

Analysis of Changes in Business Logic after the COVID-19 and Strategic Development with Business Management

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Abstract: By analyzing the impact of the epidemic on the macro and micro levels, this paper studies the changes of business logic and the adaptation of enterprise behavior to the changes of social conditions after the epidemic, so as to provide enlightenment for the reform and development of enterprises. It is believed that after the outbreak of COVID-19, Chinese reform and development of enterprise management will further adjust the direction and continuously promote transformation and upgrading.

1. Introduction

At the end of 2019, COVID-19 quietly invaded China and swept the country with the "Spring Festival travel rush". So far, 82,640 people have been confirmed in China. Moreover, the number of COVID-19 patients diagnosed in some countries outside China has shown explosive growth. With the outbreak of COVID - 19 in Japan, the United States, Italy and other major countries, the public health emergency has become a global problem. This sudden public event has caused a serious impact on the development of Chinese enterprises. We should deeply analyze the impact of the epidemic, combine with the changes of business logic and put forward strategic suggestions to promote the development of enterprises, so that they can get rid of the shadow of the new epidemic as soon as possible, and return to the track of benign development.

2. Economic impact caused by COVID-19 and its influences on enterprises

The sudden outbreak of COVID-19 has had an unexpected impact on economic development. The outbreak is fierce, with a long incubation period and strong infectivity. The prevention and control of the epidemic need to "reduce cross-regional flow, reduce personnel gathering, and avoid cross-infection". Regional isolation, limited flow, and extended vacation have also brought great challenges to the normal operation of enterprises, and the impact has been extended from the demand side to the production side. The short-term impact of the epidemic on the economic operation is significant, but the economic center of gravity is constantly shifting with the effective controllable point, so the impact of the epidemic on the economy is controllable and temporary.

2.1 Economic Impact of COVID-19

From the demand point of view, the impact on consumption is large. The outbreak of COVID-19 coincided with the Spring Festival holiday, and the control of the epidemic strictly restricted the flow and concentration of people, making "staying at home" become the most popular way to celebrate the Spring Festival this year, which directly pulled down the consumer spending, and the offline consumption was significantly reduced, especially the impact on service consumption. The most severe impact is on tourism, catering, entertainment, travel, retail, accommodation and other related

consumption. It is difficult to reproduce the hot scene of the previous Spring Festival and some missed seasonal consumption is difficult to achieve comprehensive compensatory growth with the end of the epidemic. On the investment side, some projects under construction have slowed down, some new projects have been delayed, and exports and foreign direct investment have been suspended by various restrictions.

From the industry, it has a great impact on service and industry. Compared with the industrial impact of the SARS outbreak, this outbreak affect a wider range of industries and have a deeper impact. According to the data released by the National Bureau of Statistics, the total retail sales of consumer goods in China in February was 5,212,98 trillion yuan, down 20.5%. The sales value of the catering industry in February was only 4,194.3 billion yuan, down 43.1%. Among them the provinces (districts, cities) with relatively serious epidemic situation even appeared extremely drastic negative growth; The cumulative growth rate of the service sector production index fell 13% year on year. Under the epidemic situation, consumer demand plummets, and the service industry bears the brunt, especially the offline service industry such as culture and entertainment, transportation, hotel and catering, and tourism, which is hit hard. And the outbreak of the epidemic has also severely disrupted the supply side since last year to stabilize the recovery trend, industrial production activities have a relatively large impact. Because of the flow of people blocked, the epidemic prevention and control of the production environment, the comprehensive resumption of production has become a problem. The production progress of enterprises is blocked, the difficulty of order delivery is increased, and the uncertainty of performance is increased. To a certain extent, the normal operation of the industrial chain and supply chain system is disrupted, and it affects the export industry, and even faces the problem of customers' order transfer.

2.2 The Impact of the Epidemic on Enterprises

From the perspective of micro enterprises, it has a great impact on small and medium-sized enterprises. Strict prevention and control measures limit the flow of people and logistics, and then affect the flow of capital. Therefore, the business activities of small and medium-sized enterprises are greatly impacted. In particular, labor-intensive, consumer-oriented enterprises are facing greater tests. According to the investigation, the following problems are mainly faced by the enterprises under COVID-19 epidemic situation: First, the capital turnover is difficult; Second, the affiliated enterprises are affected by the epidemic, the performance of the delay; Third, manufacturing enterprises are short of raw materials, equipment procurement, software system offline operation and maintenance difficulties; Fourth, it is difficult to resume production; Fifth, the health security of employees after the resumption of work is serious; Sixth, the lack of market demand; Seventh, each kind of qualification processing cycle is relatively long. The outbreak has disrupted the original pace of economic development, and the special timing amplifies the impact of the outbreak. However, the impact of the epidemic is short term, and some difficulties and problems are temporary and periodic. Judging from the recent trend of the epidemic and the relevant experts, the impact of the epidemic on the economy is mainly in the first quarter. With the control of the epidemic and the gradual adjustment and recovery of the economic system, the short-term external impact on the whole year's economy is limited. It will neither change the trend of economic upgrading nor the overall trend of long-term improvement. In fact, the outbreak of the epidemic is also a test of the past production, consumption patterns, is a test of the present enterprise, but also a test of the future. There is an "opportunity" in the "crisis". After the epidemic, new forces for reform and innovation will emerge, and new forms of business, new supplies and new consumption will be generated.

3. Basic Content of Business Logic

The outbreak has caused changes in the allocation of resources and economy, but ultimately in logic. Market change is a superficial phenomenon, but the business logic inherent in it needs to be further explored and analyzed.

3.1 Connotation of Business Logic

Business logic is that enterprises achieve the predetermined business goal through continuous business activities, that is, the business logic of the enterprise project operation process. It is a method to comprehensively use wisdom to think and analyze problems, and it is the essential law behind the complex and changeable business phenomenon.

3.2 Structure of Business Logic

Business logic is structured in the following three ways. (1) One-dimensional structure, enterprises take products as the center to deliver information to customers, and pay attention to product premium and direct value exchange. (2) Two-dimensional structure, enterprises are more inclined to spread the connotation and value of the brand, and pay attention to the value premium. For example, clothing enterprises pay more attention to brand value, and their marketing mode changes from product marketing to emotional marketing. Enterprises pay more attention to the personal expression of consumers, not just to meet their basic needs. (3) Three-dimensional structure, which is the cognitive development of business. For instance, Pinduoduo takes advantage of low prices to grab market share, while at the same time guaranteeing consumers in terms of quality and using capital to build structures to win in terms of quantity. (4) Four-dimensional structure, paying attention to ecological premium. Enterprises bring together investors, investment institutions and other capital, increase capital through large e-commerce, logistics and storage platforms, reposition products, improve customer demand from the bottom to the top, and give consumers more choice time and leeway.

Today, business logic has evolved into a four-dimensional structure. In the context of COVID-19, enterprises should analyze the future development of the industrial ecosphere and the development trend of the industry, and position themselves in the ecosphere. Secondly, according to the enterprises' core resources to analyze the enterprises' core value conversion strategy and enterprise flexible production planning. Such as flexible design of the production line, optimization of customer unit price and frequency problems.

3.3 Basic Categories of Business Logic and Business Model Elements

Business logic is divided into six categories, namely profit logic, risk logic, cost logic, rule logic, pricing logic and traffic logic. The business model elements contained in the business logic include customer value, embedded value of technology and service, and investment value (as shown in the following figure). Through the theory of investment value pricing, enterprises can reposition customer value, grasp the changes of the current market and logistics, and analyze the technical value and service connotation value of products.

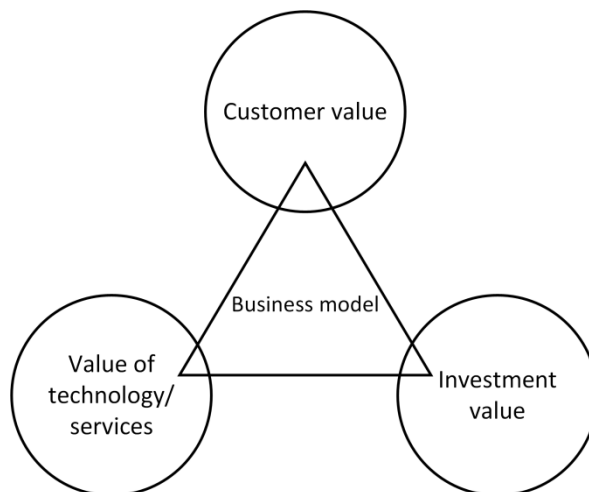


Figure 1. The business model elements

4. Changes in Business Logic and Adaptive Adjustment Strategies of Enterprises after COVID-19

4.1 Changes in Business Logic after COVID-19

The changes of business logic after the epidemic mainly focuses on the following eight basic elements: resource element, stock awareness element, capital element, timing element, team element, cost element, pricing element, risk element and flow element.

(1) Changes in the logic of resource elements, that is, changes in industrial and technical resources brought about by COVID-19. The problems of resource factors such as financing and employment that troubled the development of enterprises will be further amplified, and even lead to the survival pressure of some small and medium-sized enterprises.

(2) Changes in the logic of stock awareness (market) elements. Stock awareness refers to the unmet subconscious needs of a particular subgroup or executive system and the need for a solution that was not available before. Under the epidemic situation, more differentiated customer needs have to be explored and satisfied by enterprises.

(3) Changes in the logic of capital elements, which are divided into the changes of intellectual capital and monetary capital. If market demand cannot recover as soon as possible after COVID-19, and enterprises cannot resume their work and production smoothly, it is bound to affect the revenue of small and medium-sized enterprises, increase the operating cost and knowledge cost of enterprises, and aggravate the difficulties of enterprises' debt repayment and capital turnover.

(4) Changes in the logic of timing factors. Changes in customer consumption patterns and business models have triggered changes in marketing, and the technology of connectivity has triggered marketing upgrades. Big data and artificial intelligence are driving the new marketing era.

(5) Changes in the logic of team elements, namely team instability. COVID-19 has brought about great changes in the delivery conditions. Smart network marketing based on big data and artificial intelligence has become a hot topic nowadays, such as Wechat business based on mobile social relations. As a result, the market has changed its requirements for employees.

(6) Changes in the logic of pricing factors. COVID-19 has made the online office become the mainstream, greatly reducing the cost of time and transportation. The changes of many factors caused by the epidemic makes the price change in different fields and levels.

(7) Changes in the logic of risk factor. Generally speaking, risk refers to the degree of variation of all kinds of results that may occur under certain conditions and within a certain period of time. From the perspective of enterprises, the changes of risk factor logic can be divided into systematic risk factor logic change and non-systematic risk factor logic change. Changes in the logic of systemic risk factors refer to those changes in risk factors that affect all corporate systems. The change of non-systematic risk factors refers to the change of risk factors caused by the unique events in individual enterprises. It can be divided into operation risk (commercial risk) element change and financial risk (financing risk) element change. COVID-19 makes the opportunity cost and risk cost of the enterprise expand, and the risk return rate associated with it also changes.

(8) Changes in the logic of flow factor. Traffic is no longer a simple spectator and audience, companies are more focused on advertising conversion rate and brand building. The application of technology has brought about great changes in the way of branding. Brand and consumer in the communication of shopping link is obviously different. Omni-channel integration, entertainment and so on have many new changes.

4.2 Adaptive Adjustment Strategies of Enterprises Based on Changes in Business Logic

(1) Considering the industrial life cycle and product development methods, improve the quality and promote product iteration. Enterprises should actively introduce talents, cultivate the ability of innovative thinking, grasp the direction of patented technology and industry, improve the industrial scale and control ability, and promote industrial segmentation and consumption upgrading.

(2) Improve the audience awareness of segmented areas and the conversion rate of publicity. Enterprises need to promote public awareness. Nowadays, in the competition of large volume and

high quality, the vertical space determines the development speed of the enterprise, and the industrial space determines the development volume of the enterprise. Therefore, under the influence of COVID-19, enterprises should improve their stock conscious thinking, change their subjective thinking, and pay attention to the accurate satisfaction of the stock of consciousness and the promotion of incremental consciousness. Focusing on the adaptability of "Internet + artificial intelligence" and the adaptability of market segmentation, segment market demand and reposition value chain.

(3) Create public technologies and core technologies. The benefits of enterprises include social benefits and economic benefits. Enterprises should support their core technologies with public technologies, continuously expand their resource advantages and promote their development.

(4) Enterprises should seize the opportunity to maximize the value. The retail industry needs to respond to customers' needs in a timely manner to achieve precise marketing; enhance product flow rate and realize rapid marketing; monitor the effect of marketing activities in real time and adjustment in time. The transportation industry should analyze the changes of resources and environment to improve the systematicness to cope with the larger data volume; improve the adaptability of the office to meet higher requirements of real-time dynamic information processing. In the face of the explosive growth of data, the Internet industry should deeply study the rich users' behaviors and Web community relations, improve users' experience and increase users' stickiness. The telecommunication industry should avoid the homogeneous competition and seek the "blue ocean" of differentiated management. In addition, the transformation to intelligent channels, looking for potential quality customers and customers may be off the network, targeted to provide personalized services. The financial industry should do a good job in risk control based on big data and credit assessment of individuals (enterprises) based on big data, so as to drive financial intelligent decisions with data and improve efficiency. In addition, data-driven refinement management should be strengthened.

(5) The enterprise should change the adaptability of the delivery method and redefine the channel. Through the analysis of domestic and international market changes, users' value positioning is carried out from the perspectives of customer acquisition, customer mining, customer retention, customer choice to improve the adaptability of new communication methods.

(6) Technological and product revolutions. Enterprises should pay attention to asset appreciation and asset-light operation, handle the relationship between investment value and user value, and expand the growth space.

(7) Enterprises should change their habitual cognition, cultivate simulative thinking and innovative thinking, carefully use "common sense" to understand the development of enterprises, draw on the successful logical experience of other enterprises, and reduce the time and capital for trial and error.

(8) Enterprises should pay more attention to value reengineering and establish connections with users by focusing on brand traffic. Starting from the direction of brand building, through the brand core value, brand concept, brand positioning to form the basis of enterprise differentiation, from the perspective of values and consumers to reach a consensus. By establishing a strong relationship between corporate vision and mission and consumer values, it can help them to jointly discover their own values and life significance, and even lead to positive values, so as to effectively build brand loyalty among consumers.

5. Conclusion

The prevention and control of COVID-19 is a window of opportunity for optimizing governance, both for individuals and for enterprises. It is not only the right time to correct the three views of the people, but also the internal driving force of enterprise transformation and upgrading. The current situation touches the pain point of current enterprise management in the way of epidemic disease, which can cause us to think about the business logic further, and promote the progress of Chinese enterprise management reform in the adjustment of adaptive strategies.

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