

## Chapter 11

# Innovative Digital Transformation Strategies of Large Suppliers for Mexican Corner Stores During a Pandemic: Challenges and Opportunities

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### ABSTRACT

*With the pandemic, digital transformation (DT) was accelerated, and consumers adopted new consumption patterns. Therefore, suppliers had to adapt their business models quickly. This study aims to understand the strategies of large suppliers on Mexican corner stores (CS) during the pandemic and show the perception of CS about these DT strategies. Many digital platform initiatives that were developed by both the government and large suppliers are introduced in this chapter. Additionally, interviews with large suppliers' executives were consulted to clarify their activities that were developed in favor of CS. By conducting 20 interviews with CS, the authors found their perception of large suppliers' DT actions. Findings reveal that the lack of training, investment, and incentives are key factors for the entire virtuous cycle to be fulfilled.*

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## **INTRODUCTION**

The global COVID-19 pandemic has disrupted the traditional life model for both companies and people. Experts predict that once the world overcomes this trance, economic, and social activities will no longer be as they were known. The virus, among other things, has accelerated the adoption of the digitization of economic activities and new ways of conducting things.

Previous studies have been developed on the pandemic impact on small businesses, emphasizing that COVID-19 stay-at-home policies had a major impact on small businesses, especially hard hit are businesses reliant on physical space businesses (Mandviwall & Flanagan, 2021). Some other studies have analyzed the digital platforms developed by health services during the pandemic (Dennis et al., 2020). There is a gap in this type of analysis between small- and medium-sized enterprises (SME), and the corner store's (CS) situation during a pandemic or a related context of this level. In some countries the CSs are of great importance because they were the front desks for large suppliers during the pandemic. Therefore, large suppliers made great efforts to support them.

In Mexico, 2,227,058 establishments belong to the commerce sector, of which 998,120 businesses (44.81%) were under the subsector of retail commerce of groceries, food, beverages, ice, and tobacco (INEGI, 2019). For most, CSs represent much more than a place of purchase since besides being a convenience place for purchasing implies security and trust. Since March 2020, when the pandemic was declared in Mexico, the government has promoted initiatives, such as keeping a healthy distance and staying home (Secretaria de Salud, 2020). Simultaneously, they promoted many initiatives to help local businesses (International Labour Organization [ILO], 2021). Despite these efforts, around 300,000 CSs in Mexico closed last year because of the economic damage caused by the COVID-19 pandemic (Ochoa, 2021).

In this analysis we analyze the innovative strategies of large suppliers in Mexican CS during the pandemic while we consider this as a contribution to the literature, since we identify the lack of incentives as a key factor for the whole virtuous cycle to be fulfilled. Therefore, on the one hand side an objective of this chapter is to show the strategies of large suppliers in Mexican CS during the pandemic, but also together with this to understand the perception of the CS about these digital transformation (DT) strategies. Finally, this chapter identifies the benefits that the end customer obtains from this DT strategies.

## **BACKGROUND**

It is important to mention that, recent studies show that 40% of all technology spending at a global level has been invested in DT, with enterprises spending over \$2 trillion in 2019. Moreover, 52% of companies plan to cut or delay investments because of COVID-19, whereas only 9% make those cuts in DT projects (Appio et al., 2021). Accordingly, most business-to-business (B2B) companies have started their DT projects to ensure their competitiveness in the market. The sales team is making its own effort in contributing to the productivity gains of the company: since the 1980s, sales researchers have been particularly concerned with the implementation of digital technologies in the form of customer relationship management systems or sales force automation (Wengler et al., 2021).

Providing a comprehensive definition of DT is complex because it is a multifaceted and multidimensional phenomenon that affects organizations at different levels and forms (Appio et al., 2021). DT is defined as transformation "concerned with the changes digital technologies can bring about in company's



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