

THE IMPACT OF THE PANDEMIC CRISIS ON SALES BUSINESSES – CASE STUDIES

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Abstract: *The entire world is facing with the impact and consequences of the COVID 19 pandemic, what is reflected in various spheres of social life. In the conditions of the crisis management, companies are forced to adapt to the new situation in order to survive on the market. Sales companies have had to make changes in their former business; namely in their organization, logistics, retail supply channels that are now oriented towards the online sales without contact when delivering to customers. The Civil Protection Headquarters of the Republic of Croatia has brought a Decision by which are regulated the working hours and the method of work in the trade business during the Coronavirus epidemic, according to which it is obligatory for all stores to organize their work in compliance with general anti-epidemic measures and special recommendations of the Croatian Institute of Public Health.*

In the paper are listed and analyzed changes in the sales operations of the two companies due to the pandemic crisis; one company deals with the sale of agricultural machinery and the other with the sale of food products.

Keywords: *Pandemic crisis, Impact on sales business, Changes in the sales operations, Decision of The Civil Protection Headquarters, Companies.*

1. INTRODUCTION

The COVID 19 pandemic crisis has caused changes in the operations of almost all companies in the Republic of Croatia and in the world. The onset of global pandemic of COVID 19 appeared suddenly and immediately caused great difficulties in the business of all economic entities, and especially those that are engaged in the direct sale of their products, as is the case with the companies that are the subject of this paper. Alongside with the pandemic it was accompanied by restrictive measures that were imposed by the civil protection headquarters at both the state and local levels. The first postulate of all the measures adopted by the headquarters was reduction and restriction of social contacts and obligatory social distancing in order to limit the spread of the virus and preserve the health and lives of all citizens. On 19 March 2020, the Civil Protection Headquarters of the Republic of Croatia has issued a Decision on measures to restrict social gatherings, work in trade, services and sporting and cultural events (Official Gazette, 32/2020), therefore suspending working of all shops except those listed in the decision. On 24 April 2020, the Civil Protection Headquarters of the Republic of Croatia has issued a Decision stipulating the working hours and the way of work in the trade activity during the Coronavirus epidemic; all stores and all sales facilities were obliged to organize their work in compliance with the general anti-epidemic measures and special recommendations and instructions brought by the Croatian Institute of Public Health (Koronavirus, 15.06.2020).

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Restrictions that were imposed by the state throughout the Civil Protection Headquarters has required urgent adjustment of all participants in economic activity in order to avoid disruptions in the supply chain, especially of the basic foodstuffs for the population. The Government of the Republic of Croatia has also adopted subsidies for the preservation of jobs that seek to maintain as many employees as possible. This paper presents the change in the organization of sales in two trading companies during the course of pandemic; one trading company deals with the sale of agricultural machinery and the other with the sale of food products.

2. SALES BUSINESS AS A FUNCTION OF THE COMPANY

The sales process is a sequential succession or series of actions of the seller that leads the customer to take the desired activity and which ends with various forms of after-sales services and checks to ensure purchasing satisfaction (Furrel, 2004, p. 207). Sales as one of the functions in the process of reproduction begin and end during one cycle on the market. The fact is that this cycle is constant i.e. continuous and includes research, processing and testing of customers on the market. In such a reproduction process, sales capacities should be harmonized with the optimal share and fulfilment of market demand, while an important role should be added to personnel, economic and technical conditions, from which it can be concluded that products and services in the reproduction process are sold in the area of consumption what has its capacities to which sales should be very well introduced to (Halkos, Tzeremes, 2009). The company intend to sell as much as possible of its products on the market, but for this success to make it possible the company needs an effective sales force. For the successful management of the sale forces, the company needs to determine the motivational basis for which the sales force is ready to perform the tasks determined by the technology of sales organization (Vukelić, 2005, p. 459). Some of the basic goals of sales in modern times are (Marušić, 2017, p. 8): changing the motives and content of demand for a service or a product, processing data in a more modern way and determining information's about the structure of foreign demand, the analysis of all global trends when observing global supply and demand, price calculation and compilation of lists of all orders, work on the promotional activities, development of a marketing plan and communication with the market. Over time, the traditional understanding of the meaning and role of sales is changing, which also in earlier periods has adopted different marketing development concepts and marketing forms and strategic goals, and it has always been important for achieving market success for the company. Although the sales were important, it can be concluded that they were never put in the foreground as it has been done in the modern times (Tomašević Lišanin, 2010). The sales process is subjected to external influences. In order to minimize them, it is necessary to choose the assortment and to carefully maintain the continuity of sales and adjust the trading company to the market requirements (Segetlija, 2006). Sales promotion, as a promotional activity, usually has a direct impact on consumer's attitudes. The means of sales promotion can reflect on consumer attitudes in a variety of ways; what is important is that each method represents a positive change or improves the sale results (Nakić, 2014).

3. EXAMPLES OF SALES ORGANIZATION DURING A PANDEMIC CRISIS

Company X is specialized in selling retail and wholesale and servicing of small agricultural machinery and motor cultivators, chain saws, lawn mowers, motor mowers, water pumps, generators and other small machines. Company X is a distributor of several leading brands for Osijek-Baranja County, among which are STIHL, Honda, Oleo Mac products, Vallorbe and Sembdner and some other brands. In addition, the company is an importer of Ratioparts spare

parts for the whole of Croatia and has organized a network of dealers to sell them. Business of the company X is organized in such a way that products and spare parts after they are received by suppliers are sold partly in its own stores and implemented through the service stores, and partly in shops and service workshops of partners who cooperate with the company. The majority of sales are due to company employees, who often visit businesses such as municipalities in Croatia, utilities companies, large companies, city companies in charge of maintaining cities, small family farms, etc. Only good results can be achieved by working in the field conditions and these are recognized in the company and that is where their business has been focused on. A large part of sales is also realized in the company's branches, where customers can see a wide range of devices and spare parts and get all the necessary information's about the required products. What have always been considered as immensely important in a company are the customers. Since many years of doing business in the company, they adhere to the importance of practice of always listening to their customers, respecting their needs and desires, and do everything to make the customer satisfied. In addition to this type of sales, the company has also developed online sales, which are supplemented day by day with new items that could be interesting to customers. Internet sales are something that has a big boost when generating traffic, but in this segment the company is still not satisfied for that could be happy with. Undoubtedly, their traffic is growing from year to year. It was the Internet sales that proved to be a good investment, because during the crisis it was one of the ways on which the company managed to deliver its products and spare parts to the end customers. It is important to mention the top service that sets the company apart from the competition. Professional and educated service technicians perform services to the customers so that their devices can be operational again as soon as possible. Through the service business, in the process a lot of spare parts are also used, which makes the company to gain better business. Before the pandemic crisis, the company employed 16 people and, despite the new situation, to this day it kept the same number of employees. The owners of the company are primarily responsible for this, but also the help that the company received from the Government of the Republic of Croatia. The Government of the Republic of Croatia has provided a package of measures to assist companies that exists within the country for the first three months of the crisis; during the first month HRK 3250 of the minimum wage for which over 400 000 workers applied; and for the second and third months of the crisis, the government provided HRK 4000 and paid a contributions to that amount. These measures have greatly helped companies to be able to keep their business as well as their employees. The way of doing business during the COVID 19 crisis has changed significantly, especially when measures were adopted to ban the operation of offices and services and also to ban the movement, i.e. leaving the place of residence and permanent residence. During the period when the office branches were closed, the company was exclusively dedicated to their sales via the Internet and to the customers who has called the company by phone. This form of sale also required increased operating costs due to the fact that a decision had to be made and carried out that the delivery of devices and spare parts to customers could be done only through delivery services, would be paid by the company. As a result, the difference in price was smaller, which is an additional problem for the company's business. Since the customers could not enter company's stores during one period of time, it was very difficult to communicate and present individual devices. One part of the customers, despite the situation, visited the shops with the aim of buying the necessary devices and spare parts, but as the branches did not work, they could not make a purchase. This way, a part of the customers has become dissatisfied. At the doors of all of the company's branches, were clearly displayed information on how customers can get in touch with the employees, all with the aim of meeting the needs and satisfaction of the customers desires. Of course, this form of business partly meets the slump in sales of devices and spare parts in the company's branches. For some

time, business in the service was uninterrupted due to the fact that part of the devices that were received still had to be serviced. However, during the measures taken, no other devices were received for service, and the devices that were ready were delivered to customers according to the instructions that were recommended, - all with the aim of protecting the health of both the service technicians and the final users of such devices. The sales business was also badly affected by the fact that employees could not even visit their main customers and thus make sales in the field. As it was allowed to move to a limited extent with the obtained and approved passes, this greatly affected the number of people who expressed the need to purchase and services their devices from the company. What has certainly made it difficult and still makes difficult to do business is ordering devices and spare parts and delivering them. Since most devices are manufactured in other countries such as Germany, Italy, Sweden etc., transport and delivery have greatly changed since the time before the crisis. Namely, due to bans and introduced quarantines that last for 14 days, some carriers did not even make deliveries, and some factories stopped their operations for a certain period of time. As deliveries became longer, the company also had to increase the stock of their devices and spare parts, all with the aim of being able to respond to the needs of its customers as quickly as possible. All of this affected the business of the company, which was looking daily for a way to keep its business within margins of profitability. As soon as the measures of the Civil Protection Headquarters began to weaken and as soon as movement without permits was allowed, sales and servicing of the devices, as well as the company's business itself, again has begun to achieve better results. Still the business is not without difficulties; therefore, the protection measures for COVID 19 are still enforced, such as the recommended spacing of 2 meters in offices, disinfection measures and work with masks, but despite the aforementioned, the company continues to work with the same number of employees.

Company Y is a recognizable brand and market leader in Croatia in the production and sales of meat and meat products, and their products are also exported to foreign markets, with exports accounting for 10 percent of their total annual sales.

Company Y's sales department is organized vertically with the sales director position at the top and key customer managers in hierarchically line behind him, followed by the sales managers who manages sales teams that are geographically divided to cover the entire area of Croatia. Regional sales teams have as a point of direct contact with the customer sales representatives and sales promoters which are in daily direct contact with the customers. On a daily basis, sales representatives visit retail outlets and HoReCe and present the sales range to customers and also conclude sales on the spot by entering orders via the hand held digital applications (PDA) into the system for further order processing. As it is generally known, in normal circumstances retail cannot exist without the personal contact of the two parties, the seller and the buyer. An integral part of the sales function makes daily meetings of sales staff with customers at all levels of activity, beginning from the sales director, key customer manager, sales manager and sales representatives. Although the advantages of modern technology have been used in sales rating from telecommunications devices, emails, sales support software and other technological aids that are used on a daily basis, classic sales cannot be imagined only through them, i.e. without personal contact between the buyer and the seller. All these technological aids are perceived as incidental sales assistance tools, and not as the main resources of the sales process in company Y. Restrictions imposed by the state through the Civil Protection Headquarters of the Republic of Croatia required urgent alteration for all participants in economic activity to avoid an interruption in the supply chain of basic foodstuffs. Therefore, the working hours of retail outlets

with basic foodstuffs were strictly regulated. The conditions have since been tightened for visiting to retail outlets and it has been limited the maximum number of customers who can stay in a retail outlet at the same time, in order to respect social distancing measures. As the company Y is engaged in the production of food products the company could not stop working but it was exposed to additional pressure to continue the production due to piling stocks of basic food stuffs that people started to pile up for fear of the uncertainty brought about by the global pandemic on daily life of the citizens. All of the above stated required an urgent adjustment of sales function of company Y in line to the new circumstances that have since arisen in the society. The concept of social distancing, i.e. its implementation in everyday life, has led to compulsory work from home for all the activities that were not necessary, such as health care, transport, retail sale of medicines and basic foodstuffs, and the like. Company Y fully respected the measures issued by the Headquarters of Civil Protection of the Republic of Croatia and committed the obligatory measures to work from home for all the workers who were not essential in the production and logistics or other jobs that can be done from home. Once the measures of obligatory social distancing and avoiding unnecessary personal contacts were in force, the complete sale of company Y was transferred to work from home. The production of food products does not allow interruptions in the sales function, but allows only adaptation to the new business conditions. Every level of sales staff has faced the challenges that work from home has brought to the sales jobs. Working from home has placed great challenges before information technology that has had in a very short period of time to establish the conditions that work from home should be fully functional and operational in all the tasks that sales business required. After the initial shock that the pandemic caused to business, all the business processes had to move on very quickly. In the newly created situation, technological aids that were already used in the sales process, but there were used as aid, and not as a basic resource, had entered the scene. In order to speed up communication between all levels of sales staff, WhatsApp groups were created via mobile phones, effectively covering all levels of management from managerial to operational levels. Each sales team created its own WhatsApp group through which all official communication within the team went both from top to bottom and vice versa. Meetings with customers moved to the virtual world and began to be fully functionally held via applications such as Skype and ZOOM, although they have taken place from the comfort of the employees' own homes. By respecting the measures of social distancing, the sales representatives have processed the orders from the sale points for which they were in charge by their cell phones and entered such data via PDA's for further processing. The leaders have coordinated the work of their teams through conference calls, via messages, also by WhatsApp groups and via e-mail, but also with the communication to the sales manager and their managers - supervisors has been proceeded on the same way. Two-way communication within the top-to-bottom sales service was performed via telephone conference calls, Skype video conferencing, WhatsApp groups, and also communication with the customers was performed via the virtual communication channels.

4. CONCLUSION

Despite the global COVID 19 pandemic, sales operations were performed almost completely and functionally at all levels in both observed companies. Communication with customers and within the sales department was performed through virtual communication channels. The production and supply chain have never been called into question, not for a moment. The fundamental difference between the sale under normal circumstances and the circumstances under the global pandemic comes to expression in business improvement of sales that were completely suspended at retail outlets because of imposed restrictive measures that did not permit it.

Another, very important aspect of selling that managed very difficultly to come to the fore in the newly created circumstances is the added value of sales, which requires full interaction of participants in the sales job that has not been possible by maintaining only the virtual level of communication. Uncertainty about how long this crisis will last also affects customers' decisions and their needs for certain devices that are now reduced for the customers' buying only the necessary devices. All of this affects the companies' businesses and therefore expectations such as an increase in sales when compared to the last year are unrealistic and the focus was exclusively on better meeting the needs and desires of customers. The primary goal is to maintain quality and ensure fast delivery to customers with an existing number of employees, and the secondary goal is to develop and improve online sales and ensure sufficient quantities of items that customers are looking for in the event of a recurrence of the virus.

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