CCI proprietors if a set of special key elements could be transformed or even combined from traditional business models before being put into practice.

First and foremost, the specific characteristics of CCIs are studied in some detail in the following subsections to highlight the extant research gaps. Then, the potential key spheres for inclusion in a CCI business model are discussed. Subsequently, several vital studies linking the impacts of the COVID-19 pandemic and the surrounding factors impinging on the CCI are described.

2.1. The Distinctive Character of Cultural and Creative Industries

The official definition of CCIs encompasses ‘industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service’ [12] (p. 2). By their very nature, the products and services provided by the CCI must necessarily express the characteristics of using, displaying, or exerting cultural elements through creativity. Since most cultural and creative goods and services accommodate various inherited and communicative features, the prior literature has indicated that, although these tangible or intangible products are available in numerous formats, they almost all share the following characteristics [4,11]:
• The goods or services developed by these firms may contain intellectual property that can be attributed to the individual or group responsible for their creation;
• Most of these goods or services are difficult to duplicate and remake;
• The production of these goods or services involves a degree of human creativity; and
• These products are mediums for conveying figurative messages to their consumers.

Founded on the perception of operating a cultural and creative business, earlier studies have specified four distinguishing features of a CCI: risky business, creativity versus commerce, high production costs and low reproduction costs, and semi-public goods with the need to create scarcity [4] (p. 31). When summarizing the above concepts, CCIs can be viewed as those industries that incur some unexpected value risks but are developed, nonetheless, based on the accumulation of cultural capital through creative design, production, management, and marketing, with the goal of driving human creativity, intelligence, and economic value forward.

Numerous cultural and creative industries (CCIs) are family-based, conducting business from home rather than from an office or storefront [7,8]. These firms have long faced concerns such as short product life cycles, difficulties verifying operational performance, over-reliance on the proprietor’s personal management abilities, poor credit standing, and challenges in developing novel marketing channels [11,13,14]. The COVID-19 pandemic has accentuated these concerns, with many businesses experiencing severe setbacks due to restrictions and shifting consumer behaviors [15,16]. Particularly in the post-pandemic era, it is unclear which transformational insights will enable proprietors to overcome a general lack of market awareness and cultivate the sustainability of their CCI firms specializing in small-scale cultural and creative products. Moreover, despite their struggles, CCIs have significant potential for recovery and growth in the post-pandemic era due to their flexibility and creativity. Understanding how to unlock this potential is a crucial research task. This study, therefore, addresses this challenge, aiming to advance our understanding of this critical phenomenon and to provide useful insights for CCIs navigating the post-pandemic landscape.

Furthermore, it is acknowledged that cultural and creative industries (CCIs) can be broadly defined to include sectors such as film, music, media arts, design, performing arts, and publishing, among others [11,12]. However, this study focuses particularly on independent and local CCI firms. The research was conducted in Eastern Taiwan, a region that accounts for less than 5% of Taiwan’s population and is characterized by many firms with local, small-scale features. As such, the scope of this study has been narrowed down to better align with the specific context of this region.

2.2. The Potential Vital Spheres for Establishing a CCI Business Model

A set of business processes and strategic activities that are aimed at generating revenue for a firm in the marketplace and lie at the center of any industrial plan can be defined as a business model [15–17]. In the post-pandemic era, a business model might further aim to leverage the synergy of a firm’s physical store in combination with virtual platforms, social networks, and the Internet. For operating online and offline businesses, the prior literature has established a broad foundation of knowledge for framing various business models [3] (pp. 341–354). Rather than reiterating these existing theories, the following subsections are aimed at reviewing the key spheres of a business model, specifically for those firms pursuing creative and cultural tasks.

2.2.1. The Attainment of Cultural and Creative Value

This notion can be likened to the ‘value proposition’ applied in the construction of general business models [3]. In fact, this concept is the primary one for the proprietors of cultural and creative industry (CCI) firms when attempting to frame a predominant business model. However, the challenge for CCI firms is clearly specifying how their services or products can meet a customer’s demands and create a unique value proposition [18,19].
Based on the prior literature, successful cultural and creative attainable values include engendering memories and emotional connections, allowing users to experience the uniqueness of the cultural and creative production, and providing craft value and cultural heritage [20,21]. These attainable values emphasize the importance of creating a memorable and emotional experience for customers, while also showcasing the unique aspects of cultural and creative production. CCI firms must be able to communicate these attainable values to their customers to differentiate themselves from others. To enhance the attainable values of CCI firms, the proprietors should recognize the special characteristics with which their cultural and creative products could be imbued to enhance customers’ perceptions of their irreplaceability and consider why customers would choose a specific CCI product instead of selecting a similar offering. This process involves identifying the unique selling points of a product or service and communicating them effectively to customers. By doing so, CCI firms can create a compelling value proposition that will attract and retain customers.

2.2.2. Market and Trade Circumstance Estimation

CCI firms are recommended to envision the market range of products or services to the fullest extent possible, including actual or potential commercial value areas [22]. Market estimation might help traditional manufacturers to transform themselves and leverage the enormous opportunities by conducting cultural and creative business [23]. For example, a gift shop might gradually transform into a CCI product marketer using existing channels to provide new creative products to existing customers. By relying on market estimation, most firms can make more accurate conversions and bolster their progress.

For a CCI firm, the conception of trade circumstances refers to a proprietor realizing how many other firms operate and sell similar products in the same marketplace [24]. This concept also encompasses potential new entrants to the market, the existence of alternative products, and the influences that clients and suppliers bring to bear on the firm’s business [25]. The prevailing trade circumstances can be investigated from several standpoints, including the number of active firms, the scale of those firms’ operations, the profitability of their productions, the prices of their cultural and creative products and services, the creativity generated from them, etc. [26].

2.2.3. Strategies for Achieving Business Benefits

Most enterprises achieve their profits through large sales volumes or by offering services or products for lower prices than others [27]. However, for CCI firms, profit is contingent on fortifying some distinct factors of production that other firms cannot easily access [4]. Can a firm that has the specific knowledge and knowhow required for producing CCI products achieve more profits? Alternatively, if a CCI firm holds a patent for a product that other firms cannot easily duplicate or imitate, will it also help the firm? The prior literature has suggested that proprietors of CCIIs should formulate asymmetric operating capabilities, including relying on inimitable techniques, connecting with the cultural context, ensuring that the firm is situated at the head of the queue for having resource requests fulfilled, and even having strong financial supports [28,29]. Implementing the concept of diversity will help to prevent CCI firms from being undercut by lower-priced competitors.

Based on previous research, CCI proprietors are also encouraged to settle on their brands to obtain better business benefits [30]. Since a brand name is protected by the law of copyright, it means the name itself accrues some unique business benefits, such as quality, reliability, and loyalty [31]. However, after a brand name is registered, would it be easier for a CCI firm to charge premium prices for its products and services? Furthermore, in most cases, under normal business conditions, business benefits are assumed to accumulate on a short-term basis. For CCI firms, extending and sustaining the business benefits for prolonged periods are matters that have still not been satisfactorily answered. It is imperative to address the challenge of studying these problems.
2.2.4. Marketing Strategy Progression and Leverage

Many proprietors of micro-enterprises hope to incorporate as many marketing ideas as they possibly can when initially envisioning their businesses [32]; moreover, they expect those marketing ideas to cover the entire CCI market. Nonetheless, even enterprises and experienced corporations that possess sufficient marketing resources still cannot find ways to appropriately dialogue and engage with their target audiences. It seems that many CCI proprietors have employed the traditional marketing instructions recommended by Kotler and Keller [33] to promote their products and establish their brands.

However, most of these tactics and guidelines are not pertinent to CCI firms. The reason is that these generally accepted marketing strategies, processes, and practices for mass-developed manufacturing goods are not suited to delicate, distinctive, hand-made, and scarce CCI products. Although practical marketing strategies are a vital component of the success of CCI firms, a limited number of studies, such as those by Kapferer and Bastien [34] and Tyrväinen et al. [35], have provided explicit marketing concepts and/or detailed means to assist small-scale local firms in sustaining their businesses for long-term growth. On a related note, Kolb [36] indicated that firms can encourage customers who have the interest and intention to purchase CCI products by facilitating the behavior via social media. Currently, however, all these notions are piecemeal and fragmentary and in need of systematic convergence.

The question of whether there are any additional requirements for establishing a comprehensive CCI business model, above and beyond the four spheres presented above, remains unanswered. Have the proprietors of CCIs encountered myriad novel issues that they did not have to contend with prior to the COVID-19 pandemic? If so, how severely have these contingencies affected the operation of their firms? Investigating and answering these important questions are clearly endeavors worthy of empirical study.

2.3. The COVID-19 Pandemic and the CCI

During the development of this study from 2021 to the present day, the coronavirus has continued to spread (https://coronavirus.jhu.edu/map.html, accessed on 10 April 2023). This new strain of pneumonia represents the greatest crisis facing businesses and has severely strained commercial operations since the end of 2019. The influences of the virus might be transitory; however, worldwide businesses are being forced to undergo an intense period of adjustment. Headlines by the Economist [37] reading ‘COVID-19 seems to have changed lifestyle for good’ and ‘Google search traffic for cooking, exercise and crafts remains above normal levels’ have heralded just some of the changes.

Although the business prospects of CCIs are not expected to vanish completely, these firms will certainly face new consumption patterns. Kessler’s [5] notion of ‘New Normal’ encapsulates the idea that, even if individuals’ living patterns revert to something approaching normalcy, things will never faithfully match up with lifestyle patterns as people experienced them before. Based on the aforementioned transformation of lifestyle, the notion that ‘a stay-home economy is on the rise’ has also been suggested by the editors of Fast Company [38]. What will happen to consumer tendencies under the influence of such fluctuations? What types of novel mechanisms can ensure the future survival of CCI firms? Relevant studies have pointed out that individuals’ ways of working and living, which are inextricably related to consumption and purchase patterns, have undergone major changes since the pandemic [39–43]. These shifts have included the following:

- The scope of peoples’ living circles has been readjusted: Most people are trying to reduce reliance on long-distance transportation and decrease contacts with crowds. They have more willingness to participate in regional activities;
- The borderline between life outside of work and work has become blurred: Most individuals did not work remotely, at home, in the past. However, since this pandemic, many people have begun working from their abodes. As a result, homes have turned into work hubs. Many individuals express a greater demand for customized and personalized decorations and commodities to enrich their moods;
• Electronic consumption and virtual and digital experiences will become mainstream: Individuals of all ages are growing increasingly accustomed to online shopping and have become used to accessing virtual experiences. Moreover, non-contact payment methods have enhanced the progress of digital cash flow;

• ‘Safe social distance’ has changed individuals’ social behaviors: Transformations in social activity willingness, connections, and interactions mean that many customers have migrated to virtual social networks to stay connected while maintaining safe social distances. Activities intended only for small numbers of participants have become commonplace, and the frequency and duration of stay-at-home activities have increased.

In the pre-pandemic era, most of the CCI firms connected with their local industries and business activities in a very broad, literal sense. However, in light of the numerous changes in consumption behaviors and patterns, it seems most CCI firms are not easily able to organize and conduct physical activities owing to the pandemic restrictions. Subsidies and allowances provided by the relevant government units are mere thin gruel when it comes to keeping their businesses afloat. How to adjust and respond to these dramatic changes is another of the knowledge gaps that this study attempts to fill.

3. Method

The discussions in the conceptual background section revealed that the most salient requisite elements of a business model for cultural and creative industries (CCIs), especially for such a model to be practical and workable in the post-pandemic era, remain poorly defined and understood. There is scant research focusing specifically on elucidating the pivotal constructs to support a successful business model for CCIs in a transformed world, where the commercial environment has been shifted dramatically by the COVID-19 pandemic. Furthermore, there are currently very few studies applying qualitative methods to provide advanced insights into CCI proprietors’ actual circumstances and establishing comprehensive viewpoints for pointing the way forward. This manuscript endeavors to address these empirical knowledge gaps.

This section describes the methods implemented for data collection and data analysis in the study. Long-term, semi-structured, in-depth interviews were conducted with 54 CCI firm proprietors in Eastern Taiwan to discover those concealed but important factors for determining and categorizing potential key elements of a CCI business model.

Standard procedures were followed to ensure that the rights of participants were safeguarded throughout all phases of the study. Only persons who were at least 18 years of age were invited to participate in the current study.

3.1. Data Collection

The interview is a method that is suited to collecting primary sources of information [44]. By visiting informants with a specific purpose and through appropriate arrangement of semi-structured questions, a researcher can obtain informants’ opinions and thoughts on specific issues, such as the operational circumstances of CCI firms during and after the COVID-19 pandemic, and find the answers that he or she seeks to elicit [45]. According to Taylor and Bogdan [46], in-depth interviews involve a researcher conversing with participants to gain insights into their perspectives on their own lives, experiences, or situations. Minichiello et al. [47] suggested that the in-depth interview is typically used as part of an exploratory study, in which a researcher aims to gain understanding of the field of study and develop theories, rather than testing pre-existing ones. Additionally, this method can connect theoretical and practical deliberation to deepen understanding of social reality and consider how the issue should be studied.

The selection of interview subjects was based on a CCI database established by a county government in Eastern Taiwan. The study applied ‘purposive sampling’ to recruit information-rich informants [44]. In all, 80 CCI firm proprietors were contacted initially. However, because of the vicissitudes of the pandemic situation, only 64 of those individuals
agreed to participate in this study, and in the end, 54 of them were successfully interviewed. The demographics of these participants is illustrated in Table 1. Many CCI firms only have 2–5 employees or are sole proprietorships. Most interviewees were heads of local CCI firms, and only three proprietors had international customers. The interviews allowed this study to glean precious first-hand data during the pandemic, and, moreover, the information reached the point of ‘theoretical saturation’ [44].

Table 1. The demographics of informants participating in the semi-structured, in-depth interviews.

<table>
<thead>
<tr>
<th><strong>Type of firm</strong></th>
<th><strong>Number of Informants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural product industries</td>
<td>3</td>
</tr>
<tr>
<td>Application of cultural assets and publication industries</td>
<td>7</td>
</tr>
<tr>
<td>Craft industries</td>
<td>16</td>
</tr>
<tr>
<td>Lifestyle and creative industries</td>
<td>15</td>
</tr>
<tr>
<td>Visual arts and design industries</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Years of operation of firm</strong></th>
<th><strong>Number of Informants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1–3 years</td>
<td>9</td>
</tr>
<tr>
<td>4–10 years</td>
<td>28</td>
</tr>
<tr>
<td>More than 11 years</td>
<td>17</td>
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<table>
<thead>
<tr>
<th><strong>Number of employee(s)</strong></th>
<th><strong>Number of Informants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Locally based sole proprietorship</td>
<td>23</td>
</tr>
<tr>
<td>2–5 persons</td>
<td>28</td>
</tr>
<tr>
<td>More than 6 persons</td>
<td>3</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>Major marketing channel</strong></th>
<th><strong>Number of Informants</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>E-commerce platform or website of the firm</td>
<td>20</td>
</tr>
<tr>
<td>Physical store, local market fairs, and/or holiday markets</td>
<td>31</td>
</tr>
<tr>
<td>Social media</td>
<td>3</td>
</tr>
</tbody>
</table>

The approximate duration of each interview was anywhere between one and three hours, depending on the nature of each informant’s responses and the specifics of the individual communication processes themselves. To ensure the correctness of the verbal data, notes were taken at the same time as an memory aid. Fourteen interviews were conducted online through Google Meet, whereas the other subjects were interviewed in venues that were convenient and comfortable for the interviewees, such as their physical stores, studios, and local market fairs.

At first, the interview questions focused on the CCI proprietors’ viewpoints and observations regarding the operational conditions of their firms before and after the COVID-19 pandemic. Then, questions probed whether mentors or courses had taught them how to formulate a suitable business model for their CCI businesses. Furthermore, some questions regarding the key elements of a CCI business model, which were generated from the literature review described in Section 2.2, were posed. Each informant received an interview guide that included the interview questions. The interview protocol is provided in Appendix A.

### 3.2. Data Analysis

Data analysis in qualitative research follows its own rigorous and systematic processes [44,45]. This study applied content analysis to investigate the insightful opinions provided by the proprietors in the hope of encapsulating a set of key elements that could be used to formulate a business model for CCIs. Content analysis is suitable for describing cognitive and/or behavioral reactions and identifying the inclinations or intentions of individuals or groups [48]. This study integrated the data analysis guidelines provided by Eisenhardt [49] with the rigorous processes illustrated by Rossmann and Rallis [45].

An independent multi-level coding procedure was implemented for guaranteeing the reliability of the content analysis. This study invited two academics—one in Australia and one in Taiwan—to act as consultants. The author of this manuscript, who has the-
oretical training and a wealth of practical and academic knowledge about CCIs and the implementation of diverse types of business models, conducted the major coding process by using open-coding and ranking techniques [44]. The software used to assist with the data analysis was ATLAS.ti 8. The data were coded and labeled without the use of any automatic functions. After each coding was completed, the results were delivered to the two consultants, who used their formidable expertise in qualitative data analysis methods to act as quality controllers.

3.2.1. Stage 1—First and Second Level Content Analysis

Initially, narratives were coded and organized into manageable categories that provided meaningful and interrelated information. Figure 1 illustrates a preliminary conceptual map of the relationships among research thoughts, categories, and keywords in this study, based on the analysis of all 1321 coded key terms. Keywords were chosen by considering the core idea of this study and words related to the keywords, such as verbs, nouns, adjectives, adverbs, and even synonyms, whether singular or plural, with similar meanings. Based on the keywords, eight categories were defined after analyzing the relationships between the original interview data and the keywords themselves. These categories included: value of human culture, value of creativity, market analysis, competitors, business revenues, marketing approaches, perspectives, and personal demands (as shown in the first level conceptual map in Figure 1).

![Figure 1. First level conceptual map with primary keywords emerging from the content analysis.](image)

Further analysis was conducted to yield a second-level conceptual map (see Figure 2). It was anticipated that more spheres would be generated beyond the four potential spheres for establishing a CCI business model that were reviewed and described in Section 2.2. In fact, eight explicit potential spheres were derived, which included the embrace of cultural values, the leveraging of creativity values, the estimation of market ranges, the trading challengers, the enhancement of business revenues, the advancement of marketing strategies, plans for future commerce, and the demands of extra knowledge and skills. Most of the spheres extended our knowledge from the prior literature. Furthermore, the seventh and eighth spheres were especially new and interesting knowledge angles that emerged from the information given by the informants.
3.2.2. Stage 2—Emergence of the Potential Key Elements of a Business Model for CCI

The purpose of this stage was to provide a solid theoretical foundation for the derived concepts and to theorize about them further. The same quality assurance procedures were followed in this stage as in the first one. The present analysis focused on those concepts and the literature related to the eight potential key elements. As a result, if a CCI proprietor wants to formulate a workable business model, this study proposes considering at least the following eight practical aspects (also see Figure 3):

1. Statement of cultural value commitment;
2. Explication of added creativity values for CCI products;
3. CCI products and services marketplace conjecture;
4. Analyses of direct and indirect trading rivalry;
5. Tactics for acquiring industrial profits;
6. Marketing strategies for CCI products and services;
7. Future commerce development plans;
8. Requisite knowledge and skills for cultural business management.

Figure 2. Second-level conceptual map considering the narratives with key terms.

Figure 3. The eight key elements of a business model for CCI.
4. Results and Discussions

After the 54 informants’ opinions and comments were carefully extracted and considered, the content analysis revealed eight key elements for constructing a CCI business model. These key elements are categorized and elucidated below. Only those most valuable cases or descriptions were selected and are quoted.

(1) Statement of cultural value commitment

It was pointed out that many CCI products are not well embraced by their target markets because the business models underlying them lack one critical point: commitment to cultural value [8]. A majority of the informants believed that the CCI products and services that they provide do, in fact, embody a certain degree of meaning in terms of cultural inheritance and civilization transmission.

For instance, as one respondent stated, ‘These woodblock printing products, which have encapsulated the cultural attributes and connotation of traditional craftsmanship for more than 1500 years, do inspire the customers’ spirits’ (Info04). Another expressed a similar sentiment in this way: ‘Based on a thousand years of hand-made pottery techniques, when I add some more artistic elements and modern expressions, my hand-made pottery products contain a combination of cultural connotations and practical functions’ (Info12). A third respondent noted, ‘Knitted products are definitely a type of commodity that could convey ideology, cultural symbols and lifestyles . . . In essence, it is a product that can affect and stimulate people’s thoughts’ (Info15).

When a CCI product has been imbued with cultural significance, and the techniques required to make them are based on a long-period ago, it seems that these products can surely improve people’s state of mind and their emotional states. The second informant—Info12—shared a similar sentiment about hand-made pottery products. The proprietor believed that the pottery offers a combination of cultural significance and practical use after artistic elements and modern expressions are incorporated. Furthermore, the third informant believed that knitted products can convey ideology, cultural symbols, and even lifestyles. These knitted products may be able to affect and stimulate people’s thoughts and therefore have a deeper significance beyond merely being a commodity. These expressions extended the concept from the prior literature of how important it is to embed cultural values into CCI products and services [4,13,18,19].

(2) Explication of added creativity values for CCI products

This sphere represented the notion that the CCI proprietors ought to manifest their original thinking, encompassing their belief in the worth, utility, and creativeness of their products and services. The prior literature has proposed a ‘cultural product design model’ for designing and adding the spirit and value of creativity to cultural products [50]. In the course of the interviews conducted in this study, two informants’ responses stood out as examples of this idea. The first one referred to combining the energy of jade with hand sanitizer. In the informant’s words: ‘I realize everyone has a demand to clean their hands during the pandemic. Therefore, I told consumers that jade has the function of increasing energy, which seems triggered their emotions to try new things besides hygiene protection. Surprisingly, the hand sanitizers with jade are becoming popular online’ (Info27). The second one referred to the far-infrared rays emitted by bamboo charcoal derivative, which can promote metabolism and eliminate fatigue: ‘. . . during the most serious pandemic period, this product was searched online and purchased every day, as it seems many people were looking for things that can provide protection’ (Info31). Creativity seemed to be implemented in the right circumstances with the right causes, especially during the pandemic.

Although the marketing strategies were also addressed in the above examples, both of the proprietors acknowledged that it was important to apply their creativity to appeal to people’s emotions and desire for something more than simply basic hygiene protection. By emphasizing the function of those products in increasing energy, they were able to pique the interest of consumers and encourage them to try something new. Originally, it may have been difficult for consumers to relate jade ornaments or bamboo charcoal derivatives to the
pandemic. However, when the distinctive characteristics of the CCI products were clarified, consumers could be encouraged to experience the uniqueness of the products or services. The idea of ‘added creativity value’ for CCI product development has also extended the concepts of ingenuity, curiosity, and adventure provided by previous literature [6,9,51].

(3) CCI products and services marketplace conjecture

This sphere related to the onus on CCI firms to envision the market ranges of their products or services, including actual and/or potential commercial value areas. Additionally, it also represented the important concept of mapping different levels of product and service ranges to different levels of market areas. One respondent replied, ‘I was not sure that Hemerocallis fulva had beauty benefits until the facial mask manufacturer told me about this. And this gave me a new way out . . . It allowed me to start reforming my business strategy for approaching diversified businesses’ (Info02). Another respondent portrayed the concept in this way: ‘Since the price of hand-made wooden lamps can range from several thousands to hundreds of thousands of dollars, I have established different levels of products, especially for those customized products’ special prices and their focused market scopes’ (Info34).

The first informant—Info02—discovered the beauty benefits of Hemerocallis fulva (a type of flower that is also edible) after being informed about them by a facial mask manufacturer. This information allowed the proprietor to explore new possibilities and reform the business strategy to include a more diverse range of products. The second respondent attempted to establish different levels of products to cater to different markets, especially those looking for customized products at special prices. By doing so, the firm was able to offer a wider range of products to different customers and, furthermore, could focus on specific markets to maximize profits. These valuable narratives were consistent with the thoughts about market estimations expressed in the literature [23] but from new perspectives, and they provided evidence for the feasibility of CCI firms using the concept of market range prediction to transform themselves.

(4) Analyses of direct and indirect trading competitors

This sphere referred to the other firms being able to sell similar products and operate in the same marketplace. It also recognized the existence of alternative products and potential new entrants into the CCI market. On the other hand, while some companies may be in different industries, their products can still be substitutes for each other. As one respondent expressed this dilemma: ‘My handmade bags and purses are seriously affected by this pandemic because the local market fairs did not open, nor did any of the holiday markets. Although I have tried to reduce the prices of my products, the companies that have online stores and continue to operate virtually have more competitive capability than I do’ (Info05). Yet another proprietor observed, ‘. . . those medium-size or big companies do have their competitive advantages and can make more profits from their products. Even though each of my handmade bags is unique, and I never duplicate any of them, the bag market is still very competitive’ (Info33).

Actually, many informants discussed the negative impact of the pandemic on their businesses selling handmade products, including Info08, 11, 13, 17, 20, 21, 22, 24, 33, and 45. Because of the closure of local markets and holiday markets, they have not been able to sell their products. They attempted to reduce the prices of their products but still struggled to compete with companies that have online stores and can operate virtually. Both informants highlighted the challenge of being a small business owner during the pandemic. Furthermore, the second informant acknowledged that, despite the uniqueness of the store’s handmade bags, the bag market was still very competitive. The CCI firms seemed to have few viable advantages that could bring more revenues from their products. These narratives pointed out that analysis of the current environment might help the proprietors to grasp the actual situation, and if there are many similar companies in a specific industrial field, it will be difficult to make a profit [11,17,24].
(5) Tactics for acquiring industrial profits

This sphere considered distinct factors of production that other firms cannot easily access, at least in the short term. One of the keys to obtaining benefits was whether the CCI firms had the specialized skills and specific knowledge required to produce products that other companies lack. One informant explained, ‘Recently, I developed a new type of product, which embedded scallop shells on wooden pen holders. This is because a lot of wood has some chips in it; I inserted these shell fragments to fill up the indentations before it is made into a penholder so that some part of the penholder shines with the brilliance of the shell. And it’s now one of my staples, selling really well’ (Info28). Another proprietor said, ‘We added aboriginal totems to the base of the wooden clocks, and now even for customized clocks, some customers request that we add these aboriginal elements to them’ (Info29).

Informant Info28 embedded scallop shells into wooden pen holders to fill up the indentations in the wood and created a unique design element that catches the eye. This innovation became a staple for the informant’s business and was selling well. It was a clever product development strategy to differentiate CCI hand-made products and increase value by adding a distinctive and visually appealing element. According to Info29’s opinion, when the local firm added aboriginal totems to the base of the wooden clocks and provided a customized design, customers acknowledged that they had become a desirable feature of the product. The informants above seemed to have recognized the value of incorporating cultural elements into their product design, which may help to appeal to a broader customer base and differentiate their products from others in the market.

In terms of benefits, a third respondent stated, ‘When the brand is established, consumers really remember my brand and introduce my products to others’ (Info27). The informant highlighted the benefits of establishing a brand for the CCI firm. Info27 mentioned that, once a brand was established, consumers might remember it and were more likely to introduce the products to others. This finding indicated that the informants, including Info08, 17, 20, 27, 45, and 54, recognized the importance of building a strong brand identity and the potential impact it can have on customer loyalty and word-of-mouth marketing. By focusing on branding, the respondent was likely investing in building a lasting and recognizable image for the products, which could result in standing out in a crowded marketplace and building a loyal customer base. These descriptions echoed sentiments expressed in the prior literature [8,31,36] but extended evidence from the policies of CCI firms that developing unique features for products and services does bring them more industrial benefits.

(6) Marketing strategies for CCI products and services

How to sell ‘connotation’ and ‘creativity’ and create a positive value exchange system is key to the industrialization of cultural creativity [36]. Almost all the interviewees mentioned that they knew it was crucial for addressing germane marketing issues. However, one interviewee confessed, ‘During the pandemic period, the Internet seems to have become very important. But I really have no idea how to market my traditional stone carving products through the Internet’ (Info11). Another lamented, ‘I know I need to combine the Internet and social media to do those marketing things, so I have opened a Facebook fan page . . . . Nevertheless, I really do not understand how to present the content . . . some friends said I need to talk about something related to my tea to touch people’s hearts. But the truth is, I am a farmer, and I really have no idea about how to tell good stories’ (Info01). Yet another respondent expressed bewilderment: ‘When I saw some marketing gurus talking about the 4Ps or 7Ps, I was already spinning dizzyly with confusion’ (Info42). The heightened role of a CCI firm’s online presence during the pandemic is undeniable, yet a lack of technical knowledge held many firms back: ‘. . . when they all don’t want to go outside due to the pandemic, I certainly hope to help my customers to have a good view of my hand-made pottery works from their end via the Internet, but I don’t know how to do this’ (Info14).

These four informants all expressed a sense of confusion or frustration around using the Internet and social media for marketing their traditional crafts or products. The first informant—Info11—recognized the importance of the Internet but was unsure how to
market the stone carving products online. Info01 created a Facebook fan page but did not know how to present content that would resonate with people. Info42 was overwhelmed by marketing jargon, such as the 4Ps or 7Ps, which are concepts related to product marketing. The fourth informant selected here acknowledged the need to showcase pottery online but lacked the technical knowledge to do so effectively. Overall, many informants, including Info11, 12, 14, 15, 17, 20, 30, 33, 37, 42, 46, 47, 48, 51, 53, and 54, suggested that, while they recognized the importance of online marketing during the pandemic, they still faced a lack of understanding and technical expertise regarding how to operate digital channels effectively. This fact highlighted the need for education and resources to support traditional craftspeople and small business owners in leveraging online tools for marketing and sales.

As these comments illustrated, most of the proprietors who participated in this study expressed some level of frustration, especially during the pandemic period. Although some cases [11] have reported similar findings, it is understood that the marketing strategies for CCI products or services typically fall outside the established boundaries and value structures of mainstream industries [36].

(7) Future commerce development plans

This sphere considered the need for long-term expansion when some informants expressed that, because they operated personal studios or had only very few employees, they normally did not have a research and development (R&D) department in their firms, which many enterprises and normal brick-and-mortar companies have. The concept of this sphere represented most of the proprietors’ demands for advancements and additional arrangements. It was one of the two new dimensions found. However, two special cases should be reported. One interviewee remarked, ‘... actually, the pandemic did not distress me a lot because my raw jade ore came from my parents’ stocks. This period gave me some more time to rethink how to develop new products and find new consumer groups’ (Info27). Another described the situation in these terms: ‘... in fact, the pandemic did not really affect me or my business because, firstly, I still have a lot of wood in stock. Secondly, when customers did not visit the store, I regarded the daily making of these wooden pens as a new practice for my techniques. Moreover, I have already sketched out the ideas of the new styles that I would like to develop next year and the year after’ (Info28).

These two interviewees seemed to have a positive outlook on their situation during the pandemic. The first interviewee used the pandemic period to develop new products and find new consumer groups. This process showed that the interviewee had a long-term perspective on the business and was using this time to strategize and plan for the future. Info28 also used the pandemic period to practice and improve personal techniques and plan for future product development, showing a strong commitment to the craft. The study regarded these dialogues as a conspicuous decipherment. Nonetheless, during the interview processes, most of the informants (such as Info05, 15, 17, 20, 21, 24, 30, 40, 48, 49, 52) admitted that they knew future development plans were important, but when facing daily work and family matters and without systematic guidance about forming an appropriate future commerce development plan, especially based on the distinctive cultural and creative contexts, they felt frustrated. There are very few prior studies addressing this angle [29].

(8) Requisite knowledge and skills for cultural business management

This sphere was another new one revealed by this study. Since most proprietors of CCIs conduct their businesses independently, they were required to enhance their management knowledge and skills continually. One particularly salient example appeared from the interviews: ‘I spent half of a year and drove four hours every weekend to a private class to learn relevant business operations and management knowledge and skills. The most interesting thing was that the lecturer also taught us about how to formulate a unique business model for ourselves’ (Info27). Other informants in this study also expressed that they urgently needed to engage in further studies to learn related expertise, including selecting a store’s location, developing business proposals, building the capacity to request funding from private/governmental
sources, cultivating commerce management skills, bolstering competence to implement marketing activities, strengthening financial controls, etc. (Info01, 02, 11, 13, 30, 33, 45, 52).

Many informants addressed the importance of learning business operations and acquiring management knowledge and skills for creative industry entrepreneurs. In a special case, an interviewee spent half a year attending private classes and driving four hours every weekend to learn such skills and knowledge, including formulating a unique business model. However, others expressed the need to engage in further studies to gain related business management expertise. The interviewee responses suggested that many small and local creative businesses feel the need to acquire additional knowledge and skills related to business operations and management. This need is particularly urgent in light of the challenges brought about by the pandemic. The respondents recognized that, to stay competitive, they needed to learn how to select the right locations for their stores, develop business proposals, access funding, manage finances effectively, and implement marketing activities. These opinions expanded the results of prior literature [52] and pointed to the importance of CCI proprietors taking steps to advance their knowledge and skills.

5. Research Limitations

Some limitations of this study should be acknowledged. First, the eight key elements were derived from the perspectives of CCI practitioners combined with the insights of experts and scholars in the relevant CCI field. This fact means there was no incorporation of consumer perspectives, at least for the moment. Second, all the participants of this study were faced with a global pandemic unlike anything they had seen before, and the situation is continuing as of the time of writing. Whether or not there are other key elements related to the pandemic that have not yet emerged remains unknown. Third, although this study gathered information from currently operating firms, there may be gaps between the current results and broader real-world phenomena owing to differences between countries or cultures.

6. Conclusions

The current study used a set of key elements with a view toward helping proprietors in the cultural and creative industries (CCIs) to formulate appropriate business models based on the opinions and insights of experienced frontline proprietors of CCIs. This research has two vital implications for theory. First, it meets the urgent demand for guidance on how to operate and manage a CCI firm that is small-scale and has a low level of market identification in the post-pandemic era. It bears noting that many CCI firms are home-based, which means that proprietors conduct their businesses from their personal abodes, rather than working out of offices or storefronts. Generally speaking, these CCI proprietors have been facing the following obstacles: poor credit; excessive reliance on their personal management capability; difficulty in determining business performance; short product life cycles; insufficient innovation capability and IT investment; unclear marketing strategies; and difficulties in developing different marketing channels. The relationship between the identified obstacles and the proposed elements has been made explicit. Specifically, the obstacle of ‘poor credit’ could be mitigated by the effective implementation of “tactics for acquiring industrial profits”. Successful execution of these tactics could potentially improve the financial standing of the business and thus its access to credit. The issue of “excessive reliance on personal management capability” can be addressed by emphasizing “requisite knowledge and skills for cultural business management”. By enhancing this knowledge and skills, proprietors could be better equipped to delegate and manage more effectively. Furthermore, the challenge of “difficulty in determining business performance” can be directly tied to “CCI products and services marketplace conjecture” and “analyses of direct and indirect trading rivalries”. Both elements can provide clear parameters and metrics for performance evaluation.

“Short product life cycles” present a challenge that can be mitigated by “explication of added creativity values for CCI products” and “future commerce development plans”.

“Short product life cycles” present a challenge that can be mitigated by “explication of added creativity values for CCI products” and “future commerce development plans”. 
By understanding the creative value of their products and having clear future plans, proprietors can devise strategies to extend their product life cycles. In addition, “insufficient innovation capability and IT investment” can be addressed by a “statement of cultural value commitment” and “future commerce development plans”. A strong commitment to cultural value and a well-structured plan for commerce development can stimulate innovation and justify IT investments. The obstacle of “unclear marketing strategies” can be directly addressed by the element of “marketing strategies for CCI products and services”, which aims to provide a clear and effective marketing roadmap. The issue of “difficulties in developing different marketing channels” can also be mitigated by the “marketing strategies for CCI products and services” element, suggesting suitable marketing channels for the industry. Each of the proposed eight elements for constructing a CCI business model directly corresponds to one or more of the identified obstacles, providing a comprehensive framework for addressing these challenges.

Second, because the current literature remains relatively ambiguous on the topic of how CCI firms can formulate appropriate and efficient business models, the eight key elements have not been discussed thoroughly in the prior literature, creating a particular dearth of deep-level investigations using qualitative research methods. Fortunately, thanks to the results of this study, there now exists a clearer blueprint for constructing workable business models for CCIs.

The eight spheres, as discussed previously, differ to some extent from those expounded in the prior literature and from the theories presented by CCI scholars. The present study endeavors to bridge an essential knowledge gap that exists between the cultural and creative industry (CCI) and business development and industrial operations, particularly in the context of the global COVID-19 pandemic. The research’s implications extend beyond theoretical understanding, shedding light on practical strategies to stimulate growth and employment opportunities in the CCI sector, which is of substantial socio-economic value. Specifically, the outcomes of the research offer explicit guidance for CCI proprietors seeking to enhance community well-being, leverage local cultural elements for industrial development, and apply these elements in a manner that generates added value. The insights derived from this study can serve as a robust foundation that supports these endeavors, consequently leading to the growth and resilience of CCIs. Furthermore, these elements are expected not only to have practical implications for current businesses in the CCI sector but also to instigate a positive cycle of scholarly and policy discussions. They can potentially inform and drive forward multidisciplinary cultural policies, highlighting their roles in managing the unique challenges faced by the CCI sector.

In conclusion, the scientific value of this research lies in its contribution to the existing body of knowledge on CCIs and their business development strategies during crisis times, such as the COVID-19 pandemic. Meanwhile, its practical value is inherent in the specific guidance that it provides to CCI proprietors and the broader cultural policy discussions that it fosters. Through continuous exploration and implementation of the proposed key elements, we can facilitate sustainable and resilient development of the CCI sector amidst evolving global circumstances.

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**Informed Consent Statement:** Informed consent was obtained from all subjects involved in the study.

**Data Availability Statement:** Provided by the author upon request.

**Conflicts of Interest:** The authors declares no conflict of interest.
Appendix A

The semi-structured in-depth interview protocol is provided as follows:

• What is your background (i.e., education, previous work experience, how long you have been operating your current business)?
• Could you please share your observations in terms of comparing the circumstances of the cultural and creative markets before and after the COVID-19 pandemic?
• Has a mentor or course taught you how to form a proper business model for the cultural and creative industries?
• If you answered ‘YES’ to the question above, how did what you learned affect how you operate your business now?
• If you answered ‘NO’ to the question above, would you be willing to try to learn from the presentation of a comprehensive mechanism designed to help you to form a proper business model in the future?
• Which of the following aspects are you already implementing?
  a. The attainment of cultural and creative value
  b. CCI market and trade circumstance estimation
  c. Strategies for achieving business benefits
  d. Formulating specific marketing strategies for the firm
  e. Any further aspects

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