

Online Sales Impact on Management Strategies in Times of a Pandemic

Oana Horhogeia

PhD Student, "Alexandru Ioan Cuza" University, Iași, Romania, oana.horhogeia@yahoo.com

ABSTRACT: Internationally, the pandemic represented a threat to the economy. Managers sensed that a threat to their companies was coming and worked to protect them. This protection has been directed at assets, customers and jobs. The impact of the pandemic has varied from sector to sector and company to company, exposing vulnerabilities. While before the pandemic the changes in a company associated with digitization were a major challenge, the closure of retail premises has led to a pressing need to reorganize and embrace online commerce as widely as possible by creating or multiplying online sales channels. The use of online sales channels became so important that it was soon followed by a new phase, of research, based on all the information collected from customers.

KEYWORDS: management strategies, pandemic, online sales, impact, companies

Introduction

The ability of companies to ensure business continuity in times of crisis varies greatly depending on the nature of the sectors they operate in, as their power of adaptation is sometimes restricted due to isolation and partial unemployment. However, there have also been exceptional cases of companies that have managed to adapt spectacularly thanks to a strong culture of innovation. Excluding these exceptions, however, the main characteristic of those that have responded best to the challenges of the crisis is the pre-existence of a remote working culture. Thus, IT firms and others have been able to maintain almost all their activities thanks to a long-established digital culture.

The ability to work from home a few days a month, flexible working hours and teleworking have been increasingly in demand for several years. The tone was set by IT companies, followed by multinationals and some startups, and then it became a benefit targeted by many employees. Among the main reasons for making such a change are better management of working time, elimination of time lost in traffic, increased personal comfort, reduction of some expenses (transport, meals, etc.) as well as lower stress levels caused by office conflicts. For companies, the benefits mainly relate to savings on office space. In areas such as sales, insurance, consultancy of various kinds, field work, etc., dependence on a fixed space is reduced. People go where they are needed and take their office with them.

Obviously working remotely is not deprived of challenges, the biggest being the need for networking, communication and belonging to a group. Going to the office, among other things, brings people together and creates communities, disciplines and energizes. Other challenges are related to management itself, which in these circumstances is about virtual teams, with people who may only meet once a month or less often. It is also harder for managers to push themselves. It is harder to create teams and achieve cohesion. It should not be forgotten that teamwork is about people with varied professional experience and skills, different perspectives on life and often they may not have 'chemistry', which leads to conflict situations that are difficult to manage. In order to overcome these challenging situations and create an environment that is conducive to the performance of everyone in the team effort and commitment from everyone is required.

Remote working also seems to create a shift in the boundary between private and professional life, in the sense that the boundary between professional and human ties becomes much more flexible. The fact that for the first time an economic crisis is being subordinated to a health situation that puts people at risk, leads to a move to maintain social connection.

Priorities, in the epidemiological context, are being re-ordered. Today more than ever, people come first and then comes the group unity. In more and more companies, which practice remote working, each employee is in daily contact with his or her manager. While it is impossible to say at this stage to what extent the boundary between private and professional life will remain open, it is increasingly clear that the dismantling of the artificial boundaries too often established between economic objectives and the social rationale of the enterprise will be long-lasting (Nistorescu 2020, 46-47).

Online sales impact on management strategies in times of pandemic

The strong support comes from technology, which is indeed the key to doing business in the virtual environment, but unfortunately it is only the means, the tool, the essence still focusing on people, driven by the need to solve certain problems. It is a fact that in the new context of the Covid 19 pandemic, we have suddenly shifted from working with people face-to-face to working in the virtual environment, and its development has shifted from the motivation of limited human resources to cost efficiency, from the need to work with specialists in other parts of the world (in international projects) to the need for survival. The world is now becoming a much smaller place, communicating online as a necessity, including in institutions or even on the block.

It is true that the multitude of web technologies has brought advantages. It has allowed the development of more intense and richer communication. It has allowed greater flexibility among communicators in the virtual environment, overcoming organizational, time and space barriers. The teaching process taking place outside the teaching spaces, and sometimes outside strict working hours. As an argument, here is what a researcher in the field said about these advantages (Nistorescu 2020, 33).

82% of Fortune Magazine's top 100 best companies to work for embrace virtual work and support virtual work policies. As companies experience less overhead and a lower carbon footprint, virtual team members demonstrate higher productivity, better health, reduced absenteeism (an average of 3.7 days/year), higher retention rates, and reduced workplace accidents. This research suggests that hiring virtual workers poses fewer risks than having on-site employees (Lee 2014, 6).

Although digital transformation looks different for each individual company, we can define it as reshaping the industry by disrupting existing business and operating models. Specifically, digital transformation proposes the use of new digital technologies to streamline operating models, processes and activities in your business.

Now you may be thinking that digital transformation is the equivalent of a simple technology upgrade, but the truth is that it is much more than that. It is not just about adapting to the new technologies available. It is about adapting to the real changes and needs in the market, as well as to customer expectations.

| <i>National situation</i> | <i>Global situation</i> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Romania ranks 27th among EU countries regarding the integration of digital technology by companies</i></p> <p><i>11% of small and medium enterprises in Romania carry out sales online</i></p> <p><i>23% of Romanian companies carry out electronic information exchanges, and only 8% use social media platforms</i></p> | <p><i>In 2019, digital companies had 64% more chances of exceeding their business objectives of 2018, compared to the companies that did not adopt digital transformation</i></p> <p><i>45% of the companies that reported a positive impact of digital transformation on their businesses also reported a high increase of their net revenues</i></p> <p><i>52% of companies intend to reduce or postpone investment costs because of the Covid19</i></p> |

| | |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><i>pandemic, but only 9% of them postpone their investments in digital transformation</i></p> <p><i>89% of all companies have already adopted a digital business strategy or intend to do so</i></p> <p><i>Only 23% of companies do not depend on digital products or operations</i></p> <p><i>Entrepreneurs and managers say that the main benefits of digital transformation are operational efficiency (40%), faster lead time (36%) and the capacity to satisfy client expectations (35%)</i></p> <p><i>Digital transformation and the focus on client experience may generate a 20-30% increase of client satisfaction and economic profits of over 20-50%</i></p> <p><i>73% of users use several channels during a shopping session</i></p> <p><i>39% of high-performance companies have a fully-integrated digital-physical strategy</i></p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: Costea 2022

The pandemic has severely disrupted world trade. Some sectors faced much higher demand than others (e.g., manufacturers of personal protective equipment, medical supplies or hygiene products) or were able to react more quickly. At the same time, areas such as vehicle and machinery manufacturing have faced difficulties in terms of the increased volume of demand and supply. Regardless of the sector, companies have had to adapt, from implementing new processes to offering new products or services that reflect the change of spending behavior. Perhaps the most lasting result has been the shift to e-commerce. Online presence has become the key factor in meeting customer demands, and even reaching out to new ones, which is still the case today.

Looking to the future, it is difficult to predict what will happen, but we can be sure of one thing: the importance of adaptation. Businesses that can adapt, increase their resilience, digitize quickly and become more flexible will have the best chance of growing. It is also clear that the process of globalization can no longer be stopped. It will continue to be important for small businesses, facilitating their access to new markets, stimulating innovation, creating jobs and offering new opportunities. Today's world, with its revolutionary technology, global supply chains and extensive connectivity, makes this more possible than ever. So, it is up to us as leaders to make this happen and support the development of our communities, our neighbors and our businesses.

As governments have acted to prevent the spread of the virus, companies across Europe have begun to migrate entirely online. The digital transformation, which would normally have taken five years, was implemented within months. Web hosting provider GoDaddy saw a significant increase in the number of companies subscribing to its e-commerce products between February and April 2020, with the increase standing at 48%.

Online payment platform providers are growing as many companies migrate online, and Stripe, one of the largest providers, was even valued at \$36 billion. Supply chains avoid just-in-time suppliers as well as the cheapest ones. Companies are rethinking their supply chains in the wake of the pandemic. The use of just-in-time models is likely to decline, and 70% of companies say they may no longer focus so much on sourcing products from the lowest-priced suppliers.

This includes giving up Chinese supply chains. The long-term stability of supply chains is now an important priority. The costs of diversifying supply chains may be higher, but these will be

offset by faster market entry and resilience against future disruptions. It has become essential for companies to reassure their customers that they can be supplied with goods no matter what happens, and many companies are investing in supply chains that they see as stable over the long term (Mc Williams-Poatek 2021, 2-11).

In order to analyze the impact of the pandemic on e-commerce companies at the national level, a study was conducted with the participation of business owners, middle and top managers from 217 retail companies in Romania. Participants were asked about how the COVID-19 pandemic has impacted the companies they own or operate, and what strategies and tools have helped them overcome these challenges. The COVID-19 pandemic has had a positive impact on Romanian e-commerce companies, regardless of size. More than half of the companies surveyed (58%) reported increases in online sales in March 2022 versus the same month in 2020.

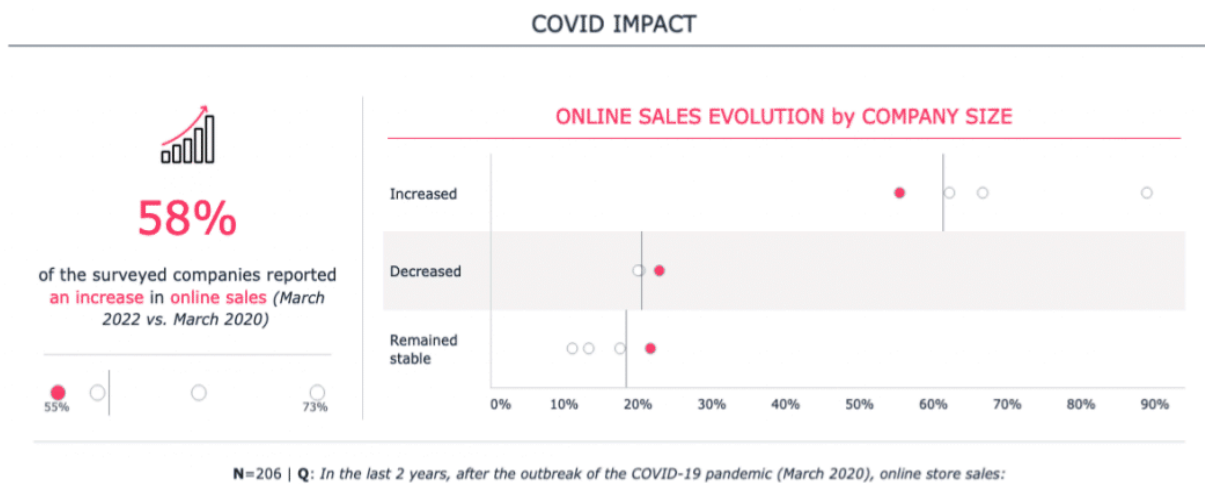


Figure 1. Covid Impact, Online sales evolution by company size

ALEX & MKUR Source: Romanian E-Commerce Report (2022a)

Most of the business KPIs increased during the reporting period, while operational indicators stagnated regardless of company size or age in online commerce. The main strategies for adapting to the challenges posed by the pandemic were aimed at expanding the product or service portfolio (62%) and increasing the marketing budget (48%).

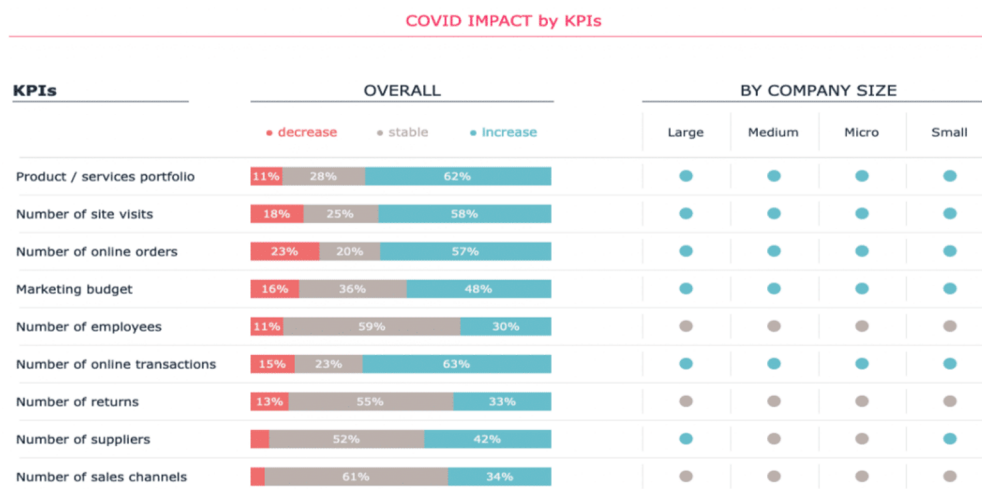


Figure 2. Covid Impact by KPIs

ALEX & MKUR Source: Romanian E-Commerce Report (2022b)

In terms of sales strategy, the results show that SMEs rely mainly on digital channels to market their products, while large companies are more likely to have both online and physical stores.

On average, e-businesses in Romania have faced two different types of challenges. The size of the company influences the number of difficulties experienced, which diversify as the business increases in complexity.

Most pain points reported by respondents relate to external factors such as:

- competitors (21%)
- consumer behavior (especially shopping basket abandonment)
- supply chain

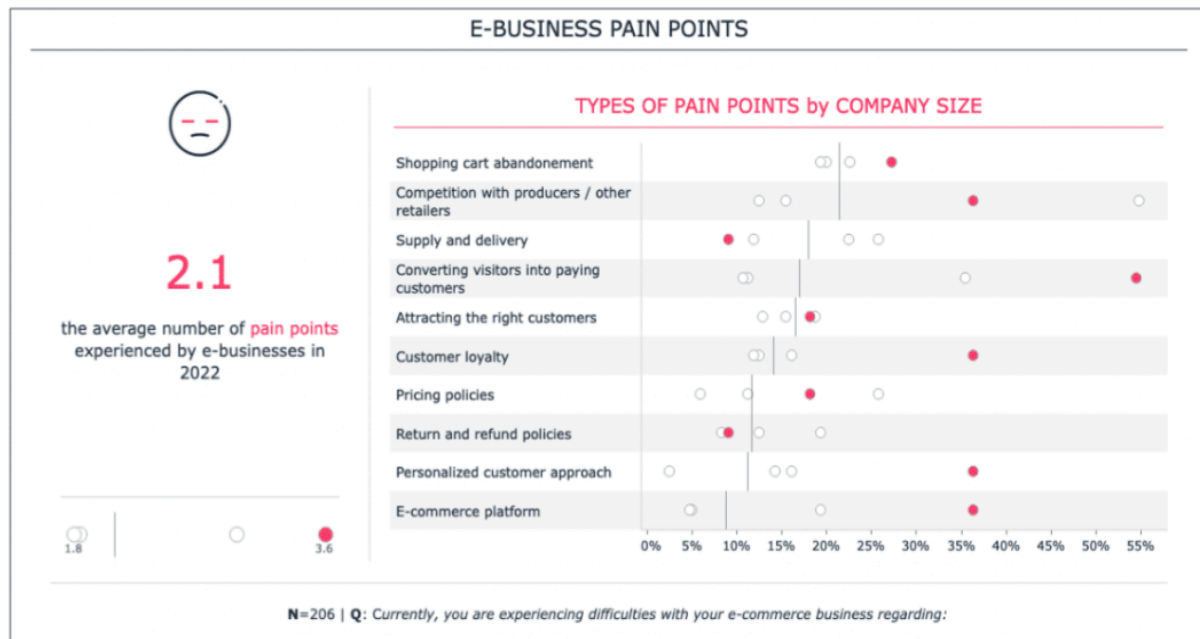


Figure 3. E-Business Pain Points

ALEX & MKOR Source: Romanian E-Commerce Report (2022c)

Small businesses mainly faced challenges related to shopping cart abandonment (23%) and supply chain and delivery (23%), while medium-sized businesses perceived challenges related to the competitive environment (55%). Large companies identified converting website visitors into customers as the main challenge (55%).

More than half (62%) of the tools used by online retailers for promotion are paid tools. The use of mainly paid social media and Google Ads campaigns is justified in the context of growing marketing budgets during the pandemic. They have also contributed to increased website traffic.

Content marketing is also popular, with SEO optimization being the most used organic method of promotion.

However, the choice of marketing tools depends on the size of the company. Micro businesses mainly use paid online campaigns to gain visibility, while large companies adopt multi-channel strategies and rely on their already acquired reputation.

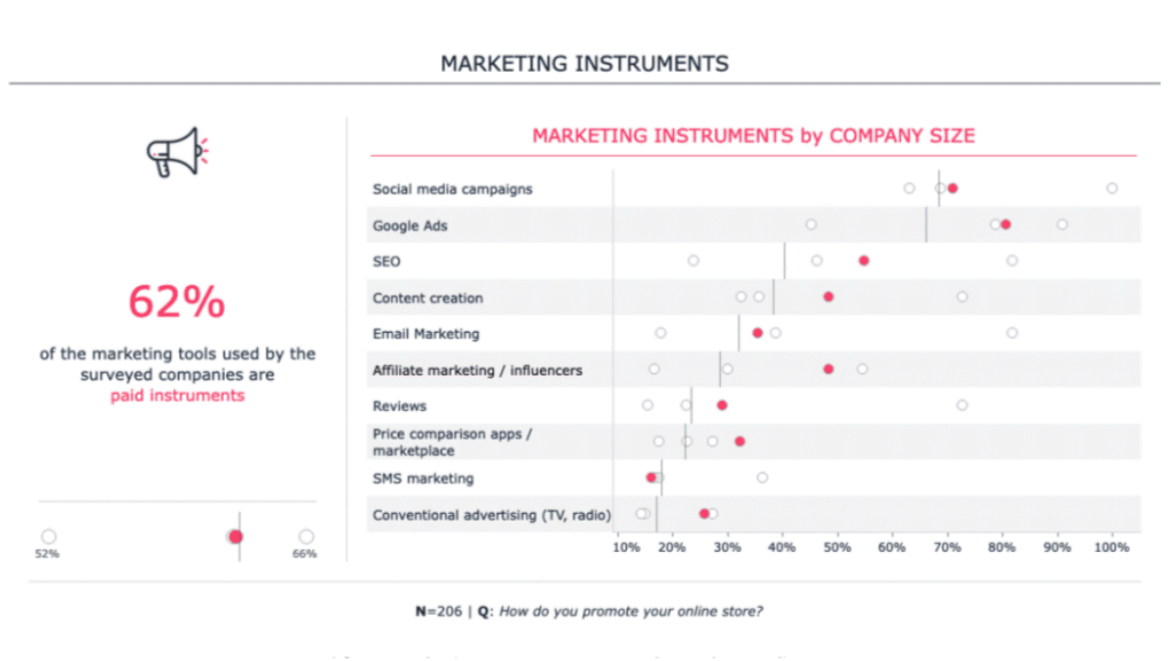


Figure 4. Marketing Instrument by Company size

ALEX & MKUR Source: Romanian E-Commerce Report (2022d)

Conclusions

Internationally, the emergence of the pandemic has forced the creation or multiplication of online sales channels. This has led to a change in the behavior and thinking of buyers, generating major changes at company and international levels.

The shift to digital commerce has enabled significant sales growth in this market segment, lower expenses and increased profitability. It has been a shift that has changed consumer behavior and the way consumers think. All the information that has been collected through this service has led to the formation of a stage of research on customer needs and thus to the development of this service. Once the customer's needs, requirements and desires were covered, sales increased leading to record profit growth for the companies.

The most important advantages of the development of online trade were: the possibility to promote their own products and sell them internationally, more efficient relations with suppliers, and lower costs.

Online sales impacted management strategies during the pandemic because E-Commerce was not just about online shopping. It also included related activities such as contract negotiations, in-house activities in support of sales activities, completing and exchanging documents, signing commercial contracts, maintaining contracts with suppliers, and promoting products.

In conclusion, we can say that the shift to online commerce has been a factor in the development of international trade, leading to consumer dependence on today's electronic communications and technology. E-Commerce has become the most efficient business network, putting its grip on the social and economic life of every country.

References

- Costea, C. 2022. "What is digital transformation?", Accessed 11.08, 2022., <https://costeaconsulting.com/transformarea-digitala-cum-o-faci-sa-se-intample-in-afacerea-ta/>
- Lee, R, M. 2014. *Leading Virtual Teams*. New York: CRC Press-Taylor & Francis Group LLC.
- Mc Williams-Poatek, B. 2021. "FedEx report, on trends in trade in 2021. Identifying opportunities in uncertain times", text retrieved from 35 What is D2C marketing and why millennials love it so much, Fundera 36

Many companies are using e-commerce for the first time amid the pandemic, Fortune 37 Stripe, Silicon Valley's most valuable startup, now reaches a capital valued at \$36 billion, CNBC 38 Supply chain management is changing now because of COVID-19, MH&L News 39 Building resilience: how Covid-19 can change supply chain strategies and the steps to take now, Cranfield School of Management 40-43 Covid 19: coronavirus pandemic accelerates B2B e-commerce growth, Essential Retail Accessed 20.08.2022, https://www.fedex.com/content/dam/fedex/eu-europe/campaigns/h1-2020/trends-report/fedex_trade_trends_report_ro-ro.pdf.

Nistorescu, T. 2020. The impact of the Covid 19 pandemic on work and some post-crisis trends, Relevant approaches and case studies on the management of organizations in Romania in the context of the Covid 19 pandemic, 'Samiro'. Romanian Academic Society of Management. Bucharest: ProUniversitaria Publishing House.

Romanian E-Commerce Report 2022a, retrieved from Cimpoca, C. 2022. "The impact of COVID-19 in e-commerce companies in Romania." Accessed 09.09.2022, <https://mkor.ro/blog/impactul-covid-19-in-companiile-de-e-commerce-din-romania/>.

Romanian E-Commerce Report 2022b. Covid Impact by KPIs, retrieved from Cimpoca, C. 2022, "The impact of COVID-19 in e-commerce companies in Romania." Accessed 09.09.2022, <https://mkor.ro/blog/impactul-covid-19-in-companiile-de-e-commerce-din-romania/>.

Romanian E-Commerce Report 2022c. E-Business Pain Points, retrieved from Cimpoca, C. 2022, "The impact of COVID-19 in e-commerce companies in Romania." Accessed 09.09.2022, <https://mkor.ro/blog/impactul-covid-19-in-companiile-de-e-commerce-din-romania/>.

Romanian E-Commerce Report 2022d. Marketing Instrument by Company size, retrieved from Cimpoca, C. 2022, "The impact of COVID-19 in e-commerce companies in Romania." Accessed 09.09.2022., <https://mkor.ro/blog/impactul-covid-19-in-companiile-de-e-commerce-din-romania/>.