

Sotheby's Institute of Art

Digital Commons @ SIA

MA Projects

Student Scholarship and Creative Work

2024

Heart Neighbors Art Café Business Plan

Wei Hsuan Chen

Follow this and additional works at: https://digitalcommons.sia.edu/stu_proj



Part of the [Art and Design Commons](#), [Art Practice Commons](#), [Business Commons](#), and the [Fine Arts Commons](#)

Heart Neighbors Art Café Business Plan

By

Wei Hsuan, Chen

A project submitted in conformity with the requirements for
the Master's Degree in Art Business

Sotheby's Institute of Art

2023

Table of Content

1. Executive Summary	1
2. Art Café Background	4
3. Business Description	8
3-1. Business Concept	8
3-2. Customer Analysis	10
3-3. SWOT Analysis	12
4. Industry & Market Analysis	17
4-1. Industry Analysis	17
4-2. Market Analysis	19
4-3. Competitor Analysis	22
5. Marketing Strategy	24
5-1. Gallery.....	24
5-2. Café	26
5-3. Long-Term Care Art Program	26
6. Operations Plan	29
6-1. Gallery	29
6-2. Café	30
6-3. Long-Term Care Art Program	31
6-4. Timeline	32
7. Challenges	36
8. Financial Projections	39
8-1. Cost	39
8-2. Revenue	41
8-3. Statement	43
9. Appendix	44
10. Bibliography	46

1. Executive summary

Heart Neighbors Art Café is a unique establishment that combines a coffee shop with an art gallery, aimed at creating a vibrant cultural hub in the Wenshan District of Taipei City. Our mission extends beyond serving delicious coffee and providing a comfortable environment; we aspire to foster community cohesion and cultural exchange through the power of art. The philosophy of Heart Neighbors Café is to use coffee to open the heart doors between strangers and art as a means of self-expression. Through respect, inclusivity, and attentive listening, individuals accompany each other, bringing warmth to every lonely soul. The fusion of art and coffee shops traces its roots back to mid-19th-century Paris, where cafes became arenas for intellectuals, artists, thinkers, and politicians to debate and exchange ideas, discussing and propelling historical transformations. The three main factors that contributed to the allure of Parisian cafes for emerging artists in the 19th century can be summarized as follows: Firstly, cafés provided a unique atmosphere of freedom, allowing individuals to speak freely, express their viewpoints, and find like-minded companions. This environment led to the formation of different schools of thought and organizations. Secondly, cafes transitioned from being an exclusive privilege of the aristocracy to becoming part of the daily life of the common people. They became gathering places for individuals from various professions, providing artists with a platform for interdisciplinary exchange and the collision of creative energies. This shift allowed artists to move from solitary studio work to a collaborative and vibrant café environment. Thirdly, cafes became a wellspring of inspiration for artists, serving as spaces for observation of the surrounding world and the behaviors of others. As both observers and expressers, artists found in cafes a setting to draw inspiration for their creations.

Core Values and Features:

At Heart Neighbors Art Café, we strongly believe that community connections are the cornerstone of business success. Therefore, strategically located in the National Chengchi University business district, we are dedicated to becoming a cultural focal point for the region. Through art and community events, we aim to bring people closer together and facilitate more engaging interactions. Furthermore, we emphasize providing customers with a unique art experience. In addition to regular art exhibitions, we plan to host art nights, lectures, and art exchange events, allowing customers to delve deeper into the works of emerging and mid-career Taiwanese artists, enriching their cultural lives. Moreover, Heart Neighbors Art Café embraces a sense of social responsibility, with a particular focus on addressing loneliness among the elderly in the community. Through a delayed aging art program developed in collaboration with universities, we aim to offer meaningful and fulfilling experiences for senior citizens in the community.

Business Plan:

We plan to initiate Heart Neighbors Art Café through self-raised funds, with an initial investment of 4 million New Taiwan Dollars (approximately \$143,000 USD). Securing a 30-square-meter space, we intend to create a venue that seamlessly blends comfort and artistic elements to attract potential customers. As part of our art expansion initiative, we will invest in organizing various art events and actively work towards increasing the proportion of art sales, thereby achieving exponential growth in art revenue. Simultaneously, we will collaborate with universities and community organizations to establish a robust community foundation, enhancing the brand's local visibility and influence.

Financial Forecast:

We anticipate achieving a total revenue of 4.925 million New Taiwan Dollars (approximately \$176,000 USD) in the first year (FY1). With the progression of our art expansion plan, we expect to increase art revenue to 40% of total revenue by the third year (FY3). This will provide us with a more stable cash flow while solidifying Heart Neighbors Art Café's position in the art industry, driving the development of emerging and mid-career Taiwanese artists.

2. Art Café Background

Since the 1680s, Parisian intellectuals have gathered in public spaces, with the early cafés attracting a more refined clientele. Cafés provided a unique environment, allowing intellectuals to freely express ideas and creativity. In the mid-19th century, urban redevelopment projects transformed Paris, leading to the rapid rise of cafés. These establishments evolved from exclusive venues for the aristocracy and elite to everyday places for the common people. During the latter half of the 19th century, cafés became hubs for artists and writers to debate and exchange ideas, fostering artistic movements like Impressionism. By examining the historical context of art, three background factors highlight the café's role as a space for artistic development:

Paris Reconstruction Project:

Initiated by Emperor Louis Napoleon III and led by Baron Georges Eugene Haussmann from 1848 to 1870, this project reshaped Paris significantly. It widened narrow, winding old city streets, constructed new boulevards, and added extra floors to buildings, creating more living space and alleviating the previously congested city. The change in architectural style from Baroque and Rococo to Neoclassicism, along with the uniformity of facades, transformed the cityscape. The expansion of urban space led to the rapid growth of cafés, bars, and restaurants, altering social habits. Artists shifted from traditional studio settings to public spaces, observing more vivid scenes of daily life and creating a more personal and spontaneous artistic style.

Awakening of New Modern Consciousness:

Until the end of the nineteenth century, the *École des Beaux Arts* controlled all aspects of the art world, centered in Paris at the time.¹ The academy emphasized rigorous technical training and focused on teaching classical and historical painting subjects. With the rise of new modern consciousness, artists began to question this classical teaching system, including movements like Realism and Romanticism. Cafés replaced traditional art studio settings as meeting places for these artists. Liberated from traditional techniques and subject constraints, artists began seeking more freedom, spontaneity, and emotional expression. This shift is reflected in their works, moving away from traditional compositions and techniques toward capturing moments and expressing the authenticity of life. This transformation gave rise to a new generation of artists who became pioneers of Impressionism.

Rise of the Flâneur:

The concept of the *flâneur*, meaning "stroller" or "wanderer" in French, emerged in the 19th century. Describing someone leisurely strolling through the city, observing urban life. The *flâneur* has been used to explain modern alienation, and gender and class divisions in Western cities of the 19th century.² Cafés became meeting places for *flâneurs* to share observations, insights, and reflections on urban life. This environment deepened their understanding and depiction of urban diversity, influencing the artistic inspiration behind Impressionist works.

Edouard Manet emerged as a leader of the new modern style in the late 19th century, gathering with artists at Montmartre, which, in 1960, became part of Paris and witnessed the growth of new buildings. The affordability of housing attracted artists to a café called Café Guerbois. Led

¹ Dees, Karen Marie. *The Role of the Parisian Café in the Emergence of Modern Art: An Analysis of the Nineteenth Century Café as Social Institution and Symbol of Modern Art*. 2002. P.1

² Taylor, Jennie. "In Focus: The Flâneur." National Gallery of Ireland, www.nationalgallery.ie/explore-and-learn/focus-flaneur. Accessed Nov. 2023.

by Edouard Manet, the Batignolles Group was established. Edmond Bazire, in his book published in 1884, mentioned the members of this group: "There were about twelve of them... A. Legros, Whistler, Fantin-Latour would be joined by the writers Babou, Gignaux, Duranty, Zola; the engraver Belloc who was to be immortalized in Manet's *Le Bon Bock*; another engraver, Desboutin, who was equally well known at the time as a painter though less so as an artist's model; a painter, Guillemet; an orientalist, Tobar; a universalist, Zacharie Astruc, who wielded the paintbrush, the chisel and the pen with equal passion, and finally, the latter arrivals, Degas. Renoir, Monet, Pissarro."³ Café Guerbois became a fixed meeting place for this group to delve into discussions on art, literature, and exchange ideas, ultimately leading to the first Impressionist exhibition in 1874. La Nouvelle Athènes opened in 1875, becoming a new favorite gathering place for Impressionist artists. Renoir, Manet, and Degas were the most regular visitors from the original Batignolles group, and Jean Louis Forain was also a frequent visitor.⁴ La Nouvelle Athènes' interior had ample natural light and warm decorative lighting, creating a romantic atmosphere in the evenings. The decoration blended Renaissance richness with Greek classical style, and an outdoor seating area allowed customers to enjoy the Parisian street scene. Additionally, La Nouvelle Athènes frequently hosted concerts and cultural events, attracting art enthusiasts and solidifying its status as a cultural hub for the arts in Paris.

In summary, Heart Neighbors Art Café can draw inspiration from La Nouvelle Athènes to create a space beloved by artists and art enthusiasts. Key elements include a spacious area for comfortable art discussions, an ambiance with refined decor and ample natural light, and an

³ Bazire, Edmond. *Manet* (Ed.1884). Hachette Livre - Bnf, 1 Mar. 2012. P.30

⁴ Dees, Karen Marie. *The Role of the Parisian Café in the Emergence of Modern Art: An Analysis of the Nineteenth Century Café as Social Institution and Symbol of Modern Art*. 2002. P.39

outdoor seating area for observing street scenes. Despite Taipei's limited space and crowded streets, innovative design, such as floor-to-ceiling glass windows, can break down the boundaries between the café's interior and exterior, encouraging patrons to explore and observe the surroundings, akin to the role of the flâneur in Impressionist art.

3. Business Description

Heart Neighbors Art Café is a social enterprise located in the bustling academic district of Wen Shan in Taipei, Taiwan. Operating as both a gallery and a café, this unique establishment allocates 50% of its net profit to support art programs for the elderly. Addressing issues of community loneliness and social isolation among seniors, the initiative involves guiding older individuals in art creation to alleviate feelings of isolation and delay aging symptoms, fostering reconnection with society as part of its corporate social responsibility.

3-1. Business Concept

The gallery focuses on promoting the works of emerging and mid-career Taiwanese artists, adopting a sales strategy centered around smaller-sized artworks with lower price points ranging from NT\$10,000 to NT\$100,000. This approach aligns with the changing trends in Taiwan's art collection structure, as revealed by the results of the biggest art fair in Taiwan, ART TAIPEI 2023. The shifts include a decrease in artwork prices, the rise of a new generation of art collectors aged 34 to 45, and changes in the age distribution of art collectors. Heart Neighbors Art Café actively engages with the art community by hosting regular exhibitions and weekly art nights. Collaborating with the Taiwan Gallery Association, it organizes art forums where gallery owners discuss market and collection trends. The café invites artists to share insights into their work, providing collectors with a deeper understanding of artistic concepts and contexts. Additionally, it collaborates with university art professors to conduct art lectures, covering topics such as art history and painting techniques. Furthermore, the café facilitates collector networking events, allowing art enthusiasts to connect, exchange information, and build long-term

relationships. While hosting art nights may seem initially low in returns, it strategically positions Heart Neighbors Art Café within the art scene. Beyond imparting professional art knowledge and establishing industry influence, these events create opportunities for weekly interactions with collectors and regular customers, cultivating trust and loyalty over time.

In terms of social sustainability, Heart Neighbors Art Café addresses the challenges of an aging population and the associated issues of senior social isolation. At present, the world is heading towards an aging society. According to the "World Population Prospects: The 2019 Revision," by 2050, one in six people globally will be over the age of 65 (16%). Research has also found that feelings of loneliness are particularly common among the elderly, as they are more prone to face various social barriers such as health conditions, widowhood, and children moving away. While loneliness is a prevalent emotional experience, prolonged feelings of loneliness can lead to severe health issues, including an increased risk of cardiovascular diseases, elevated chances of developing Alzheimer's disease, and higher suicide rates. Studies indicate that artistic activities contribute to delaying aging symptoms. As part of its commitment, the café allocates 50% of its net profit to community elder care services. Collaborating with the National Chengchi University (NCCU) USR team, the café develops art programs that accompany and tap into the creative potential of elderly individuals. This includes collaborating with the National Taiwan University of Arts USR team for bi-weekly drama classes, training seniors to narrate their life stories through acting. The collaboration with the National Taiwan Normal University (NTNU) USR team forms a community senior choir, hosting periodic performances to enhance the sense of achievement and social interaction among the elderly. In alignment with SDGs Goal 3⁵, Heart

⁵ United Nations. "Sustainable Development Goals (SDG 3)." United Nations Western Europe, 2023, unric.org/en/sdg-3/.

Neighbors Art Café actively contributes to good health and well-being across all age groups, effectively reducing feelings of loneliness and depression among seniors.

Heart Neighbors Art Café distinguishes itself from traditional galleries and cafes by serving as a gateway to transform coffee patrons into potential art collectors. By inviting customers to "take a coffee break" in an environment where they can appreciate artworks, coffee becomes a medium bridging the gap between customers and art. This approach effectively lowers the threshold for the general public to engage with art. As customers develop an interest in the reasonably priced art pieces available, Heart Neighbors Art Café takes a crucial step in turning Café visitors into potential art enthusiasts.

3-2. Customer Analysis

Heart Neighbors Art Café caters to a diverse and wide-ranging customer base, spanning across various age groups and lifestyles. Through in-depth customer analysis, we can distinguish the primary user segments, gaining precise insights into their preferences, needs, and consumption habits. Here is a brief overview of the key customer segments:

New Generation Young Collectors:

Characterized by individuals aged 25 to 35, these collectors show a preference for pour-over specialty coffee, artistic lattes, and unique meals. They seek fresh experiences, enjoy trying new things, and have high standards for taste and quality. With relatively high price acceptance, strong mobility, and lower loyalty, providing an engaging and distinctive experience is crucial for attracting and retaining this demographic.

Middle-aged Collectors, Professors, Artists, Community Residents:

This group, ranging from 40 to 65 years old, includes collectors, professors, artists, and community residents. They prefer pour-over specialty coffee and Americano, showcasing rich life experiences and established preferences in art and dining. With potential previous art collection experiences, they resonate with fellow art enthusiasts. Their higher loyalty and stickiness make building relationships aligned with their interests beneficial for long-term collaboration.

Nearby Students:

Aged between 18 and 25, nearby students prefer Americano and regular lattes, often visiting coffee shops for group meetings or socializing. They value spacious and comfortable environments and actively participate in various community events. Despite limited spending power, their high customer retention and strong word-of-mouth promotion make them valuable patrons, frequently sharing events on social media.

Retirees/Mom Gatherings/Silver Generation:

Retirees, mom gatherings, and the silver generation, aged 50 to 70, prefer meals, regular Americano or lattes, and desserts. They typically visit during family and friends' gatherings, staying longer and ordering meals. Valuing spacious and comfortable atmospheres, they have a higher acceptance of higher-quality food and coffee. This group exhibits higher return rates and contributes positively to the establishment's reputation.

Tourists/Working Professionals/Couples/Families:

Aged between 27 and 40, tourists, working professionals, couples, and families prefer meals and desserts. Engaging in short trips during weekends, they seek local and well-reviewed restaurants

for lunch and dinner. This demographic values artistic experiences, enjoying casual art activities during dining. They actively seek unique restaurant experiences, willing to spend more for taste and quality.

3-3. SWOT Analysis

Heart Neighbors Art Café exhibits a multifaceted profile when subjected to a comprehensive SWOT analysis. The café's strengths lie in its innovative fusion of a coffee shop and art gallery, creating a unique and inviting space. The emphasis on a free-spirited atmosphere enhances the overall customer experience. However, challenges manifest in the competitive landscape, economic uncertainties, and external factors like global events.

Strengths

The unique operating model of Heart Neighbors Art Café lies in the seamless integration of a coffeehouse and an art gallery, creating a space that blends coffee culture with an art feast. This combination not only sets us apart from traditional coffeehouses but also provides customers with a diversified experience, allowing them to enjoy both high-quality coffee and exquisite art. By incorporating the art gallery into the coffeehouse environment, we break down the boundaries between art and living spaces, creating a dining atmosphere rich in cultural vibes. The free-spirited ambiance inside the café is meticulously designed and thoughtfully crafted. We carefully select spacious and well-lit interior décor, offering customers a space to relax both body and mind. Specially designed artworks and decorations contribute to the unique atmosphere, providing customers with a distinctive dining experience. Furthermore, we encourage free communication, with comfortable lounging areas where customers can engage in conversations freely, enjoying the pleasures brought by art and coffee. The uniqueness of this operating model

and ambiance sets us apart in the market, attracting customers of various ages and backgrounds. The brand's distinctiveness is not only reflected in the combination of coffee and art but also in the sense of community and cultural atmosphere created. This uniqueness is a key factor in gaining a competitive advantage in the fiercely competitive coffeehouse market.

Weaknesses

Heart Neighbors Art Café, while innovative in its concept, faces certain challenges that require careful consideration for sustained success. One key challenge lies in the need for effective market education to ensure that customers understand and appreciate the unique fusion of a coffeehouse and an art gallery. Clear communication is essential to convey the distinctive value proposition to potential patrons who may not immediately grasp the synergy between coffee and art. Moreover, the operational costs associated with running both a coffeehouse and an art gallery present a financial challenge. Balancing the expenses related to art curation, gallery management, and hosting diverse events requires a strategic approach to maintain financial viability. The café's broad target audience, spanning different age groups and lifestyles, introduces another layer of complexity. Adapting the menu, event offerings, and marketing strategies to cater to diverse preferences requires meticulous planning to strike a harmonious balance between appealing to the younger, trend-driven audience and the older, more traditional demographic. The success of the art gallery component hinges on staying attuned to artistic trends. Continuous efforts to curate and showcase artworks that resonate with evolving tastes are crucial to sustaining interest and foot traffic. Additionally, the competitive landscape in the coffee industry poses a significant challenge. The need to distinguish Heart Neighbors Art Café from established brands and local competitors demands ongoing innovation, effective branding, and strategic marketing efforts. Addressing these weaknesses will involve a strategic and

adaptive approach, focusing on transparent communication, prudent cost management, engaging diverse audiences, staying abreast of artistic trends, and implementing strategies to stand out in the competitive coffee market.

Opportunities

Heart Neighbors Art Café is strategically positioned to capitalize on several opportunities in the evolving market landscape. The unique blend of a coffeehouse and an art gallery presents distinctive opportunities that, if harnessed effectively, can contribute to the café's success. Firstly, the growing trend of experiential consumption provides an opportunity for Heart Neighbors Art Café to position itself as more than just a place for coffee but as a cultural and artistic hub. Leveraging the desire for unique and memorable experiences, the café can attract a diverse audience interested in both quality coffee and engaging art exhibitions. The café's location near schools and universities is a strategic advantage. Proximity to educational institutions creates an opportunity to tap into the student demographic. Offering student-friendly promotions, study-friendly spaces, and art-related events can establish the café as a go-to spot for the younger generation. Collaborations with local artists and art schools provide an avenue for showcasing emerging talents and fostering a sense of community support. Engaging in partnerships and sponsorships with art-related events or festivals can further enhance the café's visibility and reinforce its commitment to the local arts scene. The rising awareness of social responsibility and community engagement presents another opportunity. Heart Neighbors Art Café can strengthen its brand image by actively participating in initiatives that support the local community, such as art programs for the elderly, collaborations with local schools, or environmental sustainability efforts. Moreover, the café can explore the online market by offering an e-commerce platform for art sales, merchandise, and coffee subscriptions. This can

expand the customer base beyond the physical location and tap into a broader market of art and coffee enthusiasts. In summary, Heart Neighbors Art Café has the opportunity to thrive by embracing experiential trends, catering to the student demographic, fostering local art communities, demonstrating social responsibility, and exploring online avenues for additional revenue streams. Strategic execution in these areas can enhance the café's competitiveness and sustainability in the market.

Threats

While Heart Neighbors Art Café is well-positioned in a unique market niche, there are potential threats that need careful consideration for sustained success. One significant threat arises from the competitive landscape in the food and beverage industry. The café faces competition not only from traditional coffee shops but also from emerging trendy establishments. The risk of losing customers to competitors demands a continuous commitment to quality, innovation, and customer satisfaction. Economic factors can pose challenges, especially during economic downturns. A decrease in consumer spending on non-essential items like specialty coffee and art may impact the café's revenue. Economic uncertainties, inflation, or changes in consumer behavior could influence the purchasing power and preferences of the target audience. External factors such as global health crises, natural disasters, or unforeseen events can disrupt operations and affect customer footfall. The COVID-19 pandemic has demonstrated the vulnerability of businesses in the face of unexpected challenges, and a similar event could impact the café's daily operations and financial stability. Changing trends and preferences in the coffee and art industry represent a constant threat. The café must stay attuned to evolving consumer tastes, technological advancements, and cultural shifts. Failure to adapt to changing preferences may lead to a decline in customer interest and patronage. Regulatory challenges, including health and safety standards,

food safety regulations, and licensing requirements, pose potential threats. Non-compliance with these regulations can result in fines, legal issues, and damage to the café's reputation. Lastly, the café's dependence on a specific demographic, such as students and art enthusiasts, may become a vulnerability. Shifts in demographic trends or preferences could impact the café's customer base, emphasizing the importance of diversifying marketing strategies and offerings. In conclusion, recognizing and proactively addressing these threats through strategic planning, adaptability, and continuous market analysis will be crucial for Heart Neighbors Art Café to navigate potential challenges and ensure long-term sustainability.

In conclusion, Heart Neighbors Art Café's SWOT analysis reveals a blend of internal strengths and external challenges. Leveraging its unique business model and ambiance is a definite advantage, fostering a loyal customer base. Nevertheless, navigating through competition, economic fluctuations, unforeseen events, and evolving trends necessitates strategic agility. By proactively addressing weaknesses, capitalizing on strengths, exploiting opportunities, and mitigating threats, the café can establish a resilient position in the market, ensuring sustainable growth and success.

4. Industry Analysis

4-1. Industry Analysis

Taiwan Art Market

The art market 2023 by Art Basel and UBS reveals that Asian dealers, particularly in China, Japan, and Korea, show the strongest sales growth compared to Europe and the United States, with an overall increase of 26%. Despite Taiwan's smaller economic scale compared to these countries, it was the largest art market in Asia from 1980 to 2000, highlighting the depth of experience and cultural richness among Taiwanese collectors. During that period, collectors were predominantly entrepreneurs, with a primary focus on Asian art. Now, their next generation is emerging as the leading force in the art market. Additionally, the age profile of Taiwanese collectors is becoming younger. According to Ravenel, a leading international auction house in Taiwan, over 50% of collectors under the age of 40 have dominated their collector list in the past decade.⁶ Unlike the older generation of collectors who, due to information opacity, relied on gallery operators for information, the new generation of collectors has a broader range of channels to access art. Most of them have studied abroad, possess strong language skills, adeptly use online resources, are familiar with online platforms, and actively engage in researching and learning about art. Therefore, galleries must be able to meet the rapidly changing tastes of these new collectors and establish loyal, long-term relationships with young collectors, which is crucial for successful operation in the evolving art market. The 30th anniversary of ART TAIPEI 2023, Taiwan's most popular art fair, gathered a total of 77 local galleries and 73 international

⁶ ARTOUCH. "Collection • Today's Art & Investment" No. 347_08 Issue." Artco Books 典藏藝術出版, 2021, bookstore.artouch.com/product/a09347/. Accessed 15 Nov. 2023.

galleries. The data from the fair reveals three significant trends. Firstly, there is a downward trend in artwork prices. The market, once dominated by high-priced masterpieces, has shifted with the rise of contemporary art and the easing of the pandemic, making artworks more affordable and accessible to a wider audience, with an average transaction price ranging from NT\$500,000 to NT\$700,000. Secondly, a new wave of art enthusiasts is emerging, with 57% of the total audience having less than three years of art fair experience. This influx signals a new generation of art lovers entering the art world, while the proportion of those with over five years of art fair experience has decreased, indicating a generational shift in the audience. Lastly, there is a shift in the collector structure. While the middle-aged audience above 45 years old remains a significant collecting group, those under 34 years old account for over 25% of collectors, and when combined with the 35-44 years old age group, they make up over 58%. These trends suggest that the Taiwan art market is diversifying, with adjustments in artwork pricing, expanded public aesthetic perspectives, and a significant market transformation in progress.

Taiwan Coffee Industry

The restaurant industry in Taiwan has shown a consistent growth trend over the past 5 years. As Taiwan entered the post-pandemic era in 2022, there was a substantial surge in sales in the restaurant industry due to a retaliatory consumption wave by the public, coupled with various government revitalization measures. The revenue surpassed six trillion New Taiwan Dollars (TWD), far exceeding pre-pandemic levels. According to data from the Ministry of Finance on the number of profit-making businesses, the number of beverage shops has grown exponentially in the past decade, reaching 27,509 by the end of August 2022. Among them, "ice and fruit shops" and "hot and cold beverage shops" constitute 81.7%, followed by "coffee shops" at

14.9%.⁷ In addition, three aspects illustrate the growth trend in Taiwan's coffee industry. Firstly, coffee shops are rapidly expanding, reaching a total of 27,509 by the end of August 2022. The number of coffee shops has grown 1.6 times, accounting for 14.9%. Secondly, the continuous growth in coffee bean imports has exceeded 2 billion New Taiwan Dollars, demonstrating an increasing demand for coffee. Thirdly, the average growth rate of imported coffee beans in Taiwan is 7.4%, higher than the global average. In recent years, with the cultivation of coffee-drinking habits among the Taiwanese, coffee shops have sprung up in streets and alleys, and major convenience stores, boutique department stores, supermarkets, and gas stations have also entered the coffee market. Faced with increased competition, many coffee brands are striving for upgrades and distinctiveness to attract consumer favor and enhance market share.

Taiwan Aging Market

According to data from the National Development Council of Taiwan, it is projected that by 2025, the proportion of people aged 65 and above will reach 20%. The global trend of population aging is evident in Taiwan, but the pace of transformation is even more rapid. The impact of an aging society is profound, with an increase in elderly individuals living alone. Statistics confirm the growing number of elderly people living independently. These figures highlight the need for interventions that go beyond traditional care models. A comprehensive analysis of the elderly population in Taipei City reveals that there are 54,000 elderly residents, constituting 21.71% of the total population. Currently, there are over a million households in Taiwan with elderly residents, demanding innovative solutions to address social and psychological health issues.

4-2. Market Analysis

⁷ (R. O. C. Ministry of Economic Affairs)

Heart Neighbors Art Café's first storefront will be established in the political district of Wen Shan in Taipei City, Taiwan. Wen Shan is the southernmost administrative district in Taipei with a total population of 256,097, mainly consisting of military and public servants. According to the research on the location selection of art galleries in Taipei City, the three main considerations are population structure, rental costs, and transportation convenience.

Population Structure:

This includes average consumption, income levels, and education levels. In 2023, the per capita income in Wen Shan is 1.088 million TWD (approximately 39,200 USD), ranking 8th among Taipei City's administrative districts. Wen Shan has 43 neighborhoods, and the political district is surrounded by Cheng Da and Wan Xing neighborhoods. Cheng Da has an average annual income of 953,000 TWD per person, making it the second wealthiest neighborhood in Taipei. The population consists mainly of National Chengchi University professors, retired public servants, teachers, entrepreneurs, students, and general office workers. In neighboring Wan Xing, the per capita income is 907,000 TWD, with a 29.9% postgraduate rate and 68.7% higher education rate.

Rental Costs:

The rental cost will account for 15% of Heart Neighbors Art Café's total costs. The venue, expected to accommodate around 20-30 people and spanning approximately 30 ping (approximately 991 square feet), aligns with Taipei City's mainstream rental prices ranging from 1,000 to 2,000 TWD per ping. In districts like Shilin (55.3%), Datong (62.2%), Neihu (54.8%), Wen Shan (56.7%), Beitou (73.9%), and Nangang (83.3%), over 50% of venues have rental costs between 1,000 and 2,000 TWD per ping. While Da'an and Songshan have high consumption power, the rental costs range from 2,000 to 4,000 TWD per ping. The Xinyi district has many

vacant properties due to high rental prices. Wen Shan, being in Taipei City, provides relatively low and reasonable rental amounts.

Transportation Convenience:

The political district has convenient transportation, with the MRT accessible at the Taipei Zoo Station, and buses providing direct routes to Taipei 101 and Da'an District. Private transportation is also convenient for those driving, with indoor parking facilities in the vicinity.

The Wen Shan district is an educational zone, and National Chengchi University (NCCU) attracts over 15,000 new students each year, with a male-to-female ratio of 1:1.3. The NCCU district is a primary source of customers for this business. Currently, the Wen Shan district's dining establishments can be categorized into: (1) 31 fast-food restaurants: Mainly targeting students, focusing on student lunch, with a quick turnover rate and prices ranging from 60 to 120 yuan. (2) 7 take-out shops: Providing student lunches, lunches, and even late-night snacks, with main types being braised flavors and fried barbecue. These shops have long opening hours and usually require only one staff member. (3) 8 beverage shops: Mostly chain beverage shops with prices ranging from 50 to 100 yuan. (4) 14 affordable restaurants: Per capita consumption is within 200 yuan, catering to student lunches and dinners, with restaurant seating for about 20-30 people. (5) 20 specialty restaurants: Per capita consumption ranges from 300 to 600 yuan, including international cuisines, bistros, and izakayas, focusing on creating a comfortable atmosphere and high-quality food. These restaurants are not located in the main student areas but are about a 15-minute walk from the school, closer to residential areas with convenient parking and a serene environment. (6) 11 cafes: Including 3 that only provide take-out coffee without seating and meals, 2 chain cafes including Starbucks and Louisa, and 6 independent specialty cafes. The locations are about a 10-15 minutes' walk from the school, with drink prices ranging

from 120 to 200 yuan and meal prices ranging from 220 to 350 yuan. Each cafe has its own unique features, such as Apt. Cafe being a pet-friendly cafe with six cats, Polar Bear Cafe providing water pipes, and Shou Shou Coffee creating a high-quality atmosphere and promoting healthy eating, endorsed by National Chengchi University professors. In conclusion, the political business district in Wenshan District, Taipei, ranks in the middle to upper level in terms of population composition, purchasing power, rental costs, and transportation convenience compared to other sections of Taipei. Additionally, the customer base in this area tends to prefer independent and distinctive cafes rather than chain cafes. They are willing to pay higher prices for cafe beverages and meals, indicating significant market development potential in this area.

4-3. Competitor Analysis

Within the NCCU (National Chengchi University) district, there are 11 establishments engaged in various artistic fields, including 2 dance studios, 1 artist's workshop, 6 music classrooms, and 2 art galleries offering customized products, metalworking courses, and antiques. However, there is currently no art café in the vicinity. Expanding the analysis to the entire Wen Shan district in Taipei City, one notable competitor is Falasha Gallery Café. Falasha Gallery Café opened its doors in August 2023, providing 20 seating spaces. As of now, it has hosted 4 music concerts, averaging one event per month, and 2 art exhibitions lasting approximately 2 months each. The featured artists for both exhibitions are mid-career Taiwanese female painters, primarily focusing on representational oil paintings.

The café offers a selection of coffee beans, hand-brewed specialty coffee, and handmade desserts by the proprietor, with prices ranging from 200 to 400 TWD. Currently, the café has received 29 reviews on Google Maps, all of which are 5-star ratings. Falasha Gallery Café operates on a

small scale, emphasizing personalized interactions between the proprietor and customers, and places a strong emphasis on the quality of its coffee.

5. Marketing Strategy

5-1. Gallery

Art Galleries in Taiwan can be classified into five types based on their trading models. The first type is the traditional buy-and-sell model, typically founded by veterans in the art industry.

These galleries, such as Chang Liu Gallery and Apollo Gallery, focus on promoting Taiwanese artists and building close interpersonal relationships, often operating on a representation or one-time collaboration basis. The second type is the brokerage model, where galleries are established by experienced artists who understand the challenges artists face. These galleries, like Dunhuang Art Center, emphasize artist development and planning. The third type is the alternative space model, which emerged in Taipei around 1998. Young artists, not favored by mainstream galleries, formed "alternative spaces" to hold exhibitions at various locations. The fourth type is the collection and agency model, run by collectors who reduce commissions and directly trade with artists. The fifth type is the entrepreneur model, where businesses establish galleries based on a passion for art and a mission to promote it, primarily operating on a non-profit basis, as seen in Eslite Gallery.

According to the TAERC survey on factors influencing art collectors' purchasing decisions, "personal preference for the artwork" is the most significant factor, accounting for 25%. "Future market potential of the artist" follows at 18%, and "style of the artwork itself" is considered an essential factor, accounting for 17%. Factors such as "price" and "investment considerations" each contribute 9%.⁸ The 2023 report by Art Basel & UBS, "THE SURVEY OF GLOBAL

⁸ Lin, Bo Ren. Analysis of Commercializing Strategy for Artists: A Focus on Taiwanese Emerging Artists. June 2017. P.47

COLLECTING," reveals three major preferences among Taiwanese collectors. Firstly, mainstream collectibles include paintings and sculptures, constituting 56% of collectors who collect painting, sculptures, and works on paper. Additionally, 22% collect photography, prints, and multiples, surpassing the acceptance rates in European and American countries. (Figure 1) Secondly, there is an increasing willingness among Taiwanese collectors to collect works by local artists. In 2022, Taiwanese artists' works accounted for 46% of collections, but by 2023, this percentage rose to 52% (Figure 2). Lastly, in terms of the career stage of artists, Taiwanese collectors show a 49% willingness to collect works by new and emerging artists, compared to 37% in the United States, 39% in the United Kingdom, and 31% in China (Figure 3).

In light of this, Heart Neighbors Art Café positions itself primarily as a traditional buy-and-sell gallery. We will focus on curating exhibitions through single-show contracts to understand the preferences and directions of our target collectors. After several successful collaborations, if the market validates an artist's potential, we will consider long-term partnerships through agency contracts. We aim to manage the market potential of artists and actively engage with collectors. Regarding artist selection, Heart Neighbors Art Café will emphasize the promotion of emerging and mid-career artists, with a focus on 70% Taiwanese artists and 30% international artists. The artworks will span painting, sculpture, and photography, primarily tailored to home-friendly dimensions. The expected selling prices are within TWD 5,000-30,000 (approximately 170-1,000 USD) for emerging artists and TWD 50,000-200,000 (approximately 1,700-6,700 USD) for mid-career artists, catering to both young and mid-generation collectors.

In terms of marketing strategy, Heart Neighbors Art Café will manage social media platforms such as Instagram and Facebook for exhibition promotions and weekly event announcements. Participants who share their event experiences on social platforms will receive a discount on a

beverage. We aim to expand our customer base through word-of-mouth marketing both online and offline, encouraging patrons to invite friends to visit Heart Neighbors Art Café. Additionally, we will operate an online sales platform to expand the reach of our collaborating artists to international audiences, enhancing our global visibility. Offline, we will organize exhibitions every two months and host art nights every Friday and Saturday. We will invite experienced art collectors, gallery operators, artists, and art professionals to share their insights. The purpose of regular events is twofold: to expand potential collector audiences through activities and attract art enthusiasts and to maintain close relationships with regular customers and collectors. Compared to galleries, cafés provide a less formal and more accessible environment. Even if collectors are not looking to purchase artworks immediately, they can come to enjoy a cup of coffee and engage in conversation. This approach aims to transform café customers into potential collectors and is considered a crucial pathway to maintaining a close relationship between the gallery and collectors.

5-2. Café

At Heart Neighbors Art Café, our coffee beans are freshly roasted in-house to ensure the highest quality. Additionally, we collaborate with local tea farmers in Wenshan District to introduce tea beverages featuring locally grown specialty teas. This not only meets the discerning taste preferences of art enthusiasts but also reflects Heart Neighbors Art Café's respect for local culture and agricultural products. Regular coffee is priced around 100-120 NTD (approximately 3-4 USD), while specialty coffee is priced between 180-220 NTD (approximately 6-7 USD). Our tea beverages are priced approximately between 100-150 NTD (approximately 3-5 USD) per cup.

5-3. Long-Term Care Art Program

In the context of the Long-Term Care Art Program, research has identified a prevalent sense of loneliness among the elderly, particularly those facing challenges such as health issues, bereavement, or empty nests. While loneliness is a common emotion, prolonged feelings of isolation can lead to serious health issues. For instance, loneliness and social isolation increase the risk of premature death by 26% and 29%, respectively. Lack of social connections is comparable to smoking up to 15 cigarettes a day and is associated with a 29% increased risk of heart disease and a 32% increased risk of stroke. Moreover, it is linked to higher risks of anxiety, depression, and dementia, resulting in billions of dollars in losses for the healthcare industry annually.

The total population of Wenshan District is 258,279, with the elderly (65 years and above) constituting 19%. As part of its corporate social responsibility, Heart Neighbors Art Café allocates 50% of its monthly net profit to provide free art courses for the local elderly. This initiative, developed in collaboration with a university's User-Driven Social Responsibility (USR) team, focuses on visual arts, performance, and music to delay the aging process. It aims to encourage seniors to share their stories through artistic expression, fostering a sense of belonging within a team. Simultaneously, it contributes to achieving the third goal of the Sustainable Development Goals (SDGs) – ensuring healthy lives and promoting well-being for all ages, effectively reducing feelings of loneliness and depression among the elderly.

Heart Neighbors Art Café regularly organizes showcases for the elderly, presenting their visual art pieces through exhibitions and opening ceremonies. Family members, friends, art collectors, and regular customers are invited to participate. Dramatic performances and choir presentations take place during the café's weekly Art Night, providing seniors with an opportunity to showcase

their works, gain societal recognition, and encouraging them to step out and engage in social interactions.

6. Operations Plan

6-1. Gallery

Heart Neighbors Art Café will hire an Art Director responsible for managing the day-to-day operations of the gallery. The role includes independently developing marketing strategies, promoting and marketing artworks, interacting with and maintaining customer relations, planning and executing exhibitions, and planning and executing various events. We will recruit 2-5 volunteers aged 65 and above who participate in the Heart Neighbors Art Café long-term art course to assist with exhibition setup and execution, reception at exhibition openings, event planning, and assisting with events.

I will personally visit two major art schools in Taiwan each month, Taipei National University of the Arts and National Taiwan University of Arts, as well as artists' studios, to find suitable artists. We will actively participate in domestic and international art fairs, regularly visit the mountains in eastern Taiwan to find indigenous Taiwanese artists. In addition, Heart Neighbors Art Café will host art exhibitions for the elderly who participated in the creative process at the end of each long-term art course.

Every Friday and Saturday night, Heart Neighbors Art Café will regularly host free "Art Nights" events, including art lectures, art industry forums, artist interviews, collector exchange meetings, and performance activities. We will invite gallery owners, art history professors, the chairman of the Taiwan Art Gallery Association, and experienced curators to share knowledge of art history, art industry analysis, and art lectures. Collector exchange meetings will invite collectors to share their collections, years of collecting experience, and facilitate resource sharing. At the same time, we will organize art career exchange sharing sessions, inviting individuals in different roles

within the art industry to share their valuable experiences, including gallery owners, professionals working in domestic and international auction houses, art market developers, domestic and international curators, art administrators, and artists. This aims to share their work experiences and career plans with students and career changers interested in the art industry. We will also invite artists in the fields of drama, music, and performance art to perform live and interact with the audience.

The purpose and expectations of hosting Art Nights are fivefold: (1) to cultivate a habit for customers to visit the café every week, enhancing customer loyalty. Beyond socializing at the café, there are also interesting cultural and artistic activities to learn and engage in every week. (2) to build a dedicated collector community for Heart Neighbors Art Café, with these collectors contributing to 80% of the gallery's sales. Therefore, through weekly regular exchange activities, we aim to maintain relationships with collectors and expand new collector communities. (3) Free events will attract customers of different ages and interests, and will also lower the threshold for engaging with art, giving more people the opportunity to step into the world of art and become potential customers. (4) The event timing is set during the dinner hours after the usual working hours. While Art Nights are free events, they provide an opportunity to attract participants who may also dine or purchase beverages, offering a new customer base for the café. (5) To provide a space for art enthusiasts, those interested in the art industry but lacking connections, experienced collectors, young individuals with potential interest in collecting, and those hoping to study or work in the art industry to mutually exchange and learn.

6-2. Café

Heart Neighbors Art Café will appoint a manager responsible for staff training, human resource coordination, customer management, inventory control, store ambiance, and the oversight of quality and services. A professional coffee roaster will be hired to handle coffee bean sourcing, roasting, coffee preparation for customers, and maintaining customer relations. Additionally, a second-career mom will be employed as a full-time staff member, primarily tasked with preparing in-house meals, serving customers, and maintaining cleanliness within the store. We will recruit 5-8 volunteers aged 65 and above from the local community to serve as volunteers. Their responsibilities will include welcoming customers, preparing and serving food, answering phones, and providing customer service. Volunteers will follow a rotating schedule, working three hours a day in exchange for a complimentary meal or two beverages. The primary objective of this system is to encourage elderly individuals from the community to reintegrate into society by offering them roles with significant customer interaction.

6-3. Long-Term Care Art Program

Heart Neighbors Art Café will allocate 50% of the café's net profit to the community's long-term care art program. There will be two sessions of painting, performance, and music classes each week in the afternoon, and elderly individuals aged 65 and above near the National Chengchi University (NCCU) business district can participate for free. Through group art classes, we aim to help the elderly rediscover their self-worth, foster a sense of belonging within a community, and reduce issues of loneliness and social isolation among them.

Collaborating with multiple university User Social Responsibility (USR) teams, Heart Neighbors Art Café aims to develop programs tailored for the local elderly population. Heart Neighbors Art Café will collaborate with the NCCU USR team to develop art courses for the community's

elderly residents. Led by NCCU professors, the student team will engage with the community, creating courses suitable for seniors to delay aging symptoms. Additionally, collaboration with the National Taiwan University of Arts USR team will involve in-depth documentation of the stories and life experiences of elderly community members. The USR team will develop theatrical performances and train seniors to become actors in their own life stories, presenting a series of productions. The National Taiwan Normal University (NTNU) USR team, focusing on the diverse needs of elderly individuals in the community, plans a comprehensive program for long-term health promotion, embodying the spirit of "aging together, learning together, and creating a better community." We will collaborate with this team to organize a choir for the community's elderly residents to perform at Heart Neighbors Art Café.

6-4. Timeline

We anticipate an 18-month timeline for the preliminary preparations of Heart Neighbors Art Café, encompassing an in-depth analysis of the community and business district, staff recruitment, selecting and signing a lease for the café location, interior space design, developing partnerships, selecting artists, establishing a collector database, and staff training. Concurrently, we will engage in online marketing, sharing progress updates on platforms like Instagram.

Early Preparations (Month 1-6):

Conduct a thorough investigation of local demographics, consumer habits, and art preferences. Analyze competitors and define Heart Neighbors Art Café's differentiating advantages. Research the target audience for art collectors and their preferences. Choose artists through visits to artist studios, art fairs, Art Taipei, and the Armory Show. Negotiate lease conditions for a 30-square-

meter space, accommodating 20-30 people, with a lease term of three years. Recruit the café manager, barista, and art director, finalizing the startup team.

Interior Design and Furnishing (Month 7-12):

Develop an overall style and décor plan for the café, emphasizing a warm and minimalist design with attention to detail. Design an accessible space and apply for a government grant of TWD 100,000 for wheelchair accessibility. Create the logo and brand visual identity for consistency. Design the art exhibition area, ensuring optimal display of artworks with appropriate lighting and space. Design a stage for performances, providing ample space for the choir and theatrical performances. Introduce art cabinets for local artists' handmade creations. Procure coffee machines and equipment, establish social media accounts, and share the design and furnishing process with fans to build awareness.

Final Preparations (Month 13-18):

Recruit community volunteers and conduct employee training courses to ensure understanding of café and art gallery operations, enhance staff knowledge of art history and professionalism, and familiarize them with collaborating artists' backgrounds. Adjust lighting and sound equipment for a better dining and art appreciation atmosphere. Confirm exhibition schedules and execution processes. Launch a website and announce the café's menu and art exhibition plans. Share updates on studio visits, art fair participation, and other relevant activities on social media platforms. Prepare an online reservation system for customer convenience.

First Year (Year 1):

Build Brand Awareness (Month 1-6):

Utilize social media, local newspapers, and art-related magazines to increase brand awareness. Host an opening ceremony with artists, collectors, community residents, and students to attract

media coverage. Organize two group art exhibitions to quickly grasp the tastes of collectors and position the gallery.

Develop Customer Base (Month 7-12):

Continue hosting art exhibitions to strengthen relationships with collectors, understanding their needs and expectations. Introduce a membership system and regular customer plans, offering exclusive events and discounts to promote repeat visits. Hold regular Art Nights on Fridays and Saturdays to attract a wider audience. Expand the customer base with young and mid-generation collectors, providing diverse art choices. Expand collaborations with local art schools, businesses, and galleries to enhance artist visibility.

Second Year (Year 2):

Community Engagement and Corporate Social Responsibility (Month 13-18):

Launch corporate social responsibility long-term care art courses, collaborating with university User Social Responsibility (USR) teams to organize exhibitions and performances and partnering with businesses to promote program results. Sponsor student organizations to increase student awareness and participate in community activities to elevate the café's brand recognition and status.

Expand Artistic Influence (Month 19-24):

Participate in community and city-wide art collaboration projects, such as community installation art. This can increase brand visibility and promote local artistic and cultural development.

Showcase the artworks created by the elderly in art courses in exhibitions in other cities.

Organize art awards to support promising emerging artists, encouraging continuous creativity and building a positive public image for the brand. Establish collaborations with universities, art

colleges, and academic institutions to host art seminars and lectures, fostering academic and artistic exchanges.

Third Year (Year 3):

Business Expansion and Regional Growth (Month 25-30):

After successful local operations, expand the brand's influence to other cities through franchising. Launch an online store offering art sales and Heart Neighbors Art Café's own roasted coffee beans to broaden sales channels. Innovate continuously in combining coffee and art to enhance product value.

Sustain Social Responsibility and Cultural Contribution (Month 31-36):

Expand social responsibility programs, allocating more resources to support elderly art programs and community engagement activities. Host a large charity art auction to fundraise for art education and community development. Collaborate with local governments to promote the development of art and culture, enhancing the overall cultural soft power of the region.

7. Challenges

Challenge 1: Market Uncertainty for Emerging Artists

Collectors are generally hesitant to invest in artworks by artists under the age of 30 due to the high level of uncertainty. This uncertainty includes concerns about whether the artist will continue to create, and if the artist's style will remain stable. As a precaution, collectors tend to prefer artists aged 50 and above, who exhibit both continued enthusiasm for creation and a unique style. Therefore, how to effectively market and enhance the market acceptance of emerging artists becomes a significant challenge.

Solution: Confirm the background of the artist and select young artists who have received credible awards, such as the Taipei Art Award and the Kaohsiung Award. These awards undergo rigorous evaluation and multiple stages of selection, earning high recognition in the industry and serving as an indicator of the artist's future potential.

Challenge 2: Difficulty in Determining Artistic Value

Artwork prices are not standardized, especially for emerging artists without validation from the secondary market, making it challenging to estimate their market value. Therefore, strategically determining prices for artists and managing artists in the long term to ensure their market development potential becomes a challenging aspect of gallery operations.

Solution: First, compile the complete background and context of the artist to ensure the authenticity of all the artist's works. Additionally, stay informed about market trends and actively collaborate with other galleries to collectively understand changes in the Taiwanese art market, ensuring the reasonableness and adjustability of the artist's prices.

Challenge 3: Shortage of Labor and High Staff Turnover in the Restaurant Industry

Due to the declining birth rate and the labor-intensive nature of the restaurant industry, long working hours and inadequate salaries have led many talents to shift towards the more flexible food delivery industry, resulting in a labor shortage crisis for restaurant owners. Moreover, the shortage of manpower places a burden on existing employees, forcing them to bear heavier workloads and longer working hours, accelerating workforce turnover and creating a vicious cycle.

Solution: Heart Neighbors Art Café will increase the salaries of hired professionals and recruit work partners who share the same values. Furthermore, a significant portion of the operational workforce in the café and gallery will come from volunteer work by elderly residents in the community. We will actively create a friendly working environment, where volunteers can exchange 3 hours of work per day for a meal or two beverages. They are also encouraged to spend the entire day in the cafe, engaging with customers and colleagues, promoting the reintegration of proactive elderly individuals into society.

Challenge 4: Expanding the Art Market in the Community

Expanding the art market and art education in the community poses the final challenge for Heart Neighbors Art Café. Although a significant portion of residents in the Wenshan District of Taipei City consists of entrepreneurs, professors, teachers, and public servants, the artistic atmosphere is not particularly vibrant. The primary artistic entities in this area are mainly art training institutions. Therefore, expanding the community of art enthusiasts and collectors in this region becomes a challenging task.

Solution: Firstly, organize art nights every week, allowing collectors to interact closely with artists and providing a platform for collectors to share experiences. Conduct specialized lectures and industry discussions to output professional content, differentiating Heart Neighbors Café

from other art cafes that only offer exhibitions. Secondly, establish good long-term cooperation with artists, assisting them in managing their works for an extended period and strategically increasing prices and value, thereby enhancing collectors' willingness to collect. Thirdly, expand online sales channels for artworks, selling collaborative artworks by Heart Neighbors Art Café artists and artworks created by elderly participants in art courses on online platforms. This approach aims to attract attention from Taiwanese and international collectors, enhancing brand recognition and exposure.

8. Financial Projections

This plan anticipates an initial investment of self-raised funds amounting to \$4 million New Taiwan Dollars (NTD) (approximately \$143,000 USD) for Heart Neighbors Art Café. The establishment will lease a 30-square-meter space in the political district of Wen Shan, Taipei City, with a monthly rent of \$30,000 NTD (approximately \$1,070 USD), under a 5-year contract. The primary early-stage investment for Heart Neighbors Art Café includes interior design, café equipment, and the expansion of artist and collector resources.

In the first year (FY1), the focus will be on establishing brand recognition and cultivating a dedicated collector base. Therefore, the primary revenue in the first year will come from café sales. Simultaneously, events such as art nights, lectures, and art gatherings will be organized to expand the collector community and encourage customers to make visiting the café, enjoying coffee, and attending exhibitions a part of their lifestyle. In FY2, art revenue is expected to experience rapid growth, constituting 20% of the total revenue. The spending capacity and loyalty accumulated in the first year will be reflected in the second year. In the third year (FY3), the brand will actively expand, and Heart Neighbors Art Café's gallery-café model and social care services will be extended to other cities through franchising. The goal is to interconnect artistic resources across communities.

8-1. Cost

During the pre-opening period (FY0), an investment of NTD 2.5 million (approximately \$89,000 USD) will cover startup costs. This includes NTD 1.5 million for renovating the leased space, creating a spacious and bright environment conducive to artists observing passersby and finding inspiration freely. Additionally, there will be a stage for elderly individuals to perform theater and music, along with lighting equipment for exhibitions. NTD 500,000 (approximately \$18,000

USD) will be allocated for coffee equipment, including machines, roasters, ovens, and a latte art printer for artistic designs. Another NTD 350,000 (approximately \$12,500 USD) will be used to purchase appliances such as refrigerators, ice makers, griddles, air conditioning, and exhaust hoods. An additional NTD 150,000 (approximately \$5,400 USD) will cover utensils, decorations, cups, and other miscellaneous expenses.

In terms of operating costs, the café is projected to have monthly operating costs of NTD 200,000 (approximately \$7,150 USD) in FY1. This includes rent, salaries for the manager, barista, and a kitchen staff member, as well as costs for ingredients, utilities, and miscellaneous expenses. The gallery's operating costs are estimated at NTD 100,000 (approximately \$3,570 USD) per month, covering the art director's salary, expenses for operating the art department, expanding artist resources, artwork transport insurance, event hosting, and marketing costs. Rent is considered part of the café's operating costs. Personnel costs account for 30% of the total operating costs, higher than the typical 20-25% in general operating costs. This is because Heart Neighbors Art Café emphasizes connections between people, especially with art. Higher salaries are offered to attract long-term partners who share similar values, aiming to foster a sense of social significance and value in their work. Given the serious labor shortage in Taiwan, especially in the tourism, restaurant, and construction industries, raising salaries is intended to reduce employee turnover and training costs.

Choosing a location near schools provides an advantage in reducing marketing expenses.

Marketing strategies include low-cost community and word-of-mouth marketing, with 15% of operating costs allocated to organizing art events and exhibitions to attract art enthusiasts. An additional monthly expense of NTD 20,000-30,000 (approximately \$715-\$1,070 USD) will be allocated to the art director for expanding art resources, including visiting artists' studios,

contacting other galleries, and exploring art schools to find emerging artists. Some of the funds will be used for corporate social responsibility. Fifty percent of the net profit will be used to collaborate with universities to launch aging-delaying art courses. In FY1, the net profit is projected to be NTD 797,850 (approximately \$28,500 USD), and nearly NTD 400,000 (approximately \$14,300 USD) will be invested in the Community Elderly Art Promotion Fund. This includes course design, organizing performance presentations, hosting art exhibitions, and collaborating across counties and different units. It is expected that by FY3, the operating costs of this community long-term care service can be self-sufficient through the sale of elderly handmade crafts, performance tickets, and corporate sponsorships.

8-2. Revenue

For FY1, the total revenue is projected to be NTD \$4.925 million (approximately \$175,700 USD), with 90% of the revenue coming from the café's sales of coffee beans, coffee, and food items, and 10% from art sales, totaling NTD \$490,000 (approximately \$17,500 USD). Since the first year focuses on establishing brand identity and customer base by organizing events to attract art enthusiasts, the primary revenue source is from everyday cafe items. For FY2, during the art expansion phase, the art customer base established in the first year will become the main force in art collection. Art sales revenue is expected to increase from 10% to 20%, totaling NTD \$1.13 million (approximately \$40,400 USD), experiencing exponential growth. The revenue from café operations is expected to remain relatively stable, providing Heart Neighbors Art Café with consistent cash flow. For FY3, brand expansion is anticipated, with a significant increase in art revenue, constituting 40% of the total revenue. This expansion aims to enlarge the collector base and art resources. In addition, the operating margin for FY1 is 20%, increasing to 25% by FY2, attributed to Heart Neighbors Art Café's deep engagement in the community and active

relationship-building with customers. Beyond fostering relationships through art events, the café fulfills its social responsibility by caring for lonely elderly individuals in the community, helping them reintegrate into society. The café also establishes recognition and a position in the art industry, actively promoting emerging artists and mid-career artists in Taiwan. In FY3, through franchising and brand expansion, Heart Neighbors Art Café aims to rapidly establish a connection of art resources between communities, achieving self-sufficiency in promoting independent operations for elderly art courses. This will be facilitated through ticket sales and art merchandise, bringing unprecedented operational vitality and future development prospects to Heart Neighbors Art Café.

8-3. Statement

Revenue	FY0	FY1	FY2	FY3
Total Revenue	0	\$ 4,925,000	\$ 7,592,500	\$ 9,120,934
Coffee shop		\$ 4,432,500	\$ 6,074,000	\$ 3,590,559
Art		\$ 492,500	\$ 1,518,500	\$ 2,393,707
cost of goods sold		\$ (2,160,000)	\$ (2,484,000)	\$ (2,608,200)
Artist Commissions		\$ 259,200	\$ 496,800	\$ 782,460
Exhibition and Space Decoration		\$ 108,000	\$ 248,400	\$ 391,230
Artwork Transportation & Insurance		\$ 21,600	\$ 74,520	\$ 130,410
Promotion		\$ 43,200	\$ 173,880	\$ 260,820
Coffee shop		\$ 1,728,000	\$ 1,490,400	\$ 1,043,280
Gross Profit		\$ 2,765,000	\$ 5,108,500	\$ 6,512,734
Expenses	FY0	FY1	FY2	FY3
Total Expenses		\$ (3,698,000)	\$ 3,590,000	\$ (4,232,500)
SG&A(宣傳管理)		\$ 3,358,000	\$ 3,250,000	\$ 3,892,500
Rent		\$ 360,000	\$ 360,000	\$ 360,000
Employee Salaries		\$ 1,200,000	\$ 1,200,000	\$ 1,500,000
Travel		\$ 600,000	\$ 700,000	\$ 850,000
Marketing and Advertising		\$ 288,000	\$ 350,000	\$ 315,500
Events		\$ 200,000	\$ 250,000	\$ 77,000
Utilities		\$ 150,000	\$ 150,000	\$ 150,000
Other		\$ 200,000	\$ 240,000	\$ 300,000
Depreciation		\$ 340,000	\$ 340,000	\$ 340,000
Operating Income		\$ (933,000)	\$ 1,518,500	\$ 2,280,234
Other Income/ Expense	FY0	FY1	FY2	FY3
Interest expense				
Earning before taxes		\$ (933,000)	\$ 1,518,500	\$ 2,280,234
income tax expense		\$ -	\$ 288,515	\$ 433,245
Net Income		\$ (933,000)	\$ 1,229,985	\$ 1,846,989

9. Appendix

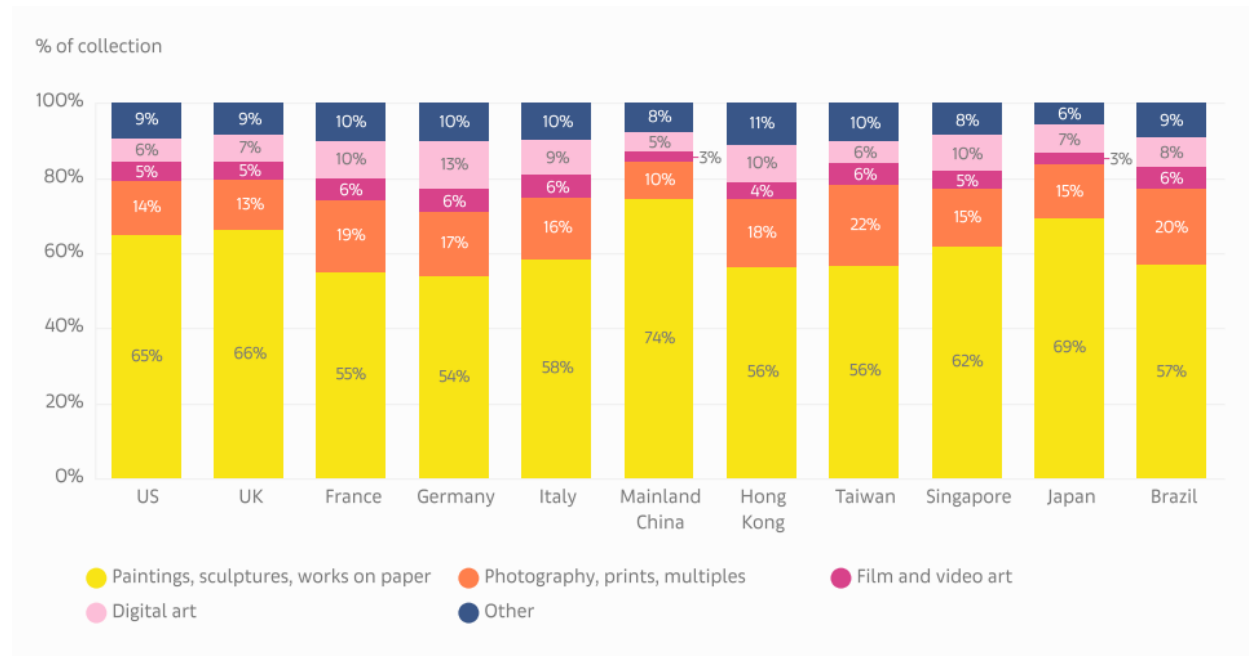


Figure 1: Share of Number of Works in Collections by Medium by Region in 2023 © Arts Economics (2023)

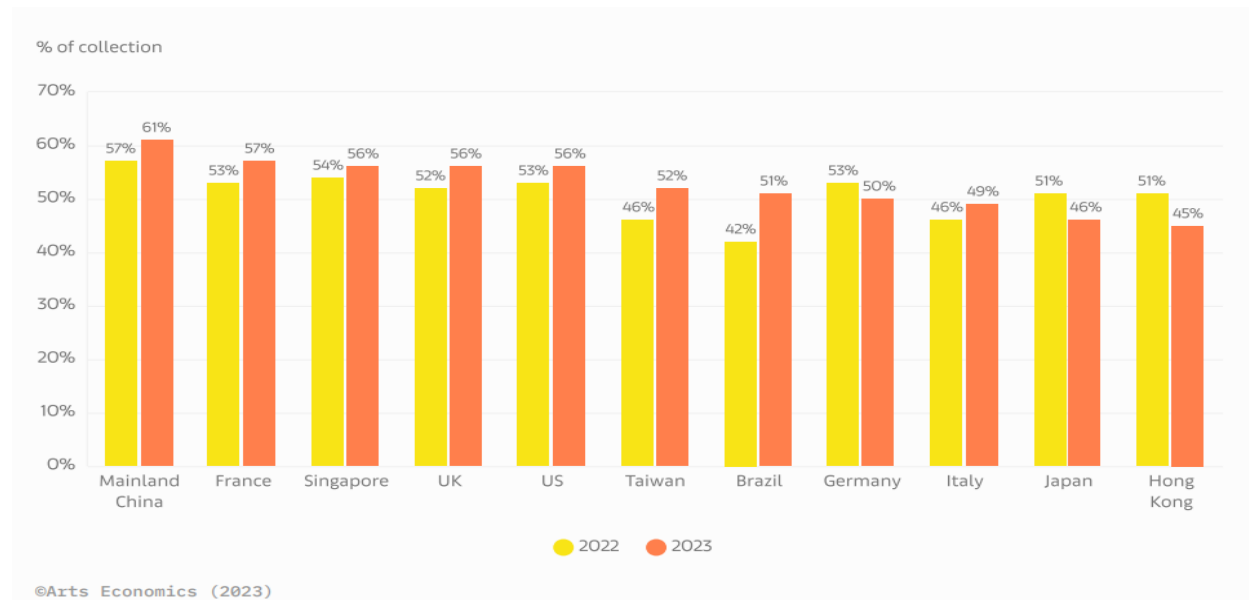


Figure 2: Share of Works in Collections by Local/National Artists in 2022 versus 2023 © Arts Economics (2023)

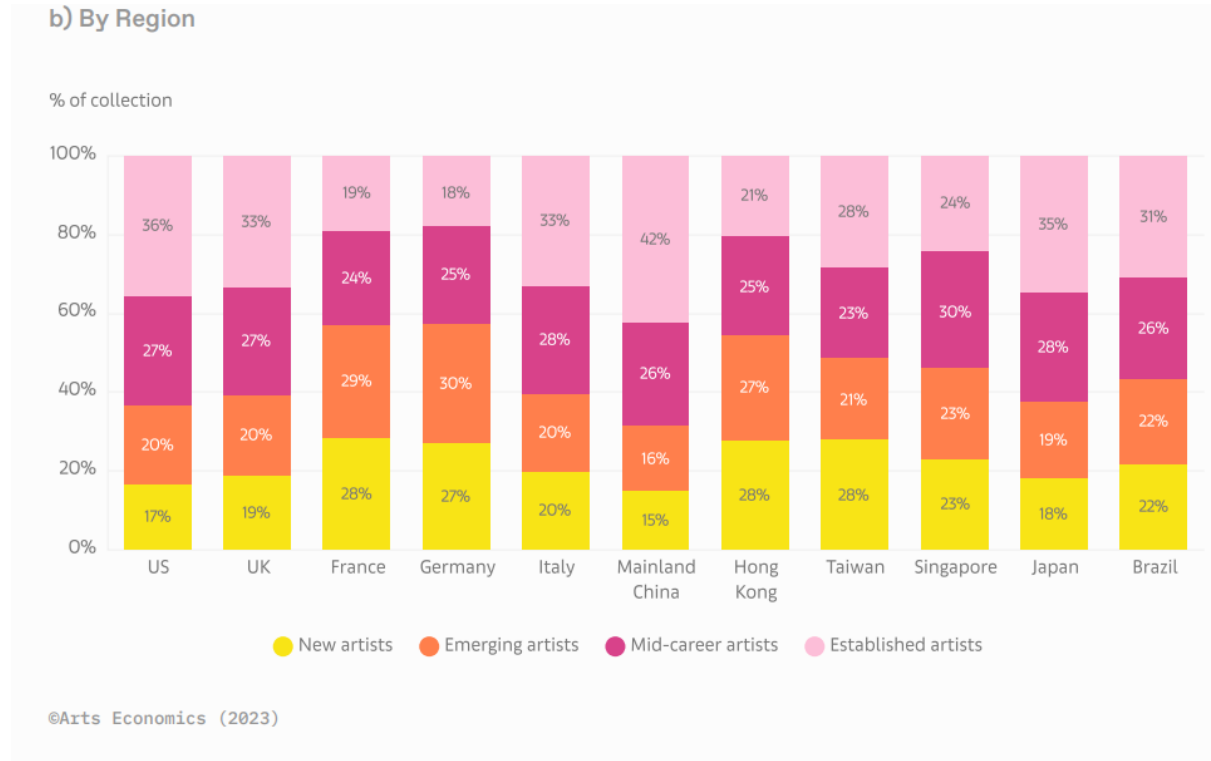


Figure 3: Share of Works in Collections by Artist Career Status in 2023 © Arts Economics (2023)

10. Bibliography

- Adam, Georgina. “Taiwan’s Art Market: Matters of Taste.” *Financial Times*, 11 Jan. 2019, www.ft.com/content/fd443124-1275-11e9-a168-d45595ad076d. Accessed 8 Dec. 2023.
- ARTOUCH. “Collection Today’s Art & Investment” No. 347_08 Issue.” *Artco Books 典藏藝術出版*, 2021, bookstore.artouch.com/product/a09347/. Accessed 15 Nov. 2023.
- Bazire, Edmond. *Manet (Ed.1884)*. Hachette Livre - Bnf, 1 Mar. 2012.
- BPM. “What Is the Population Structure, per Capita Income, and Regional Development of Wenshan District (Taipei) in 2023?” *Bpm.com.tw*, 2023, bpm.com.tw/district/63000080/. Accessed 10 Nov. 2023.
- CNA. “CPI Reached 2.95% in 2022, the Highest since 2009, and Food Rents Became the Key to Pushing Up.” *中央社 CNA*, 6 Jan. 2023, www.cna.com.tw/news/afe/202301060189.aspx. Accessed 22 Nov. 2023.
- Dees, Karen Marie. *The Role of the Parisian Café in the Emergence of Modern Art: An Analysis of the Nineteenth Century Café as Social Institution and Symbol of Modern Art*. 2002.
- Dr. Clare McAndrew, “THE SURVEY of GLOBAL COLLECTING 2023.” *Art Basel & UBS*, 2023, www.ubs.com/global/en/our-firm/art/collecting/art-market-survey/download-survey-report-2023.html. Accessed 3 Nov. 2023.
- food NEXT. “Amidst the Pandemic, a New Type of Business Evolution Is Taking Place! Analyzing the 2021 Trends in Five Major Aspects of the Chain Franchise Industry.” *Food*

NEXT, Jan. 2021, www.foodnext.net/column/columnist/paper/5098547925. Accessed 20 Nov. 2023.

- Galassi, Flavia, et al. “Creativity and Art Therapies to Promote Healthy Aging: A Scoping Review.” *Frontiers in Psychology*, vol. 13, 26 Sept. 2022, <https://doi.org/10.3389/fpsyg.2022.906191>.
- Gandy, Matthew. “The Paris Sewers and the Rationalization of Urban Space.” *Transactions of the Institute of British Geographers*, vol. 24, no. 1, 1999, pp. 23–44, www.jstor.org/stable/623339.
- Government, Taipei City. “Household Registration Office, Wenshan District.” 臺北市文山區戶政事務所, 13 Mar. 2018, wshr.gov.taipei/Content_List.aspx?n=98BEB49D246CDC3B.
- Hu, Hua Sheng. “Taipei 12 District Store Rental Rankings.” 遠見 Magazine, 12 Oct. 2023, www.gvm.com.tw/article/106832#:~:text=%E6%95%B4%E9%AB%94%E4%BE%86%E7%9C%8B%EF%BC%8C%E5%8F%B0%E5%8C%97%E5%B8%82. Accessed 16 Nov. 2023.
- Kirkman, Emily. “Haussmann’s Architectural Paris - Architecture in the Era of Napoleon III - the Art History Archive.” *Www.arthistoryarchive.com*, 2007, www.arthistoryarchive.com/arthistory/architecture/Haussmanns-Architectural-Paris.html.
- Lee, I-Show. “Changes in Social Phenomena of Art under the Changes in Taiwan’s Art Market.” *屏東教育大學學報-人文社會類*, no. 36, 1 Mar. 2011, pp. 111–140, www.airitilibrary.com/Publication/alDetailedMesh?docid=P20161013001-201103-201610190020-201610190020-111-140. Accessed 8 Dec. 2023.
- Li, Jing Ru. *A Study on the Selection of the Taipei City Art Gallery District*. 19 Dec. 2017.

- Lin, Bo Ren. Analysis of Commercializing Strategy for Artists: A Focus on Taiwanese Emerging Artists. June 2017.
- Luo, Ye, et al. “Loneliness, Health, and Mortality in Old Age: A National Longitudinal Study.” *Social Science & Medicine*, vol. 74, no. 6, Mar. 2012, pp. 907–914, <https://doi.org/10.1016/j.socscimed.2011.11.028>.
- McAndrew, Clare. *THE ART MARKET 2023* a Report by Art Basel & UBS. 2023.
- Ministry of Economic Affairs. “The Business Volume of the Beverage Store Has Been Growing for 14 Consecutive Years.” Ministry of Economic Affairs,R.O.C., 17 June 2019, www.moea.gov.tw/mns/populace/news/News.aspx?kind=1&menu_id=40&news_id=85094.
 Accesses Ministry of Economic Affairs, R. O. C. “The Black Gold Business Continued to Ferment, and the Number of Coffee Houses Grew Steadily.” 中華民國經濟部(Ministry of Economic Affairs,R.O.C.)全球資訊網, 15 Nov. 2022, www.moea.gov.tw/MNS/populace/news/News.aspx?kind=1&menu_id=40&news_id=10355
 3. Accessed 10 Nov. 2023.d 7 Nov. 2023.
- News, Artnet, and Morgan Stanley. “Asia Rising: What’s behind the Region’s Art-Market Ascendance—and What It Means for the Future.” *Artnet News*, 23 Nov. 2021, news.artnet.com/market/asia-rising-morgan-stanley-artnet-2030273.
- Office of the Surgeon General (OSG). *Our Epidemic of Loneliness and Isolation: The U.S. Surgeon General’s Advisory on the Healing Effects of Social Connection and Community*. *PubMed*, Washington (DC), US Department of Health and Human Services, 2023, pubmed.ncbi.nlm.nih.gov/37792968/.

- Taiwan Art Gallery Association. “ART TAIPEI 2023 Post-Show Observation: A New Trend in the Diversification of Taiwan’s Art Market.” *Art Emperor*, 25 Oct. 2023, artemperor.tw/focus/5699#:~:text=%E5%BB%B6%E7%BA%8C%E8%91%97%E8%87%A2021%E5%B9%B4. Accessed 20 Nov. 2023.
- Taylor, Jennie. “In Focus: The Flâneur.” *National Gallery of Ireland*, www.nationalgallery.ie/explore-and-learn/focus-flaneur. Accessed Nov. 2023.
- The National Chengchi University. “Number of Registrants.” *Office of Academic Affairs of the National Chengchi University*, 20 Oct. 2023, aca.nccu.edu.tw/zh/index.php?option=com_content&view=article&id=4528. Accessed 30 Nov. 2023.
- United Nations. “MAKE the SDGS a REALITY.” sdgs.un.org
- United Nations. “Sustainable Development Goals (SDG 3).” United Nations Western Europe, 2023, unric.org/en/sdg-3/.
- Wu, Pei Yu. “Survey on the Current Situation of Entrepreneurship among the Whole People.” 1111 News, Sept. 2023, www.1111.com.tw/news/jobns/153287. Accessed 24 Nov. 2023.
- Xie, Yiru. “TTR Taiwan Trend Research Report on the Trends in the Catering Industry.” 台灣趨勢研究, Mar. 2023, www.twtrend.com/trend-detail/food-and-beverage-service-activities-2023/. Accessed 4 Dec. 2023.