



# Impact of the Covid-19 pandemics on the operations of eco-innovative SMEs and the innovation support system in Vidzeme Region

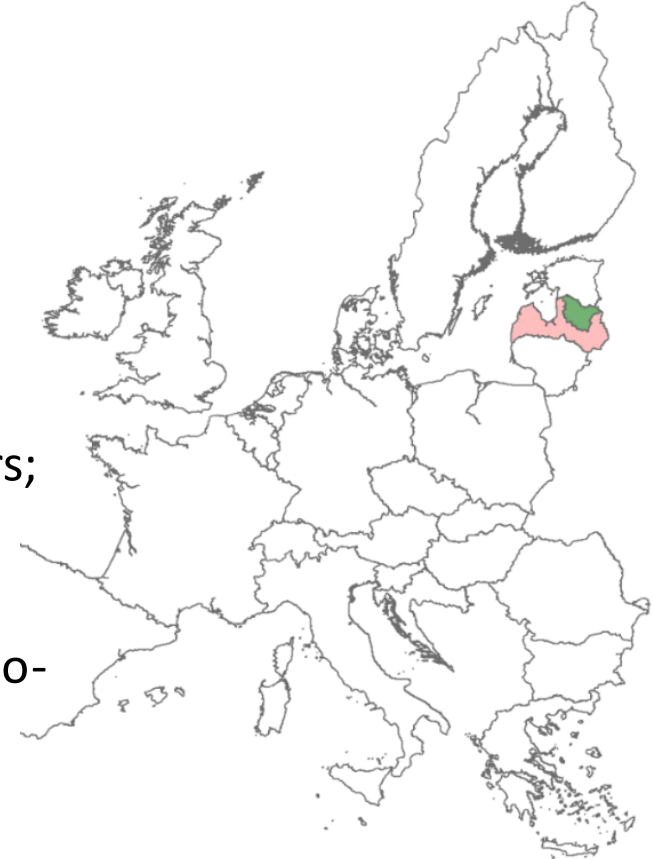
24 February, 2022

# Background

**Vidzeme Planning Region** – actively involved in support activities for innovation and growth of local and regional businesses

In 2019, **Action Plan** developed for Further Sustainable Development of Smart Specialization in Vidzeme Region 2020 – 2022. Proposed 2 key actions:

- 1) Action “**Innovation Project Manager**”: To promote the availability of professional support for innovation projects by offering local SMEs to use services of outsourced research and development (R&D) managers;
- 2) Action “**Innovation Laboratories**”: To support practice-based cooperation between research organizations and local SMEs with specific needs by creating a common discussion space in the form of co-working groups, which would connect all parties.



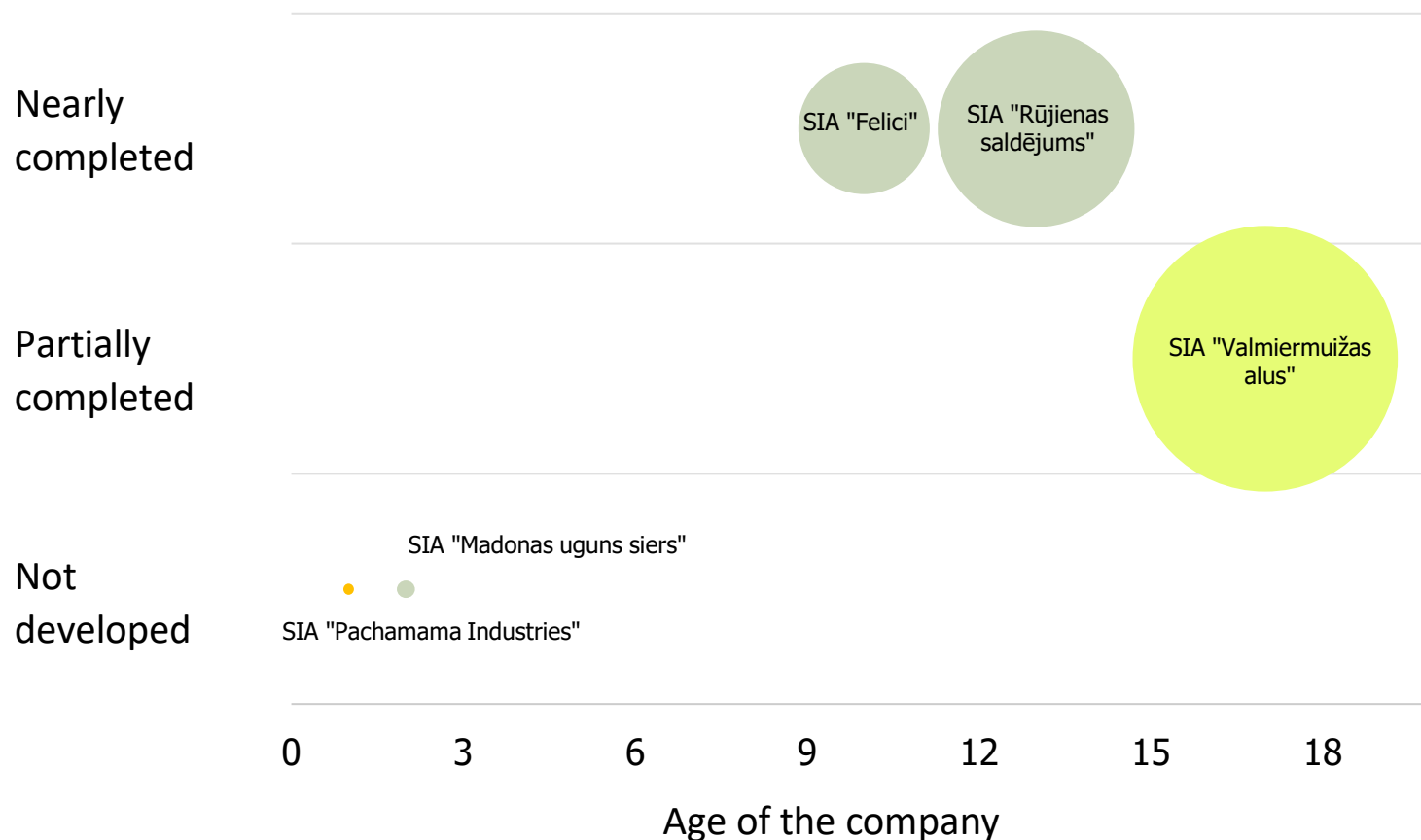
# Analysis of Covid-19 impact

November, 2021 – January, 2022

- **Study on the impact of the Covid-19 crisis** on the operation of eco-innovative SMEs and the innovation support system in Vidzeme
  - Interviews conducted ( 5 SMEs, 5 experts from institutions involved in the support system)
  - Analysis of the results
  - SWOT analysis updates
  - Analysis of the Covid-19 impact on the actions stated in the Action Plan
- On-line discussion with stakeholders (January 21, 2022), 30 participants



# The current stage of readiness of the innovative product developed within the Action «Innovation Project Manager» (IPM)



*The size of the displayed bubble is proportional to the company's turnover in 2020, but the color is divided into product categories: **green** - food, **yellow** - alcohol, **orange** - construction*

# How participation in the pilot project IPM has affected the company's operations?



*The size of the displayed bubble is proportional to the company's turnover in 2020, but the color is divided into product categories: green - food, yellow - alcohol, orange - construction*

# Observations: challenges

- Shortages of raw materials, price increases, low access to laboratory and testing facilities were also among the **key barriers for successful innovation project development** for SMEs that participated in the Action “Innovation Project Manager”.
- Slower production process affected by epidemiological constraints and related necessary changes (more strict hygiene requirements).
- Companies operating in the *Hotellerie-Restaurant-Café* segment had the greatest negative impact.
- Companies whose sales depend on consumers outside their home and on places with a high flow of customers (for example, ice cream producers) experienced negative impact.
- Availability of human resources had not been significantly affected.

unpredictable market

instability

demand uncertainty

changes in  
consumer  
habits

soaring prices of  
logistic services

shortage of raw materials

# Observations: opportunities

## ➤ Digitalization

- opportunities to acquire support for digitization during the pandemic, to search for new sales channels, and to create new goods and services
- public funds are available for businesses to carry out digitization processes

## ➤ Reorientation to new markets

- From the current areas of activity to the sectors and customer segments least affected by the pandemic;
- From traditional sectors to digitally focused areas;
- In the case of new product development, to the sectors of environment and health.





# Impact on the Action «Innovation Laboratories»

The Aim - to promote cooperation between companies and scientific institutions in joint problem solving and implementation of ideas

## In Covid-19 conditions....

- the co-creation space moved to the virtual environment
- possibilities for a joint prototyping process online were limited



- ✓ creative approach applied
- ✓ motivation of participants and release of interest

Implemented by structuring the process in 3 stages of design thinking - **getting involved, defining and brainstorming** - creating the necessary prototyping solutions mainly at the level of descriptions or sketches

ensured by **courier delivery packages**, which included not only work materials, but also encouraging delicacies

# Conclusions

- Covid-19 pandemic has hampered eco-innovative business processes.
- Larger and older companies are less impacted by the pandemic conditions in the innovation process.
- Larger companies are more successful in absorbing state support instruments.
- Creative & structured approach, use of modern technologies can reduce the Covid impact and solve related problems.



Thank you for your attention!

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