

## *Ms. Chantana at Andaman Heritage: Strategic Recovery in Phuket's Post-Pandemic Tourism Landscape*

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### **Abstract**

This case examines the strategic recovery and repositioning of Andaman Heritage Resort, a mid sized independent hotel in Phuket, Thailand, during the post pandemic transformation of the tourism industry. The narrative follows the resort's general manager, Ms. Chantana, as she navigates a complex environment shaped by uneven tourism demand recovery, labour shortages, rising operating costs, and increasing expectations from guests, regulators, and local communities. While international arrivals gradually return, the resort faces mounting operational pressures including staffing constraints, deferred maintenance, technology gaps, and intensified competition from branded resorts and alternative accommodation platforms. With limited financial resources and cautious owner expectations, Ms. Chantana must evaluate alternative strategic directions that balance occupancy growth, selective service upgrades, and long term brand positioning. The case highlights the interconnected challenges faced by independent hospitality firms operating in a volatile recovery phase, where strategic choices involve trade offs between short term revenue recovery, operational resilience, stakeholder alignment, and sustainable tourism practices. Students are invited to analyse the strategic tensions surrounding resource allocation, market positioning, and organisational identity as the resort seeks to redefine its role in Phuket's evolving tourism landscape.

**Keywords:** Tourism Recovery Strategy, Hospitality Operations Management, Stakeholder Alignment in SMEs

## Compact Case Narrative

### 1. Phuket After the Sandbox

#### 1.1 Evolution of tourism demand after reopening

When Thailand's borders were fully reopened in late 2022, Phuket's recovery was not uniform but rather staggered. Although numbers were below the 2019 peak, international arrivals to Phuket climbed gradually through 2023, according to province tourist records and airport arrival figures. In contrast to East Asian economies, especially China, where outbound travel resumed later and airline capacity returned gradually, European markets including Germany, the UK, France, and Scandinavia recovered more quickly.

There was still a considerable seasonal component. While shoulder and low seasons showed fluctuation, high season demand from November to March demonstrated significant booking momentum. Compared to pre-pandemic trends, hotels reported that booking windows were substantially shorter. Forecasting and staffing selections got more complex as more passengers confirmed bookings within two to three weeks of arrival.

Each market also has a distinct average length of stay. While returning Asian visitors preferred to stay four to six nights, leisure travellers from Europe often stayed between ten and fourteen nights. Room turnover, housekeeping schedules, and auxiliary revenue from food and beverage outlets were all impacted by this move.

#### 1.2 Cost pressures and operational constraints

While revenue indicators increased, cost conditions for Phuket hotels deteriorated compared to the pre-pandemic period. Labour shortages evolved as a structural limitation rather than a transitory disturbance. Industry surveys conducted in 2022 and 2023 suggested that a considerable amount of hospitality workers did not return to the sector, having shifted into logistics, retail, or informal employment during the pandemic years.

For Andaman Heritage Resort, staffing levels in mid-2023 were around 80 percent of pre-pandemic headcount. Certain professional professions, notably in food and beverage operations and maintenance, were challenging to fill. Wage rates for experienced staff climbed considerably, while dependency on overtime rose during peak periods.

Utility expenses also climbed. Electricity costs climbed in line with regional energy price trends, directly hurting air conditioning, water heating, and laundry operations. Suppliers renegotiated contracts to reflect rising input costs, restricting the resort's ability to manage expenses through procurement alone.

Deferred maintenance increased more pressure. Guest reviews increasingly noted old fixtures, intermittent Wi-Fi performance, and antiquated room finishes. While these flaws did not immediately prevent bookings, Ms Chantana realised that they may harm the resort's competitive position if left unchecked.

#### 1.3 Competitive landscape in Phuket

Phuket's hotel supply contracted during the pandemic, but not equally. Smaller independent hotels and guesthouses accounted for most permanent closures, whereas larger branded facilities were more likely to survive due to better bank sheets and corporate backing.

As tourism returned, branded resorts exploited loyalty schemes, global distribution systems,

and aggressive marketing efforts. Some shifted toward higher end experiences, while others targeted volume recovery through promotional pricing. Independent resorts like Andaman Heritage faced growing competition from both directions.

At the same time, alternative accommodation platforms extended their footprint, notably for longer stay guests and digital nomads. While these did not totally supplant resort experiences, they created competitive pressure during off peak periods.

#### 1.4 Indicative operating data

To support planning discussions with the owner, Ms Chantana developed a summary of important operating metrics, benchmarked against island level trends. The values below reflect rounded averages based from internal records and publicly released tourism statistics.

**Table 1:** Selected operating indicators for Andaman Heritage Resort

<b>Indicator</b>	<b>2019</b>	<b>2021</b>	<b>2023</b>
<b>Average annual occupancy</b>	~78%	~32%	~65%
<b>Average daily room rate (THB)</b>	~4,200	~3,100	~5,000
<b>Average length of stay</b>	6.5 nights	9.0 nights	8.2 nights
<b>Labour cost share of revenue</b>	~28%	~35%	~38%
<b>Energy cost index (2019 = 100)</b>	100	108	135

Source: Tourism Council of Thailand (2024); Tourism Authority of Thailand (2024)

The statistics revealed a resurgence in pricing power alongside ongoing cost growth. Occupancy had not entirely rebounded, although room rates exceeded pre-pandemic levels in nominal terms. Whether this translated into sustainable profitability remained unknown.

#### 1.5 Owner expectations and financial constraints

The resort owner reviewed these numbers with conflicting views. He was encouraged by growing cash inflows but concerned about margin compression. He was open to sanctioning capital investment for room upgrades or digital systems but relied on clear prioritising and progressive deployment.

Borrowing was possible but unattractive due to increased interest rates and unclear demand outlook. The owner wanted tactics that could be funded entirely by internal cash flow, at least in the initial phase.

He also voiced concern about reputational positioning. Before the outbreak, Andaman Heritage was known for reliability and value rather than luxury or bargain goods. Any strategic move needed to match with this persona.

#### 1.6 Stakeholder considerations

Beyond financial measures, Ms Chantana examined broader stakeholder consequences. Employees expected more predictable hours and clearer career prospects following years of instability. Local suppliers preferred predictable orders rather than short term changes. Community connections essential, particularly in coastal locations where tourism intensity was a sensitive subject.

She was aware that Phuket's recovery strategy was increasingly scrutinised by policymakers and local inhabitants alike. Overcrowding issues, environmental difficulties, and infrastructure strain returned as visitor numbers climbed.

### **1.7 The unresolved choice**

As high season approached, Ms Chantana faced a narrowing window to commit resources and align her management team. Marketing contracts, staffing plans, and maintenance schedules all depended on the strategic direction chosen.

Pursuing higher occupancy would involve speedy recruitment, aggressive pricing pledges, and tolerance for operational pressure. A higher value strategy would involve selective investment and precise market targeting, with no certainty of sufficient demand. A cautious interim approach gave flexibility but risked underperformance during a vital recovery phase.

With inadequate information and competing priorities, Ms Chantana prepared to submit her options to the owner. The decision will influence not only the following season but the longer term destiny of Andaman Heritage Resort in a fundamentally transformed tourism climate.

## **2. Operational Pressures and Constraints**

### **2.1 Labour and structural constraints**

While revenue indicators increased, cost conditions for Phuket hotels deteriorated compared to the pre-pandemic period. Labour shortages evolved as a structural limitation rather than a transitory disturbance. Industry surveys conducted in 2022 and 2023 suggested that a considerable proportion of hospitality workers did not return to the sector, having shifted into logistics, retail, or informal employment during the pandemic years (Thai Hotel Association, 2024).

For Andaman Heritage Resort, staffing levels in mid-2023 were around 80 percent of pre-pandemic headcount. Certain professional professions, notably in food and beverage operations and maintenance, were challenging to fill. Wage rates for experienced staff climbed considerably, while dependency on overtime rose during peak periods.

Exit interviews and department head reports identified two drivers of attrition. First, individuals claimed increased job security and work-life balance in alternative businesses. Second, several personnel who returned reported higher stress owing to expanded jobs and more demanding visitor expectations. While core management remained consistent, supervisory turnover in housekeeping and front office was unusually high.

To somewhat compensate, the resort recruited short-term staff during busy months. However, training time, service unreliability, and greater per-shift costs hindered the effectiveness of this strategy. The HR team recognised increased burnout risk among essential employees.

### **2.2 Energy, utilities, and procurement**

Utility expenses also climbed with electricity costs grew in keeping with regional energy price trends, thereby affecting air conditioning, water heating, and laundry operations. Laundry was further impacted by reduced capacity at third-party providers, several of whom had quit the market or scaled down during COVID-19.

Suppliers renegotiated contracts to reflect rising input costs, restricting the resort's ability to manage expenses through procurement alone. Longstanding beverage and produce suppliers shortened payment terms and asked more regular volume changes.

The resort's diesel generator, generally utilised for backup during island-wide power shortages, needs extensive servicing by mid-2023. While disruptions were less common than during the previous decade, their operational and reputational damage had increased due to visitor dependency on constant connectivity.

Andaman Heritage's engineering and procurement teams withheld non-essential replacements during 2021–2022, resulting in a buildup of minor but obvious wear-and-tear. Guest reviews increasingly noted old fixtures, intermittent Wi-Fi performance, and antiquated room finishes. While these flaws did not immediately prevent bookings, Ms Chantana realised that they may harm the resort's competitive position if left unchecked.

### **2.3 Technology gaps and data limitations**

Andaman Heritage's property management system had not been upgraded since 2017. It lacked integrated forecasting, rate automation, and channel management features. Yield decisions were manually coordinated via spreadsheets between the reservations and revenue teams.

An internal audit conducted in April 2023 showed that important reports, such as pace, pickup, and segment-level ADR, were not consistently generated or archived. Most demand forecasting depended on historical patterns, departmental intuition, and OTA dashboards. The lack of granular advance data hindered the resort's ability to respond quickly to fluctuations in booking windows and market mix.

Digital guest interfaces were equally limited where online check-in was not accessible, and room service orders remained phone-based. While in-person service remained a brand strength, visitor comments suggested increased expectations for hybrid service models, including chat-based concierge support and automated billing.

Marketing campaigns also suffered from inadequate visibility. Andaman Heritage did not hire external digital firms and had suspended all sponsored campaigns during the outbreak. Its OTA pages remained active but lacked optimisation for mobile browsers, and content updates were irregular. As a result, click-through and conversion rates are below market averages.

### **2.4 Environmental compliance and infrastructure exposure**

The resort held an environmental operating license valid through 2025. However, wastewater treatment infrastructure had not been improved since 2014. While systems stayed below regulatory limitations, occasional inspections indicated issues regarding capacity during full occupancy times.

A 2022 flood incident had also uncovered flaws in the resort's electrical grid. Water incursion damaged a sub-panel in Building 5, leading to a partial outage during peak check-in hours. While interim repairs were undertaken, full preventive upgrades remained unfunded.

Andaman Heritage had previously engaged in a community-based recycling campaign, however that program was discontinued under COVID. Guest queries regarding single-use plastic and eco-certification increased in 2023 and 2024, notably from European travellers.

While Andaman Heritage met basic compliance levels, it lacked recognized sustainability credentials. Competing properties on the island began to exploit certifications like as Green Leaf and EarthCheck to differentiate themselves on OTA filters and in marketing materials.

## **2.5 Management awareness and internal tension**

Ms Chantana and her executive team were increasingly aware that operational shortcomings were not separate concerns but interconnected. Maintenance delays affected guest pleasure, which in turn dropped review scores and curtailed pricing power. Staffing instability drove overtime and burnout, which compromised training quality and service delivery.

A July 2023 management retreat surfaced diverse perspectives. The Rooms Division Head advised immediate technology changes, citing competitive disadvantages. The Financial Controller supported margin protection and warned against spreading scarce capital too thinly. The F&B Manager recognised deteriorating supplier connections and sought for contract renegotiation.

Ms Chantana accepted various opinions but highlighted the need for priority. With limited resources, the resort could not pursue every enhancement simultaneously. The executive team resolved to give a consolidated choices report to the owner, one that would position decisions not as discrete expenses, but as enhancers of strategic direction (Thai Hotel Association, 2024).

## **3. Stakeholders, Policy, and Strategic Tensions**

### **3.1 Broadening stakeholder expectations**

Beyond operational concerns, Ms Chantana increasingly realised the broadening range of stakeholders whose interests shaped resort performance.

Internally, staff demanded greater certainty after three years of instability. Line staff, notably in housekeeping and F&B service, indicated frustration with shifting schedules and insufficient communication about off-season preparation. Middle managers, many of whom had remained loyal during furloughs, hoped for better promotion chances. An internal poll performed in May 2024 indicated that over 60 percent of team members considered their department lacked sufficient staffing, while 45 percent voiced concern about burnout.

Externally, suppliers pressed for steadier demand and firmer purchase agreements. Several local manufacturers and service providers, such as the long-time seafood distributor and a linens contractor, had weathered the pandemic but were reluctant to give advantageous terms under unclear volume estimates. They prioritised shorter lead times, stricter payment cycles, and volume-based discounts.

The surrounding community also regained awareness as Phuket's tourism footprint rose. Environmental NGOs, coastal communities, and municipal officers increasingly investigated resort activity. Coastal erosion, traffic congestion, and waste disposal were prominent discussion subjects in quarterly town hall meetings organised by the local chamber of business.

Although Andaman Heritage has not encountered particular complaints, its visibility and mid-size presence positioned it as an important stakeholder. Prior to the epidemic, the resort had joined in community engagement measures including a mangrove restoration project, a scholarship fund for local kids, and frequent food drives during religious holidays. These operations had been suspended since early 2020.

Guest expectations were also evolving. While price sensitivity remained, particularly among regional visitors, European and Australian tourists increasingly commonly highlighted

sustainability, community involvement, and wellness programming in online reviews and pre-arrival questions.

### **3.2 Policy signals and competitive repositioning**

Thailand's tourist authorities set out many efforts to foster sustainable and experience-based tourism recovery. The Ministry of Tourism and Sports created the "Green Partnership Incentive" scheme in 2023, offering tax rebates of up to 20 percent for properties participating in proven energy, waste, or community projects.

However, compliance standards were stringent. Properties needed to provide audited environmental impact data, acquire certification from designated third-party agencies, and demonstrate annual reductions in key environmental criteria. While larger businesses like Banyan Tree or SAii took advantage of these advantages, mid-sized independents such as Andaman Heritage found the barriers to entrance prohibitive.

Simultaneously, the Thai SME Bank developed a sustainability-linked financing initiative for tourism firms. The loans featured reduced interest rates for certified green upgrades but needed matching funding and repayment triggers depending on confirmed outcomes. Ms Chantana evaluated the arrangements in early 2024 but found the resort lacked both the technical documents and the liquidity to participate meaningfully.

Competitively, branded resorts honed their positioning. Several switched toward high-margin health products, with new spa suites, detox packages, and yoga pavilions. Others proposed carbon offset partnerships or solar power investments. Their efforts were featured prominently on OTA sustainability filters and social media campaigns.

Budget travellers, meanwhile, gravitated for short-term rental services. Airbnb's presence in Phuket rose, notably for long-stay tourists. While these platforms had limited direct overlap with Andaman Heritage's placement, their rise diluted overall demand during low season.

### **3.3 Owner perspective and financial logic**

The owner, Mr. Thaksin, saw monthly dashboards and received quarterly update notes. He remained actively engaged yet apprehensive of aggressive investment. Having personally financed some procedures during the pandemic, he remained risk apprehensive. In one exchange, he noted: "We survived. But that does not mean we should run recklessly into new projects."

He stated willingness to fund guest-facing enhancements or digital efforts that had clear ROI and minimised fiscal hardship. However, he ruled off fresh borrowing, noting SME interest rates above 7 percent and elevated inflation risk. He also resisted fixed-cost expansion, such as more F&B outlets or additional rooms.

He highlighted that the resort's brand identity "reliable, relaxed, and real" should not be weakened by pursuing trends. When Ms Chantana suggested a multi-year capex roadmap, he requested that it be phased, performance-linked, and backed by staff training modules.

### **3.4 Tensions in decision-making**

The strategic contradiction became clearer: resource allocation was no longer merely an operational matter but a reputational, financial, and stakeholder choice.

Would failing to modernise limit attraction among high-value guests? Would prioritising staff stability sacrifice short-term pricing gains? Would delaying infrastructure upgrades raise long-run risk?

In an internal planning session, the executive team identified four guiding tensions:

1. Pace: Moving swiftly to catch demand against timing investment to match internal capacity
2. Positioning: Defending a mid-market niche versus selectively upgrading to command greater ADR
3. Partners: Deepening external engagement versus retaining internal control
4. People: Prioritising employee stability vs increasing productivity under leaner teams

Ms Chantana realised that no single investment option could overcome all tensions. Instead, she needed a progressive, adaptable plan that placed each choice within longer-term identification and resilience goals.

## **4. Strategy, Implementation, and Identity**

### **4.1 Strategic inflection: review and readiness**

In late August 2024, with the busy season coming and performance metrics stable, Ms Chantana convened her executive team for a systematic strategic review. The aim was not only to complete budgets or assign sales targets, but to pick among fundamentally distinct courses.

The executive team was provided with three scenarios:

1. Volume Recovery: Prioritise occupancy gains, lean on OTA exposure, offer promotional pricing during soft periods, and reintroduce charter-based packages targeting secondary markets.
2. Selective Premiumisation: Emphasise ADR growth, selectively enhance room types and facilities, reposition marketing to attract longer-stay guests from high-value source markets (e.g., Germany, Australia).
3. Conservative Continuation: Hold present positioning and spending patterns, prolong operational recovery, and defer large investment until broader economic indicators steadied.

Each scenario included predicted consequences on occupancy, rate, staff workload, and capital requirement. Marketing simulations and pacing curves were built using internal data from 2023–2024 and island-wide benchmarks. Based on island-level averages, Phuket's midscale resorts had an ADR of THB 5,400–5,800 and average occupancy of 67% in Q2 2024, per Cushman & Wakefield (2024). Andaman Heritage's present trajectory placed it slightly below those benchmarks on rate, but within range on occupancy.

### **4.2 Hybrid positioning: the “Steady Ascent” strategy**

Following many working sessions, the executive group agreed around a hybrid strategy they named “Steady Ascent.”

The method integrated short-term deliverables with medium-term positioning. It did not intend to become a luxury brand or compete primarily on price. Instead, it concentrated on visibility, consistency, and modern relevance within established identity constraints.

Approved elements included:

1. Targeted Room Upgrades: THB 900,000 earmarked to refurbish 12 ocean-facing rooms, replacing obsolete upholstery, increasing lighting, and improving balcony finishes.
2. Mobile Check-in Rollout: Partnership with a third-party supplier to pilot app-based check-in for up to 50% of bookings, easing front desk demand during peak hours.
3. Preventive Maintenance Initiative: THB 250,000 invested to HVAC system diagnostics and lift system calibration across three buildings.
4. Community Re-engagement: Reinstatement of the mangrove collaboration with the Ban Sakhu Coastal Group and a seafood procurement arrangement with a local fishers' cooperative.

On the digital side, the marketing team was allotted a limited budget to reactivate social media, update OTA listings with fresher photographs, and invite two travel content makers for preview stays. The goal was not viral publicity but legitimate reach among repeat visitors and long-stay segments.

The resort's website was rewritten to contain three messaging pillars:

1. Comfortable: Emphasising sleep quality, simple design, and straightforward service
2. Responsible: Highlighting environmental practices and local engagement
3. Connected: Underlining digital preparedness, workspace flexibility, and mobile tools

The stance attempted to stand apart from both luxury isolation and bargain cramming. It appealed to guests wanting familiarity, trustworthiness, and moderate intentionality, notably among mid-career professionals, young families, and distant workers.

#### **4.3 First signals and feedback loops**

By late September, initial indicators were cautiously positive.

Forward bookings for November was at 63.4%, a 9% year-on-year rise. ADR for peak weeks approached THB 5,600, significantly over internal objectives. Early response from OTA visitors praised enhanced check-in efficiency and stronger Wi-Fi in oceanview blocks. Review scores on Booking.com jumped to 8.5 from 8.2.

Internally, training programs resumed with supervisors in housekeeping and F&B conducted monthly skill refreshers. Staff attrition reduced modestly, with three resignations in Q3 compared to nine in Q2. A feedback box reintroduced in the staff canteen garnered 21 responses in two weeks, more than in the preceding two quarters combined.

Procurement stabilised. The revised seafood agreement minimised price variance and supported traceability. The linen supplier extended payment terms by 10 days after review sessions.

#### **4.4 Known gaps and continued constraints**

The hybrid technique did not resolve all difficulties. Deferred upkeep remained a concern in some hillside buildings. One of two chiller systems nearing replacement threshold, requiring THB 1.2 million the resort had not yet funded. Regulatory modifications in wastewater discharge reporting, commencing January 2025, would necessitate third-party monitoring systems. Engineering was working on proposals, but budget approval was pending.

On the marketing side, the in-house team remained stretched. The resort lacked a professional content strategist, limiting frequency and targeting precision. Competing properties employed influencer campaigns and targeted retargeting with external agencies, addressing European travellers with sophisticated conversion methods.

Labour stability increased but was precarious. Managers observed increased stress over weekend rosters. One supervisor indicated weariness from longer training loads and informal counselling tasks. While team spirit improved, resource thinness remained real.

#### **4.5 Strategic reflection**

In her October 2024 board memo, Ms Chantana decided that the resort was no longer in recovery. It was in repositioning.

The challenges were no longer those of survival, but of identity:

- Who is Andaman Heritage in the post-COVID tourism map of Phuket?
- How does it compete without mimicking?
- How does it develop without diluting?
- How can it give experience without overextending?

She wrote:

“We are not the most luxurious, not the cheapest, not the newest. But we may be the most consistent, and the most trusted, in the centre. That’s what our guests remember. That’s what we build from.”

The case finishes with Ms Chantana reviewing her dashboard in early November. Forward bookings are stable. Staff morale is weak but better. Competitors are repositioning, regulators are observing, and visitors are deciding with their expectations, budgets, and reviews.

For Andaman Heritage, the following season is no longer about reopening. It is about redefining what kind of resort it will be and for whom.

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