

IMPACTS OF THE COVID-19 PANDEMIC ON THE SMALL AND MEDIUM-SIZED ENTERPRISES IN THE BREWING INDUSTRY AND RECOMMENDATIONS FOR FUTURE CRISIS SITUATIONS

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Keywords: SME, crisis, brewery, strategy, external factors

JEL Classification: L21, M10

1 INTRODUCTION

Brewing is one of the oldest and most important branches of Czech industry, which has an irreplaceable role not only in the national economy, but also in the cultural heritage of the Czech Republic. Microbreweries in particular contribute to regional development, support of the local economy and diversification of the range of beer products. In the context of brewing, microbreweries with a production of up to 10,000 hl per year are becoming an important category. In addition to creating jobs, they also support tourism and cooperate with local suppliers of raw materials. In doing so, they contribute to sustainable regional development.

The COVID-19 pandemic has meant an unprecedented crisis for many sectors including the brewing industry. These businesses, which are heavily dependent on direct sales in gastronomic establishments, found themselves in a difficult situation and were forced to look for new ways to maintain their business.

The aim of this study is to identify the key factors that have affected the survival of small and medium-sized breweries during the COVID-19 pandemic period and to propose measures to increase the resilience of these businesses to future crises.

2 MATERIAL AND METHODS

The research was carried out through secondary analysis of quantitative data. The main sources were statistical data from the Czech Statistical Office, professional publications and a questionnaire survey conducted by the Czech-Moravian Association of Microbreweries (2020). To evaluate the factors of the external environment, the PESTE, Porter's five forces analysis and the analysis of the attractiveness of the industry were used. The FMECA method (Failure Mode, Effects, and Criticality Analysis) was chosen as the basic method that meets the needs of the scenarios.

3 RESULTS

Namely SMEs had the main disadvantage of limited access to the sales channels during the crisis situation, which caused a greater loss than in the case of large industrial breweries.

Recommendations have been made for SMEs in case of similar future situations in the crisis management area:

- **Risk identification:** Use the risk matrix to identify crisis scenarios.
- **Scenario planning:** Creation of crisis scenarios using the FMECA method.
- **Financial stabilization:** Diversification of distribution channels and creation of financial reserves.
- **Digitalization:** Introduction of online sales and digital marketing tools.
- **Liquidity assurance:** Active search for subsidy programs and preferential loans.
- **Networking and cooperation:** Involvement in professional organizations, such as the Czech-Moravian Association of Microbreweries, to share experience and information.

In the area of strategic management:

- **Product innovation:** Developing new products, including non-alcoholic options and beers with a lower alcohol content.
- **Collaborating with the community:** Strengthening collaboration with local businesses and communities.
- **Sustainability:** Implementation of environmental measures within production, such as the use of renewable energy sources or the minimization of waste.
- **Marketing strategy:** Brand development through stories about the origin of raw materials and product quality.
- **Distribution channels:** Expansion of direct sales through our own e-shops and involvement in platforms to support local producers.

4 CONCLUSIONS

Based on the findings from the analysis of the external environment and the assessment of the impact of the pandemic on microbreweries, factors were identified that helped microbreweries to successfully respond to the pandemic crisis situation. Thanks to logistics alternatives, microbreweries have adapted very flexibly and creatively to the unpredictable external environment. They have often transformed product packaging to boost demand for smaller product packaging, and even during the crisis, they have invested in digitization and technologies that have helped stabilize businesses in an unpredictable market environment. The recommendations are compiled in the context of crisis management of companies and scenario crisis procedures suitable for preventing a defined crisis.

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