



MATE IN BOX: EXPERIENCES ON THE IMPACTS OF COVID-19 ON A LEAN STARTUP

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Abstract

Objective of the study: This case-study aimed to promote the analysis and discussion among students in relation to the ability of a start-up to deal with the crisis of the Covid-19 pandemic, creating opportunities amid the risks.

Methodology / approach: Primary data were provided by one of the start-up founders, who granted an interview during 2020. As secondary sources, information was obtained from the company's social media and news websites, as well as a review of relevant literature.

Originality / relevance: The main reflection revolves around the dilemma: withdraw or expand investments in marketing during moments of crisis? This dilemma, tackled by Mate in Box, is likely similar to the reality of many other businesses.

Main results: When dealing with their marketing strategies, companies must consider adapting them to their objective and current reality. Mate in Box increased its marketing investments, which resulted in increased profitability and brand consolidation. This also demonstrates how a good marketing plan must adapt to the business's crisis management proposal.

Theoretical / methodological contributions: The teaching notes pose questions for classroom use (based on the literature and on the company's actual facts), promoting decision-making exercises regarding marketing strategy in the face of crises.

Social / management contributions: This case-study contributes to the perception that, in moments of crisis, marketing needs to be considered as a tool for the sustainability of the business and in the search for profits and viability, and not as a cost vector. This study stimulates academics and managers to reflect upon how to transform risks into opportunities.

Keywords: Marketing Strategy. Marketing Environments. Covid-19 Crisis. Consumption of yerba mate.

MATE IN BOX: EXPERIÊNCIA SOBRE OS IMPACTOS DA COVID-19 EM UMA LEAN STARTUP

Resumo

Objetivo do estudo: Este caso objetivou promover a análise e discussão dos alunos em relação à capacidade de uma startup de enfrentar a crise decorrente da pandemia de Covid-19 e gerar oportunidades em meio às ameaças.

Metodologia / abordagem: Os dados primários foram fornecidos por um dos fundadores da empresa (Startup), que concedeu entrevista no ano de 2020 (período pandêmico). Como fontes secundárias, obteve-se informações nas mídias da empresa e em sites de notícias, além de pesquisa bibliográfica a partir do levantamento em literatura relacionada à área.

Originalidade / relevância: A reflexão principal gira em torno do dilema: retrair ou expandir os investimentos em marketing em períodos de crise? Esse dilema, enfrentado pela Mate in Box, é possivelmente similar à realidade enfrentada por muitos outros negócios e empreendimentos.

Principais resultados: Ao tratar de suas estratégias de marketing, as empresas precisam considerar adaptá-las para o objetivo e momento que a empresa vive. A Mate in Box aumentou seus investimentos em marketing, resultando no aumento de rentabilidade e consolidação da marca. O caso analisado evidenciou que um bom

planejamento de marketing precisa se adequar também à proposta de gerenciamento de crise.

Contribuições teórico-metodológicas: As notas de ensino propõem questões para a aplicação em sala de aula (a partir da literatura e de fatos reais da empresa), promovendo o exercício de tomada de decisão de estratégias de marketing diante de crises.

Contribuições sociais / gerenciais: Este caso contribui para a percepção de que, em períodos de crise, o marketing precisa ser visto como um auxiliar para a manutenção do negócio e para a busca por lucro e viabilidade, e não como um vetor de custos. O caso contribui com a gestão a partir da provocação de acadêmicos e gestores a refletirem sobre como transformar ameaças em oportunidades.

Palavras-chave: Estratégia de Marketing. Ambientes de marketing. Crise da Covid-19. Consumo de erva-mate.

MATE IN BOX: EXPERIENCIA SOBRE LOS IMPACTOS DE COVID-19 EN UNA LEAN STARTUP

Resumen

Objetivo: Este caso tiene como objetivo promover el análisis y la discusión de los estudiantes sobre la capacidad de una startup para hacer frente a la crisis derivada de la pandemia de Covid-19 y generar oportunidades en medio de las amenazas.

Metodología / enfoque: Los datos primarios fueron proporcionados por uno de los fundadores de la empresa quien concedió una entrevista en 2020. Como fuentes secundarias, se obtuvo información de los medios sociales y sitios de noticias de la empresa, además de la encuesta de literatura.

Originalidad / relevancia: La reflexión principal gira alrededor del dilema: ¿retirar o ampliar las inversiones en marketing en medio de la crisis? Este dilema al que se enfrenta Mate in Box, es posiblemente similar a la realidad de muchas otras empresas.

Resultados principales: A la hora de afrontar sus estrategias de marketing, las empresas deben considerar la posibilidad de adaptarlas al propósito y al momento que vive la empresa. Mate in Box aumentó sus inversiones en marketing, lo que se reflejó en un aumento de la rentabilidad y la consolidación de la marca. Una buena planificación de marketing también debe adaptarse a la propuesta de gestión de crisis.

Aportes teórico-metodológicos: Los apuntes didácticos proponen preguntas para aplicar en el aula (basadas en la literatura y en hechos reales de la empresa), promoviendo el ejercicio de toma de decisiones de estrategias de marketing ante las crisis.

Contribuciones sociales / gerenciais: Este caso contribuye a la percepción de que, en períodos de crisis, el marketing debe considerarse como un auxiliar en la búsqueda de beneficios y no como un vector de costes. El caso hace reflexionar a académicos y directivos sobre cómo transformar las amenazas en oportunidades.

Palabras clave: Estrategia de Marketing. Entornos de Marketing. Crisis Covid-19. Consumo de Yerba Mate.

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Introduction

Just over two years after its founding in early 2020, Mate in Box, a lean start-up in the yerba mate business, had grown 185% in the number of subscribers. The company innovated in the market, particularly by offering yerba mate through a subscription club business model. Although the scenario seemed positive, the uncertainties and risks in the first years of start-ups are decisive for business, especially when launching something new.

The challenges were compounded when the young partners had to face the impacts caused by the onset of the Covid-19 pandemic in the first half of 2020. Hit by macro-environmental forces that impacted their entire value chain, the young entrepreneurs had to seek strategies to react to various difficulties, such as the restrictive measures implemented by the government in an attempt to reduce the number of infections and the collapse of the health system, and the uncertainties about consumer behavior, given the strong social characteristics linked to the *chimarrão* and *tereré* drinks, prepared with yerba mate.

Highly active in digital marketing strategies, but haunted by the uncertainties of the scenario, the partners needed to decide how to position their business in the midst of the crisis. Therefore, this teaching case presents the main difficulties tackled by the partners of a lean start-up in the initial period of the Covid-19 pandemic, and the account of opportunities created from the threats of the environment.

Social context of the Covid-19 pandemic

2020 has become a surprisingly atypical year in all of history. The infectious disease Covid-19 was first identified in December 2019 in Wuhan, China. Within few months, the disease spread globally and on March 11, 2020 it was characterized as a pandemic by the WHO. By the 13th of the same month, Europe was already considered the epicenter of Covid-19 (Pan American Health Organization [PAHO] & World Health Organization [WHO], 2020).

To try and lower the infection curve of cases over time and to try to prevent the collapse of the health systems, starting in March, in Brazil, governors and mayors also decreed several measures for social isolation.

With no time for adaptation, businesses and the population in general needed to change their habits suddenly. The state of Santa Catarina, where Mate in Box is headquartered, spearheaded the prevention measures when it decreed, on March 22, the quarantine regime. In the area of Santa Catarina, the circulation of vehicles of municipal and intercity urban public transport of passengers, and the circulation and entry of interstate and international transport of passengers were suspended.

The atmosphere was similar to those illustrated in science fiction movies, and the numbers of infected people and cases of deaths were growing significantly. As of May 21, 2020, 4,893,186 cases of Covid-19 were confirmed worldwide (an increase of 103,981 from the previous day) and 323,256 deaths (4,467 new from the previous day). On May 22, the WHO declared South America to be the new

pandemic epicenter. Until that date, there was no vaccine, drug, or conclusive treatment protocol available on the market to treat the disease; the main recommendations were social isolation, the use of personal protective masks, and personal hygiene practices, such as increasing the frequency of the washing of hands (PAHO/WHO, 2020).

Simple materials such as hand sanitizer and masks (of various categories) skyrocketed in price and there was not enough supply to meet the demand. Citizens were told to make their own masks. By May 24, 2020, Brazil ranked second in total number of cases worldwide, second to only the US (Worldometer, 2020). For businesses and the economy, the situation was one of immense uncertainty, as can be confirmed by the Economic Uncertainty Indicator Brazil (EUI-Br) which reached the highest level in the historical series in April 2020.

Throughout March and April 2020, the Ministry of Economy (2020) adopted measures to contain the impacts of the pandemic, including, among others: the expansion of credit for micro, small and medium enterprises (MPEs); the exemption of the Tax on Financial Transactions (IOF); the complementation of salaries for workers who had their workloads and wages reduced in order to preserve jobs; and the emergency financial aid for informal workers, the unemployed, and Individual Microentrepreneurs (MEIs). In May 2020, the Monetary Policy Committee (Copom) decided, unanimously, to reduce the basic interest rate (Selic rate) to 3% p.a., the lowest level since the beginning of the historical series, in 1996 (Banco Central do Brasil [Bacen], 2020).

Additionally, there were guidelines from the Ministry of Health that directly affected the consumption of yerba mate, centrally linked to the business of Mate in Box, due to the fact that, in several cities in southern Brazil, *tereré* and *chimarrão*, prepared with yerba mate, are commonly consumed in a shared container (a single *cuia*¹, passed from one of the several members of the group to another) in homes, sidewalks, public parks or even in public offices and other work environments (conferences and meeting rooms). Headlines such as the ones below were frequently published in the media, increasing the uncertainties of the market:

- Coronavirus: [Health] Minister asks that *tereré* and mate not be shared (Catve, 2020)
- NO MATE? Minister recommends that Gauchos "take a break from the mate circle" (Clic Camaquã, 2020)
- After a mate circle, group is contaminated with the new coronavirus, declares city hall (G1 - RPC Guarapuava, 2020)
- City's number of cases shoots up from seven to 89. One of the decisions was to prohibit *chimarrão* in companies and public offices. (Jornal de Beltrão, 2020)

¹ A container traditionally made from a gourd or calabash.

These facts have prompted regional unions to conduct research on the impact of the pandemic on consumption. The following section illustrates some of the initial problems faced by Mate in Box amid the first half of the Covid-19 pandemic in Brazil.

Impacts of Covid-19 on Mate in Box

The initial moment in which Mate in Box felt the first effects of the pandemic was when the level of Covid-19 contamination started to worsen in Brazil, which resulted in the implementation of the initial restrictions imposed by the governments' sanitary bodies.

There was much fear when the state of Santa Catarina suspended all logistics activities in early March 2020, mainly due to the fact that carriers and the Post Office² could not operate. This was a moment of great doubt for the partners, and Brian Ilkiw (founding partner of Mate in Box) commented: "what if this logistic suspension lasts two or three months, what will I do with my operation?" Considering that the basic survival of the company depended completely on the transportation of its products, six main aspects emerged as the greatest concern in this initial period of crisis.

1. Given the feeling of not being able to intervene with the carriers and just having to wait for their re-authorization, the initial questionings were several, as Brian pointed out: "How am I going to relay this difficulty to those who buy, to the subscribers? How am I going to make them not cancel their purchases? So, we were here for a couple of days drawing scenarios of possible ways to communicate, to keep customers and prevent them from canceling their orders and subscriptions. Also, we asked the question, how are we going to sell?"

2. Mate in Box had an office in a larger structure in Great Florianópolis (SC). All in the same place were a team of four members comprising the administrative workstation, the warehouse, and the operations of assembling boxes. However, "there came a day when the building administration told us no one could be there anymore, because of a governmental decision, no one could work there" (Brian). The uncertainty about how to proceed was great, because some of the team members were beginners and the role of a supervisor was fundamental. Added to this, they remembered that several of their customers used business addresses in their registration to receive deliveries and that, therefore, this could now create more inconvenience.

3. When Covid-19 hit, the company was at a time of expansion and needed a large amount of third-party capital to make its investments. However, the forecasts for the economic scenario, in general, were the worst in recent years.

4. One of the main products offered by Mate in Box was a blend which was developed by a partner supplier from the state of Paraná. However, with the Covid-19 crisis, this partner company needed to limit the number of employees in its facilities. This change delayed production and was

² Empresa Brasileira de Correios e Telégrafos, a mixed-capital company with majority Brazilian government participation, considered the main logistics operator in the country.

reflected in delays in Mate in Box's operations.

5. The yerba mate vendors which partnered with Mate in Box were having difficulties at the other end of their production chain, the raw materials, because, due to the retraction of sales in traditional markets, their stocks increased.

6. Due to the strong cultural tradition of sharing yerba mate drinks, there was the imminent possibility of reduced sales, or even the risk of subscription cancellations due to the possibility of reduced consumption.

What actions could Mate in Box take in face of these adaptation needs? Besides these problems, which directly affected the operationalization of the business, the partners also had to face another dilemma: How should they position themselves strategically, in such a crisis scenario and facing so many uncertainties? Should they increase, maintain or cut marketing investments?

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Teaching notes

Abstract: This teaching case aims to promote student analysis and discussion regarding the ability of a start-up to face the crisis arising from the Covid-19 pandemic, and generate opportunities amidst the threats. The main reflection should revolve around the dilemma: retract or expand marketing investments in the midst of a crisis? In addition, problem-situations related to the impacts that the pandemic brought to the business from the first measures of social isolation in the middle of the first half of 2020 are raised. This case is indicated for technical and undergraduate students. Although it mainly deals with marketing, the use of the case can be adjusted, according to the professor's perception, for other courses related to strategy, production, and logistics. The teaching notes propose questions for application in the classroom based on the literature and on real facts of the company under analysis, thus promoting the decision-making exercise of marketing strategies in crisis management.

Keywords: Lean Start-up; Marketing Strategy; Covid-19 Crisis; Consumption of yerba mate; Mate in Box.

Case Summary: This case is about a lean start-up created by young entrepreneurs who innovated by proposing a yerba mate subscription club, in order to cater to consumers who are passionate about the tradition of sharing drinks prepared with yerba mate (chimarrão and/or tereré). The partners were focused on working on integrating digital and relationship marketing strategies and were preparing to expand the business, but were surprised by the Covid-19 pandemic. The case encourages students to reflect on how business managers should react to crises, seeking to transform threats into opportunities.

Educational goals and recommended use

Among the possible educational objectives that can be contemplated by this case study, we highlight two: a) Discussing the marketing environment from the impacts caused by the Covid-19 crisis, especially in its first semester; and b) Proposing and evaluating marketing actions during the crisis management in order to identify and take advantage of potential opportunities observed through the scenario changes caused by the crisis.

Source of data

Primary data were provided by one of the founders of the business, who granted an interview in May 2020 and continued, throughout the study, cooperating through the constant provision of company information and reports. As secondary sources, information was collected from the company's digital media, news websites, and websites of organizations which relayed information about the Covid-19 pandemic (PAHO/WHO, 2020; Worldometer, 2020) and its impacts on business and labor activities and the economy (FGV, 2020; Bacen, 2020). The company data, such as partners' names, figures and images, are real and their use was duly authorized by the partners (Santos, Schardong & Pepece).

Lesson planning

It is suggested that the professor read the case in advance, and revisit marketing concepts according to the focus that they wish to present or deepen. Some recommendations would be the topics

of analysis and adaptation to marketing environments, culture and consumption, digital marketing (inbound marketing strategy), and marketing strategies. For the case application, approximately two hours of classroom activities are estimated, as illustrated in Table 1.

Table 1

Steps of case study use

Etapas	Tempo estimado
1. Preliminary reading of the case (individual)	5 min.
2. Comments on preliminary impressions and group organization	10 min. (in class)
3. Time for students to solve the case (group of max. 4 students)	45 min. (in class)
4. Handing out and reading of Appendix A	5 min. (in class)
5. Group discussion of Appendix A	15 min. (in class)
6. Class discussion and professor's final directions regarding possible solutions and theoretical foundations	30 min. (in class)
7. Review and closure	10 min. (in class)

Source: Research data (2020).

During the use of this case, in an introductory manner, the professor may ask students for their preliminary impressions of the reading, in order to relate previous knowledge to the reading of the case, with questions such as: a) Whether they are part of any subscription club business model, such as Netflix, Spotify and Club Wine; b) Whether they have previously consumed yerba mate in drinks such as *chimarrão* or *tereré*. Next, it is recommended to solve possible doubts of interpretation or unfamiliar concepts, and raise questions that may help delimit the problem, such as: a) What are the real problems in this business? How can the problems identified be solved? The teacher can also polarize the discussion with questions about the dilemmas, such as: b) Who would choose to increase/maintain/reduce marketing investments, and why? But if your partner thinks differently, would you accept their opinion, or would you try to convince them? What arguments would you use?

Next, it is suggested that the groups be organized (three to four students) and the discussion of the proposed questions begin, during the analysis of the case (it is worth remembering that these questions can be adapted or expanded according to the professor's perception). The students should be instructed to briefly write their reflections on each question, and at the same time aim to relate theoretical knowledge from the subject under study and/or from other complementary areas. The professor should also inform them that these reflections will be shared with the rest of the class in the next phase of the discussions. It is also recommended that the professor roam the classroom and stop by each group for a few minutes, probing the development of the activities and instigating discussions.

Afterwards, it is recommended that the professor distribute Appendix A, asking students to read and critically reflect on it. This step is intended to provide a second analytical dimension, so that students evaluate the decisions made by Mate in Box. Students should be guided to: 1) Confront their initial decisions with those made by Mate in Box partners, indicating where they disagree and would act differently to what the partners chose, and for what reasons; 2) Point out which actions of the partners they approve of, and for what reasons.

At the stage of class discussion, the professor can propose some questions, such as: Which groups were in favor of reducing marketing investments? Why would the group make this decision? Was there unanimity in the group's position? How do they defend this position and what makes this decision a strong option? Why does the group think the other option would be bad? What risks would the business face by choosing this solution? How do you evaluate the decisions made by Mate in Box? Which actions do you consider more assertive? What would you do differently from Mate in Box partners? Which actions do you think could have been better planned? During the discussions, the professor may write down on the board keywords that help associating the decisions made and the analysis done with the course contents, during the closing of the case. Lastly, it is suggested that the professor review the main points of analysis and the most relevant conceptual aspects.

Questions for discussion and case analysis

- I) Regarding the dilemma about investments during the crisis: would you increase, maintain or cut investments in marketing in a crisis scenario? What are your reasons?
- II) Reflect on how each of the six initial impacts brought by the pandemic to the business of Mate in Box relates to the forces that make up the micro- and macro-environments of marketing. Based on this association, propose alternative actions that can generate solutions and opportunities for each of the six problems mentioned.
- III) After reading Appendix A, discuss with the class how they evaluate the actions taken by the members.

Connections between Theoretical Literature and Case Analysis

Marketing Investments during Times of Crisis

Start-ups' failures in the early years are cause for concern among entrepreneurs. Facing a crisis in this period potentiates the uncertainties arising from a new business (Blank, 2013; Yohn, 2019); however, Kuckertz (2020) indicates that start-ups have developed rapid responses for coping with the pandemic.

During the Covid-19 crisis, the lockdown scenarios provided a significant increase in e-commerce and favored subscription business models between the periods of April and July 2020

(Associação Brasileira de Comércio Eletrônico [Abcomm], 2020; Baccharini, 2020; Oliveira, 2020). Companies that realized this opportunity started to invest in online deals instead of traditional marketing. Thus, in this crisis period, many micro and small companies aimed to migrate to e-commerce; in opposition, Mate in Box had already had its inception in this format.

Amid the crisis, Mate in Box chose to maintain the prices of its subscription packages. Kumar and Pauwels (2020) explain that strong brands are often better able to maintain prices during a recession and, at the same time, managers can obtain price concessions from suppliers. Thus, it is noted that Mate in Box could have leveraged its initial “Erva-mate a R\$1,00”³ campaign (Appendix A) if it had a larger stock available, resulting from this type of partnership.

Given the e-commerce structure that they already had, the partners felt that there were conditions for expanding investment in marketing. Therefore, using their strong digital presence, they started to produce more content in their different media, with videos, slogans, and interactive texts, in addition to launching two specific campaigns related to the Covid-19 situation (Appendix A), when they started to invest in press releases using a paid tool that helped in the preparation and implementation of this type of action. As Kaur (2020) argues, the pandemic opened even more doors for digital marketing.

Although different points of view can be assumed about the reduction, maintenance or increase in marketing investments, the Mate in Box case contributes to the perception that, in periods of crisis, marketing needs to be seen as an auxiliary in the search for profits, and not as a source of costs. This attitude can promote growth or maintenance in the customer portfolio, while those companies that stop investing in marketing can see their customer portfolio shrink or stagnate. Thus, investing in marketing during periods of recession may be even more important than during normal periods (O'Malley et al., 2011; Srinivasan et al., 2005).

On the other hand, it is noted that in the midst of crises, usually the marketing costs are the first to receive cuts, which can be fatal for the survival of the business if this is not carried out carefully (Kotler & Caslione, 2009). Quelch and Jocz (2009) indicate that, when managing their marketing expenses, organizations need to be careful to define what is essential, knowing how to distinguish between what is necessary and what is waste.

An important point that companies need to consider when addressing their marketing strategies is to target and adapt them to the purpose and moment the company is experiencing. As Kuckertz (2020, p. 2) points out, "the unprecedented lockdown of large parts of society arising from the COVID-19 crisis marks the [then] current situation out as an acute crisis." Therefore, marketing planning (short, medium, and long term) needs to fit the crisis management proposals, with objectives that aim to enhance, at this moment, a close and lasting relationship brought by relational marketing (Hollensen, 2019).

The dilemma faced by Mate in Box, of whether or not to invest in marketing during the pandemic period, is likely similar to the reality of countless enterprises, whether smaller or larger than

³ The “Yerba mate at BRL 1.00” campaign is further detailed in Appendix A.

this company. Although the alerts were raised at the end of 2019, the case shows that the company did not consider them in its planning for 2020, when it could have anticipated the crisis by observing what was happening in other countries where the Covid-19 crisis was already unravelling. This fact meant that all actions taken by the company had a reactive nature, requiring agile decisions and with little planning time.

In times of crisis, marketing managers need to keep an eye out for investment opportunities since, as competition decreases, digital advertising rates tend to decrease as well. According to Patel (2020), during the Covid-19 pandemic, prices on ads on the Facebook and Instagram platforms dropped by 20% in March. Furthermore, maintaining communication during the crisis period assists in showing brand strength and retaining customers. Research shows that companies that recovered more definitively from previous recessions generally did not cut their marketing spending (O'Malley et al., 2011; Srinivasan et al., 2005; Kumar & Pauwels, 2020).

As exemplified in the Mate in Box case, communication and marketing actions needed to be quickly adapted to the pandemic context. Mate in Box started to use digital platforms also to bring relevant information and awareness about Covid-19 to its customers. According to Frösén and Tikkanen (2016), the impact of customer relationship actions is enhanced during a recession. Therefore, it became necessary to revise the messages, creating empathetic links to the impactful moment experienced by society as a whole. In times of crisis, it is necessary to change or adapt even the main messages related to the business, as recommended by Quelch and Jocz (2009).

Although with risks, the period may prove favorable for innovations and product launches (Kumar & Pauwels, 2020), as was the proposal to launch face masks as another product of the Mate in Box brand, in line with socially impactful actions and the incentive for consumers to acquire their own *cuia*, avoiding its sharing. He and Harris (2020) indicate how the Covid-19 pandemic has influenced the development of marketing strategies related to corporate social responsibility. It is also observed that the agility to develop a new product and launch it is a characteristic action of start-ups (Blank, 2013).

Finally, the possibility of creating and disseminating content that strengthens the emotional ties with the brand (Quelch & Jocz, 2009), as was the case of social practices that the company developed in the period, is highlighted. In short, it is noted that the company increased its investments in marketing, which resulted in increased profitability and brand consolidation even during the pandemic.

Perceptions of the Impact of Marketing Environments at the Early Stage of the Pandemic

The first step to create a successful marketing planning or strategy is to understand the forces that constitute the micro- and macro-environments of marketing, and how these forces can influence the business (Kotler & Armstrong, 2015). To do so, organizations need to obtain cohesive and current information regarding the macro-environment trends and the implications of micro-environments linked to their activity (Kotler & Keller, 2012).

1- With regard to the logistical suspension orders, this effect on the company was stemming from the political-social force of the marketing macro-environment in the face of Covid-19 crisis development. This is an uncontrollable variable (Kotler & Keller 2012), and in this case marketing can only adapt to it. As an initial reaction, in order to avoid cancellations, the Mate in Box partners got together to draw scenarios of possible ways to communicate with customers. They thought about producing videos to explain the situation. As a first action, they considered promoting sales in an attempt to leverage resources with the sale of semi-annual or annual plans at a lower price, or even crowdfunding. However, they did not need to resort to either, since in 10 days the transportation guidelines were relaxed. Soon, they were able to send all the orders, and despite the delays, the e-commerce resumed to operate normally. An alternative decision for this challenge would be for the company to make temporary agreements with yerba mate producers in other locations besides the state of Santa Catarina, where there were not yet any laws restricting the transportation of cargo.

2- Also caused by the socio-political macro-environmental force, the governmental lockdown orders interfered directly in the company's activities. Mate in Box then started work from home schemes and, even with the uncertainty of success at the beginning, they managed to make it work throughout the pandemic. Although the partners share a preference for in-person work, they realized that this experience opened doors for some work to be done partially from home, even after the pandemic was over. The experience made them learn how to work in this new format, which reinforces the fact that although companies cannot control the forces of the marketing environment, they can manage their activities and adapt to respond appropriately to new challenges (Sawadkar, 2019; Kotler & Keller, 2012).

3- The third problem is linked to the effects of the uncertainty that the pandemic brought to the economy, a force in the marketing macro-environment (Las Casas, 2010), which impacted financial commitments and the level of credit allowance. Movements in economic forces set themselves up as threats for certain organizations and as opportunities for others (Kotler et al., 2017). Mate in Box took advantage of this shift as an opportunity, as early in the pandemic the company sought to maximize its efforts to seek investments through financial institutions taking advantage of the decrease in interest rates and credit release policies. As another solution to the company's finances, the partners sought to negotiate payment terms with their suppliers, agents that make up the marketing microenvironment and that are always recommended to have as partners (Kotler & Armstrong, 2015).

4- Other strategies were demanded, first regarding delays from their suppliers. It is known that marketing needs to observe the availability of supplies, and shortages or delays in supply, as these factors can lead to lost sales and affect customer satisfaction (Maqin & Hendri, 2017; Kotler & Keller, 2012). In this regard, Mate in Box safeguarded itself by anticipating orders for the next four months of sales in an attempt to minimize the effects of these delays to the end customer. In addition, after logistics returned to normal, they started adding three to four business days to the delivery time. Mate in Box proceeded to communicate to subscribers about the delivery delay as a momentary problem due to the pandemic.

In addition, logistic operators were not making deliveries to certain regions, which caused an internal effort by the company to reach out to customers and operators to change these addresses, along with the work of updating the data of those customers who had orders delivered at business addresses. About the forces of the marketing microenvironment, it is essential to be in constant contact with customers and monitor the changes in their needs, planning and implementing an effective system of information collection (Kotler & Armstrong, 2015; Maqin & Hendri, 2017).

5- Still associated with the suppliers, the problem of surplus stocks of the yerba mate vendors changed the balance of forces concerning the suppliers of the microenvironment of Mate in Box, strengthening their partnerships and also with them acting as a market intermediary (Sawadkar, 2019; Kotler & Armstrong, 2015). In order to clear their stocks, the vendors needed to find other sales channels to distribute their products. Thus, when they noticed that e-commerce became one of the main growth channels in this period, they entered into new partnerships. Soon, this difficulty turned out to be an opportunity for Mate in Box, which placed itself as an e-commerce channel for the partner vendors, highlighting the importance of being prepared to face and take advantage of the profound changes that the technological environment offers (Kotler et al., 2017).

6- Lastly, regarding political and sociocultural forces (Kotler et al., 2017), the sanctioned measures affected the sociocultural life of the population, who needed to change consumption behaviors, such as that of yerba mate. The impositions of not sharing objects, such as *cuias*, prevented the tradition of *chimarrão* circles. Mate in Box used the uncertainty about the possibility of a reduction in yerba mate consumption to promote the sale of other products, such as the *cuias* and straws for individual consumption. With the direction "do not share your *cuias*," totally opposite to the culture of this habit, it sought to promote advertising in social media to encourage individual consumption and sales of products. Its actions sought to encourage a possible "online sharing" (Appendix A - Image 2). In the same sense, they reinforced the health benefits of yerba mate consumption, in contrast to the risks regarding Covid-19. These practices brought closeness and relationship with customers, in addition to an adaptation and re-signification of the sense of sharing and connection characteristic of the ritualistic consumption of the drink, being made possible by the intense interaction and connectivity through technology (Kotler et al., 2017). Therefore, regarding the central consumption "drinking *chimarrão*," it was possible to direct campaigns to a new practice (Kotler & Armstrong, 2015), arguing that people could start to drink their mate individually, in their homes, but "collectively," through social networks.

As for the evaluation of the actions carried out by the partners, it can be seen that both campaigns obtained positive results. The first one consisted of a good pricing marketing strategy. Investing in digital marketing and tools such as press releases, effective in reaching many audiences, it enabled market penetration, attraction of consumers, and recurrent sales of those who became subscribers. However, the low availability of stock minimized the possibilities of outreach of the campaign, as well as the infeasibility of offering free shipping, which was also an intention of the partners to stimulate sales in the period.

The second campaign sought to consolidate the social side of the brand. The investment in developing a new product and promoting its sales/donations brought to the consumer a sense of empathy about the problem faced by society as a whole, namely the scarcity of protective equipment. Thus, the purchases added a value of social responsibility, with benefits to society. Wearing of the face masks also encouraged brand awareness. Furthermore, the campaign was optimized by complementation of the "Zero Tax Day" campaign, similar to that carried out by other companies.

Given this context, one can see that companies needed to shift their marketing actions into "quarantine mode". Some Covid-19-related marketing practices have become common among companies. Among these, some stand out, such as free access, online experiences, "good news" and social campaigns, with the idea of empathy (Nesterenko, 2020). In particular, He and Harris (2020) indicate in their study how the Covid-19 pandemic has influenced the development of marketing strategies related to corporate social responsibility. It is noted that the benchmarking strategy in digital marketing helped to improve the results, such as using the references of the best practices of other companies to improve their processes (Kotler & Keller, 2006; Vorhies & Morgan, 2005), exemplified by Mate in Box hiring a specific company to manage its press release actions. We also highlight the agility to develop a new product and launch it, which is characteristic of start-ups (Blank, 2013).

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Appendix a

MARKETING AS A CRISIS STRATEGY: MATE IN BOX'S REACTIONS TO COVID-19

Once the apprehension of the first, most critical scenario had passed, the partners sought strategies to use the crisis to their advantage and increase their visibility in order to create value for the company. We comment on some of these strategies below.

During the pandemic, the company realized that it should find the opportunity in the crisis and started planning "how can you advertise your business more and gain market share at a critical time?" (Brian – founding partner).

During some meetings at the end of March, the partners asked themselves: How can we make a campaign in a situation where the entry barrier for the first transaction is very low and that had an aspect correlated to Coronavirus? From this discussion came the idea of the first campaign made by Mate in Box to sell yerba mate for BRL 1.00. This idea was an innovation through a campaign already done by the company in the previous year, but now aligned with Covid-19. With the government's orientation to "stay at home" that impacted everyone's lives, this campaign had, through its slogan, the intention of reinforcing this message: "Mate in Box helps you stay at home and will deliver yerba mate to your house for BRL 1.00". To this price, only the shipping would be added.

The partners took advantage of available stock and made some partnerships with yerba mate vendors, getting the products at a low cost. It was not going to be a revenue campaign, Brian said that the average ticket is very low for this type of campaign, but they did not want to have debt either. Their main goal was to gain visibility and, in addition, attract new customers, because they knew from experience with the previous campaign that after making the first purchase, customers can buy another product, such as a *cuiá*, or even make a subscription.

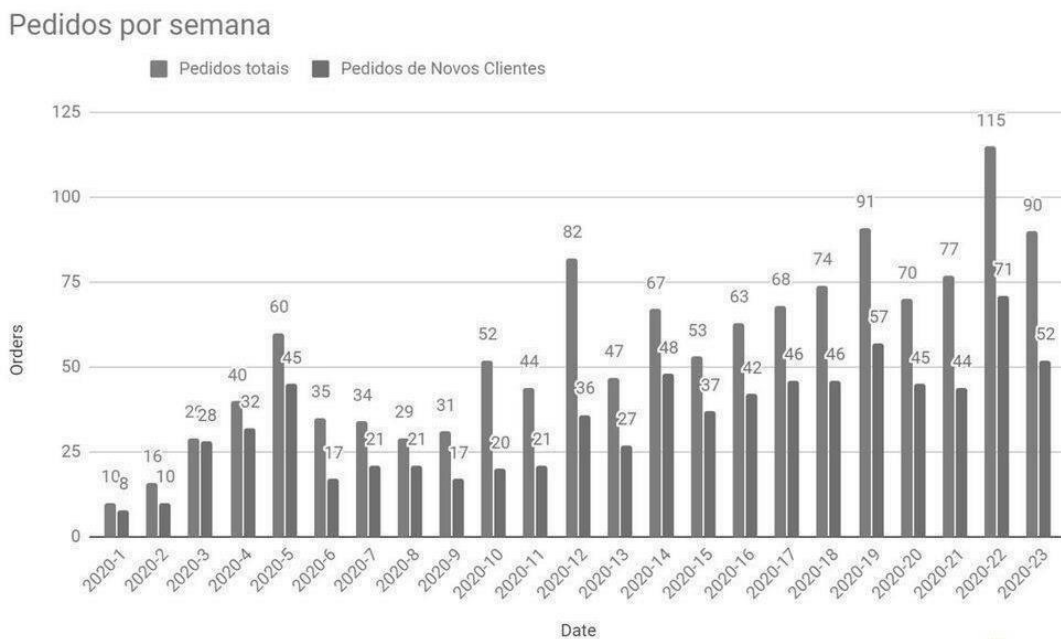
To promote press releases, "we paid for a tool, which has a platform that you pay for and they send it to various journalists, various websites" (Brian). With this action, they were able to advertise on sites such as Terra and Mundo do Marketing, in addition to their own digital platforms. The BRL 1.00 yerba mate campaign lasted 15 days, while the stock lasted, and had a greater effect than expected, according to the partners.

According to Image 1, taking as reference the week 12 (Mar 16 to Mar 22) as the beginning of "Campaign 1 - Erva-mate a R\$1,00" and closing in week 14 (Mar 30 to Apr 5), as it is possible to measure, there was an increase in orders mainly from "existing customers" at first, and from "new customers" at the end of the campaign. Among these, there were 77 orders containing yerba mate for BRL 1.00, and 60% of these purchases contained other products. The net revenue of these 77 sales was BRL 2,400. The cost of the yerba mate packages sold was approximately BRL 400, and the marketing investment was BRL 800. Thus, they consider that the campaign had a positive outcome, regarding the operational result and, mainly, the visibility and the breaking of the "barrier of the first purchase" (Brian). However, they believe that if they had a larger volume of stock, they could extend the

promotion. In a short-term estimate, the ROI on the digital marketing investment was 1, or 100%. This first campaign was thought of in isolation as an immediate reaction to the moment. There was no formalized schedule of what they would undertake as the next campaign, because the scenario was unprecedented and with several uncertainties.

Image 1

Weekly orders depicting the period during campaigns



Source: Relatório Interno Mate in Box (2020).

At the beginning of April, there were a few more changes, such as guidelines regarding the use of masks, which would later become mandatory in some states. The entire population should wear masks, not only those who presented symptoms or health professionals. During this period, one of the company's actions was to reformulate its content, directing it toward raising awareness about Covid-19, and to encourage individual consumption of yerba mate with a possible "online sharing", with messages on Instagram such as "Do you miss sharing mate with family and friends during this quarantine? Tag the people who you would like to make a video call with to share a mate via wi-fi" (Figure 2). In addition, they promoted a "digital mate circle" in celebration of *Chimarrão* Day, on April 24th. At the same time, the partners had another idea, a campaign involving the wearing of masks.

Image 2

Advertising and Instagram posts during quarantine



Source: Mate in Box's Instagram page (2020).

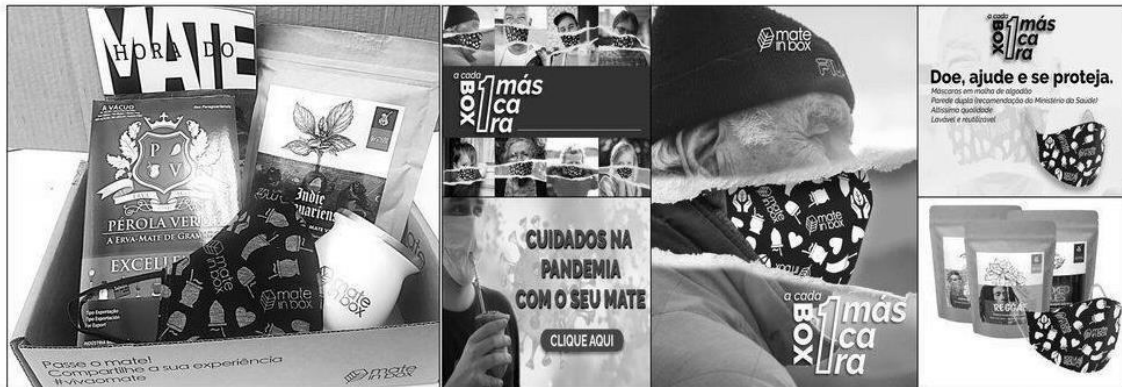
The interval between the end of the first campaign and the launch of the second was 20 days. During this period, Selen's (founding partner) parents, who own a clothing manufacture, were starting to produce masks. The partners then identified an opportunity: "We can do something similar," says Brian. They quickly ordered some masks from the manufacturer.

The first idea was to encourage sales through the commitment of donating a mask to a person in need for each new customer subscription. However, the focus was on the higher turnover of the action; then they thought "for each purchase of the blend, Mate in Box will donate a mask". That's when a new insight came up, if they made a customized mask, the masks would become another branded product (Image 3). They would be sold separately, the same amount would be reverted into donations, and the possible future posts of customers wearing the masks, and their daily use, could still promote the brand.

They launched the campaign through all their digital platforms, but due to a delay in the delivery of the face masks, they had to be cautious with the advertising at the beginning, and warned customers of the delay. As soon as this bottleneck was resolved, they started to reinforce their investment in advertising.

Image 3

Promotion images



Source: Mate in Box's social media, 2020.

Taking as reference week 17 (Apr 20 to Apr 26) as the beginning of the "Mate in Box Masks Campaign", the partial results (Image 1) of the second campaign (still active in the development of this study) were positive so far. In Brian's perception, its impacts went further than the first campaign, fostering the company's social action in the pandemic, besides providing an opportunity to create a new product. During week 22 (May 25 to May 31), there was a new sales peak, which Brian justifies by the addition of a three-day "Zero Tax" campaign, in reference to the National Day of Respect for Taxpayers, May 25.

For Brian, the increase in the number of orders from the beginning of the campaigns was noticeable. Above all, an increase of 680% was observed in the average number of weekly orders, when comparing the interval between weeks 09 to 21 of 2019 to the same period in 2020. Brian also points out that the actions increased the visibility of Mate in Box and reinforced the social side of the brand.

In summary, compared to the same period from March to May 2019, the company invested 159% more in marketing in 2020, even in the midst of the onset of the Covid-19 crisis. Therefore, they followed through on their strategy of expanding the digital marketing investments planned in December 2019, not by making cuts, but by adapting the goals to the pandemic scenario.

Mate in Box chose not to lower the price of products (with the exception of the "Erva-mate a R\$1,00" campaign period) or the subscription packages, but to maintain them, aiming not to reduce the average return. The challenge in the next period will also be to retain customers reached by the capturing practices, since the success of its business model is revealed in the long-term relationship.