

Brief notes on the effects of the coronavirus on e-sales of small and medium-sized companies in Spain

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Abstract

Flexible business models, with strong e-commerce platforms and capable of generating synergies with other companies and local suppliers, are profiled as the best able to face the economic impact of COVID-19 in the year that we are in now: 2021. For the business fabric of the entire world - from small companies to multinationals - the arrival of the coronavirus has been an unprecedented crisis, for which no one was prepared. In the last half year, hundreds of businesses have disappeared, and it is already expected that many others will do so during 2021.

Key words

Coronavirus, SME, challenge, e-sale.

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1. Effects of the coronavirus on e-sales of SMEs in Spain

In the last half year, hundreds of businesses have disappeared, and it is already expected that many others will do so during 2021. However, other companies, some with only five workers (smaller SMEs), have in recent months experienced their online sales growing up to 150% during confinement and have resurfaced strengthened from the pandemic. Both experiences constitute the map that entrepreneurs will necessarily have to follow to rethink (or reorient) their business model (Nowland, Necka & Cacioppo, 2018; Manolova et. al., 2020) if they want to survive in the post-COVID era.

The impact of the coronavirus may have caused the deepest financial crisis since World War II. Companies will face new parameters that in recent recessions were nonexistent: health risk, labor problems due to the mandatory distancing between workers and logistical paralysis due to mobility restrictions.

More than building a robust business, the trend that marks the new normal is to promote a flexible business model - for the head of the company and its workers - that can adapt rapidly to both the needs of the market and that of its employees or customers. The first thing that must be done is to adapt the facilities of the company and the service with the new health protocols - distance, telework, gloves, gel, PCR tests, and a long et cetera- measures that will not only improve customer trust but also the piggy bank of annual budgets because this new corporate health policy is likely to last for the next few years. The scenario in which we live is turbulent, and no one knows how long what has been called the new normal will last in the business scenario.

A disruptive and changing way of working, according to the scenarios that are proposed, will be essential to manage the uncertainty that goes along with COVID-19. Although strategic planning is always necessary, in these moments, it is essential to set achievable goals in the short term and modify them based on new expectations, as well as having a team capable of responding to emergencies. (López Jiménez, Dittmar & Vargas Portillo, 2021a).

Changes will also come from outside. The most visible case is the reconversion of supply chains. Mobility restrictions, especially at borders, are leading large companies to shift their network of producers to more localized producers to provide security in regard to stockpiling against new outbreaks and a possible closure of border customs. Therefore, expanding the choice of suppliers, even if doing so increases costs and reduces efficiency, is a lesson in long-term profitability that many companies are learning from the pandemic and an opportunity for SMEs to see increased sales.

The issue with supplier networks is logistics, a sector that nobody cared about until things started to go wrong. It has been extraordinary to see how resilient retail supply chains have been (Jaworski, Kohli, & Sahay, 2000), a trend that will continue in the coming years. Therefore, having a safe and reliable delivery company has become essential for all businesses, even for small SMEs, which have jumped on the Internet as a channel to survive this crisis (Dittmar, 2012).

In the last half year, a large part of the planet has taken an intensive course on e-commerce and telecommuting, two routes without which it now seems impossible to open a business. It is

essential that a company (large or small) have these structures to survive. This fact is still a pending issue in Spain, where only 17.1% of SMEs have an online store. However, having a website is not enough (López Jiménez, Dittmar & Vargas Portillo, 2021b). Maintaining a strong sales level requires having a good logistics system for the storage of goods and a delivery company that delivers the product quickly and without problems. Furthermore, communication with the client (both to advise them and to solve possible problems) should be essential to ensure their loyalty.

More than half of Spanish companies increased their online sales in the last year, indicating that e-commerce has consolidated as a complement to international expansion during the pandemic (Papadopoulos, Baltas & Balta, 2020). Additionally, economic uncertainty and increased regulation are the main obstacles to the internationalization of Spanish companies. The pandemic has positioned e-commerce as one of the options most used by Spanish companies to expand their business beyond their country of origin. Entrepreneurs recognize that during the coronavirus, a period in which mobility between countries has been significantly restricted, online commerce has grown exponentially, consolidating itself as a parallel solution to internationalization. The need for diversification in a local market impacted by the effect of the coronavirus is pushing companies to focus their internationalization plans beyond a formula to increase turnover. Progress toward internationalization and operational flexibility, typical of medium-sized companies, is seen as a clear advantage over large companies.

Working from home has proven to be profitable: infrastructure costs have been reduced, and time is better managed. However, the companies that have not been able to adapt to this form of work have watched many of their employees suffer from chronic stress, isolation and even physical deterioration. However, not all companies have consolidated this form of service provision. Both large and small and medium-sized Spanish companies plan to return to their previous levels of remote and face-to-face work prior to the coronavirus crisis.

As has always happened in all crises, ingenuity when creating new ways of selling or communicating with customers is a differentiating advantage (López Jiménez, Dittmar & Vargas Portillo, 2021c). Creativity allows many companies to rethink new ways of producing with remote monitoring and the incorporation of robots and even to alleviate customers' fears of being infected in a physical business. A good starting point is to develop a good system of social listening, which is to check in with social networks every day to know what is happening in a given sector and recognize the needs of customers that go beyond supply and demand, such as what concerns them most when buying or the type of relationship they want to have with the seller. Social listening is a set of techniques that allow us to actively listen to our clients using social networks. This activity is carried out using different tools that allow us to monitor all the comments made about us. In this way, we will be able to know exactly what the opinions of our customers are, as well as their concerns regarding and problems derived from our products.

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