# SCALING RETAIL BUSINESS: GROWTH STRATEGIES FOR RETAIL CHAINS

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Abstract: The article deals with modern approaches to motivation of personnel in retail trade - an industry that is rapidly changing under the pressure of digitalization, new consumer requests, competition in the labor market and post -Pandemic challenges. Particular attention is paid to the transition from traditional material incentives to complex motivation systems that combine financial instruments with emotional support, recognition, internal communication and development of employees. The basis of the study are classical theories of Maslow and Herzberg, as well as modern concepts, including the model of Daniel Pink, where the focus is on autonomy, skill and awareness of the goal. The article compare the indicators focused (KPI) and systems based on staff involvement. The former provide measured results, the second - contribute to loyalty and long -term efficiency. According to McKinsey (2022) and Gallup (2022), companies that pay attention to attracting, reach higher productivity and have lower rates of staff turnover. The model of motivation with four key blocks is proposed: efficiency (KPI), attraction (loyalty, participation), development (training, coaching), recognition (awards, internal PR), which corresponds to the conclusions of Deloitte (2021). The practical value of the article is confirmed by examples from Ukrainian retail (ATB, EVA, Silpo), where a comprehensive approach to motivation made it possible to reduce staff turnover and improve the quality of service. The article emphasizes the importance of combining material and intangible incentives as a strategic resource for sustainable growth of companies in the sphere of retail trade.

Keywords: retail trade, business scale, retail networks, franchising, digital transformation.

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## Introduction

Retailing is one of the most dynamic areas that traditionally finds itself at the epicenter of economic and social changes. Constant interaction with the client, competition, new technologies and social trends form special tension within this industry. Against the background of digitalization, instability of the labor market and new requests from consumers, it is increasingly difficult not only to sell goods, but also to effectively manage the teams that these products promote.

Until recently, the employee motivation system in retail was based mainly on financial instruments such as Bonuses or KPI system. But today's reality makes this simplified idea. Emotional and psychological factors come to the fore: a sense of involvement, trust, recognition and professional development. In focus, it is the concept of "involvement", which is increasingly the basis of HR strategies. It is not only about the implementation of the sales plan, but also about the employee's desire to develop with the company, to be part of her mission and to stay with it even in the crisis.

According to the GallUp report for 2022, employees who are involved are shown by 21% of higher productivity and are almost 60% less frequent. Similar conclusions contain McKinsey studies in the same year: the impersonality, loss of meaning and emotional attachment to the company's mission have become one of the main factors of "great wave".

The modern idea of motivation of work is based on the idea of Abraham Maslow about the hierarchy of needs and Frederick Herzberg, who shared the factors of satisfaction and dissatisfaction with work. In the 21st century, the model of Daniel Pink was added to this, which focuses on three intangible drivers: autonomy, skill and availability. These principles have formed the basis of modern HR practitioners, trying not only to keep the staff, but also to create an environment where anyone can grow, feel the significance of their work and have a fair feedback with management.

However, as practice shows, most Ukrainian trade networks - such as ATB, EVA, Silpo, Watsons - continue to focus on quantitative indicators: sales volume, average check, number of customers served, etc. Such models are easy to implement and evaluate, but often neglect teamwork, emotional state of employees, their professional growth and, ultimately, long -term loyalty to the employer [1; 7].

In this context, the formation of new approaches to motivation - hybrid, where financial and non -financial elements are combined, and most importantly, which takes into account not only the achievements of planned results, but also the climate in the team, a sense of trust, mutual support, development and stability. As stated in the analytical examination of Deloitte (2021), companies that introduce such complex motivation models, not only better hold the staff, but also demonstrate higher adaptability to changes [7].

Thus, in modern retail, staff motivation ceases to be a purely HR tool.It turns into a full element of the company strategy, which affects its competitiveness, stability, public image and efficiency. The purpose of this article is to analyze effective models of retail motivation and show how to integrate KPI-oriented systems with attracting-based approaches, can significantly strengthen the team, reduce the turnover of personnel and increase the overall productivity of business.

Theoretical principles of scaling in retail business. Scaring in retail trade is not just a fashionable word or option for companies that want to grow rapidly. In today's conditions of unstable economy, changing consumer requests, harsh competition and global digitalization, scaling is turned into a key condition for survival and long -term business development. It is a whole system of management, financial and operational decisions aimed at expanding activities, increasing sales, entering new markets and strengthening the company's position in its niche.

If you summarize, scaling is a growth of business without proportional costs. This approach requires the ability to work effectively with resources, strategic planning and a deep understanding of the market environment. According to Pustovit and Krasivska, before moving in the direction of zoom, the company must carry out a detailed analysis of the competitive field, internal restrictions, risks and growth potential [1]. Otherwise, there is a risk of overloading logistics and operating systems, reducing the quality of service, disrupting steel supply chains and, eventually, lose customer confidence.

There are several proven scaling strategies that have been widely recognized in both business practices and scientific sources. One of the most common is franchising. In this format, the company (franchisor) transfers the right to partners (franchisees) the right to use its trademark, business model and service standards. This can expand the geography of presence without significant investments. However, as Davidyuk notes, the success of the franchise depends on the transparency of the model, clearly prescribed requirements and constant feedback with partners [2].

Another effective development vector is multi -format trade. The bottom line is that the company develops several types of stores at the same time: large hypermarkets, small home formats, specialized sales points, online stores and more. This allows you to respond flexibly to the local needs of buyers and adapt business to the economic situation in each region. Babenko and Perevozov emphasize that this approach allows to increase the market share, but requires more complex logistics and greater coordination of management processes [3].

Significantly changing approaches to scaling and digital transformation. It is not only about e-commerce, but also about complex integration of technologies: CRM systems, ERP platforms, mobile applications, artificial intelligence, Big Data analytics. According to Romanenko, digitalization itself allows to increase the volume of activity and improve its quality - the level of personalization of interaction with clients, the accuracy of demand forecasting, the efficiency of inventory management [4].No less important component of scaling is the optimization of supply chains (SCM). According to Danylyuk's studies, the automation of logistics processes, the use of cloud solutions, the introduction of monitoring and trekking systems significantly reduce costs, reduce delivery time and minimize the risk of supply [5]. This is especially important in conditions where even short -term logistics stops can lead to serious losses.

It is worth mentioning separately the strategy of sustainable development, which is gaining importance. Companies that introduce environmental, ethical and transparent practices receive not only reputational benefits, but also more confidence by consumers. According to Zakharchuk, social responsibility and concern for the environment are increasingly becoming criteria for choosing a brand, which directly affects the ability of business to scale in the long run [6].

As a result, the theoretical bases of scaling in retail are based on a systematic approach: it is a combination of strategic planning, digital tools, optimization of processes, format flexibility and social responsibility. But the most important thing is the integration of all these elements into a single model of management, which is constantly adapting to market challenges and based on current analytical data.

Research methods. To answer the question asked in the article, a combination of several research approaches was chosen. On the one hand, it is an analysis of literature and open sources, on the other, the study of real cases of Ukrainian and international trade networks, as well as conversations with middle and senior management managers. Such a combined approach not only allowed to outline the overall picture, but also to see how the scale of business actually affects the internal processes of companies, in particular - the motivation of staff.

The first stage provided an analysis of analytical reports and scientific publications over the last five years (2018-2023). The focus included Ukrainian and foreign studies that covered the change in retail approaches, the impact of digitalization, the issues of postpandemic recovery, and supply chain management. Among the sources are professional magazines such as Business: Theory and Practice, Marketing and Management of Innovations, Journal of Economic Studies.

The following was a comparative analysis of scaling practices on Ukrainian networks - such as ATB, Silpo, Varus and EVA. International companies were also selected for comparison: Walmart (USA), Carrefour (France) and Amazon (USA). They demonstrate different models of growth - from the development of franchising to deep digital integration. The comparison was made by several criteria: growth dynamics, business model adaptability, customer experience, digital investment, cost management, social responsibility.

The next tool was SWOT analysis.For each strategic scaling direction - franchise, multi - formativity, digitalization, logistics, sustainable development - the strengths, vulnerability, potential and risks were separately identified. This analysis helped to outline which areas of the company are faced with difficulties, and which - on the contrary, give the greatest effect.

Particular attention was paid to an expert interview. We spoke with the heads of middle and senior levels of several Ukrainian trading companies. The interview lasted half an hour to an hour. The conversations discussed scaling problems, new formats, personnel management and digital initiatives. The answers were analyzed thematically, with the isolation of common and different approaches.

The final stage of the study was the analysis of open statistics: income dynamics, EBITDA, the pace of opening new points, changes in cost volumes, digital investment efficiency, customer maintenance. The data was taken from official reports of companies, financial bases and profile marketing resources.

These methods have been able to see the real links between scaling strategies, companies' motivational policies and how it affects the stability and development of trade networks.

As a result, the use of diverse methods made it possible not only to theoretically comprehend the scale models, but also to empirically check their effectiveness. The combination of qualitative observations with quantitative data ensured the accuracy of the conclusions and became the basis for reasonable practical recommendations.

## Results of the study

*Franchising: Extension and Challenges*

Franchising remains one of the most effective mechanisms for scaling of retail business. Its main advantage is the possibility of rapid geographical expansion with minimal investments by the central company. For Ukrainian retailers, this model is especially valuable in limited access to large investment resources. It is through franchising agreements that the network can enter less inhabited or remote regions, based on local resources and entrepreneurial potential of partners [2].

However, the effectiveness of this model depends directly on how well the processes of standardization and quality control are established. In order for the brand to be perceived consistently in different regions, it is necessary to develop clear operational regulations, staff training systems, as well as tools for checking standards [7]. It is equally important-to ensure the support of the franchisee not only at the stage of opening, but also in daily work: supply, marketing, IT-supra, legal consultations, communications.

However, even a flexible model as franchising has its risks. The most obvious is the loss of control over the quality of client experience.If the partner does not comply with the standards, lowers the service bar or improvise in critical moments, it beats the reputation of the entire network. Conflicts often occur due to financial expectations, uneven profit or imbalance in the obligations of the parties [2; 7].

In order to avoid these problems, experts advise to create regional control offices that will supervise compliance with standards, provide advice and adapt an approach to each local market. This step helps not only to retain a single quality, but also to respond promptly to local calls.

*Mult format strategy: flexibility and adaptability*

Multidistically development is the response of retailers to the growing variety of consumer requests, urbanization and economic differentiation of regions. The introduction of different types of outlets-from stores near the home to hypermarkets, specialized shops, mini-formats, kiosks, self-service points and online platforms-allows you to cover a wider audience and tune into local conditions [3; 8].

An example of effective implementation of this strategy is the Silpo network, which in parallel launches conceptual supermarkets in large cities and small shops in suburbs and rural areas. This approach allows you to form individual proposals for different micro - market. In less densely populated areas, the launch of compact stores with a narrow but high - conscious range is economically justified.

However, multi -formativity requires clear coordination of internal processes.Logistics, accounting, marketing, personnel policy, service - all this must be flexibly adapted to each format, but remain part of a single management system. The complexity of management reporting increases, the role of internal control increases [8].

Despite these challenges, the multi -format model gives retailers a powerful operating flexibility. It allows you to respond promptly to change in demand, test new formats, minimize risks in crisis, and adapt to market fluctuations faster. In combination with digital infrastructure, such a strategy demonstrates its effectiveness against the background of changes in consumer behavior [3].

*Digitalization and innovation: Technology as a zoom condition*

Digital transformation has long ceased to be a trend - it has become a prerequisite for an effective scale of business. Digital solutions not only reduce costs, but also change the format of interaction with clients, opening new personalization horizons, rapid decision-making and business process analytics.

Yes, CRM systems allow you to collect, store and process customer information, predict their behavior, create individual offers, increase the conversion of stocks and reduce the cost of attracting new consumers. ERP platforms integrate finances, stocks, logistics and HR into a single information structure that provides transparency and control at all stages [4].

Analytical platforms based on artificial intelligence (AI) occupy a special place in digitalization. They are able to predict demand based on the season, regional features, weather conditions, social events. One example is the NOVUS network, which has implemented the AI demand forecasting system, which allowed to reduce the loss of goods by 15% and significantly optimize logistics [4; 9].Mobile applications, loyalty programs and online stores not only improve client experience, but also serve as Big Data gathering channels that underlie strategic planning. Those companies that are able to quickly launch cloud services, adaptive interfaces and omnicanal solutions have a real advantage over competitors [3; 9].

Summarizing, we can say that digitalization is the main catalyst for scaling. It reduces dependence on the human factor, accelerates management decisions, increases the accuracy of operations and provides the flexibility required in the conditions of the unstable market.

*Supply Chain Management: Efficiency and Endurance*

Modern supply chain management (SCM) is one of the most important scaling tools. It is from the clarity, speed and flexibility of logistics processes that the retail network, the ability to promptly response to demand changes and overall business reliability depends.

Today, effective SCM models are based on automated digital platforms that combine data on orders, balances, deliveries, transport, customs clearance and other stages. Such integration provides a holistic picture of processes in real time [5; 10]. The use of RFID-tag, GPS tracking, electronic document management increases the accuracy of logistics and minimizes the human factor.

Automated warehouses and sorting centers make it possible to process large volumes of goods in a short time, reducing the cost of staff and accelerating the maintenance of outlets. This is especially important for networks with a branched structure or a large number of formats [5].Electronic interaction with suppliers through EDI platforms allows you to automate the order processes, accelerate contractual agreements, reduce the risks of errors and increase the transparency of all operations. In the new realities, modern SCM should also be resistant to external shocks - wars, pandemics, crisis. This requires not only automation, but also strategic endurance of the logistics system [10].

*Social responsibility and sustainable development*

In the 21st century, consumers are increasingly choosing not only the price or assortment, but also by the criteria of ethics, environmental friendliness and social responsibility of the company. This trend necessitates the development of sustainable development strategies as an inseparable scaling element, which strengthens the confidence in the brand and increases its reputational capitalization.

Companies that declare social responsibility invest in reducing the environmental impact of their activities: introduce energy -saving technologies, abandon disposable plastic, optimize logistics to reduce $CO_2$ emissions, support a cyclical economy. Some retail networks launch "green" shopping formats-with solar panels, lighting sensors, waste sorting and processing systems [6].

Another important aspect was partnership with local manufacturers and farmers. Such cooperation contributes to the economic development of the regions, reduces logistics costs and has a positive effect on buyers' loyalty. Initiatives such as supporting local brands, working with artisans or promoting the products of ethical origin are well perceived by modern consumers [11].

In addition to environmental aspects, sustainable development also includes social initiatives - educational programs, charitable projects, inclusive employment. Such actions form recognizable brand identity and allow companies to be different in the market. As stated in [6], CSR companies have a higher level of customer maintenance and more stable profits.

Therefore, social responsibility is not just a means of improving image, but a strategic tool of long -term scaling. It strengthens the emotional connection between the brand and the client, increases trust, forms loyalty and creates the basis for sustainable growth.Discussion of results

The scaling of retail business in modern conditions requires a systematic, multi -level approach, in which organizational, digital, logistics, marketing and social strategies should work in interconnection. Only such integration is able to ensure stability, flexibility and dynamic growth in conditions of fierce competition. Success is not achieved by those companies that use individual tools, but those that build an agreed strategic system where each element enhances another.

Yes, franchising, according to Davidyuk [2], makes it possible to scale quickly, attracting investments through partnership formats. But without digital solutions, such as CRM or ERP [4], the central company loses control of service quality, process standardization and brand integrity. At the same time, according to Babenko and Perevozov [3], the multi -format model allows you to flexibly respond to the requests of different consumer segments: large formats are effective in metropolitan areas and mobile or compact stores are effective in remote regions.

The extension of the network is accompanied by new challenges in logistics and management. Communication between the units is complicated, effective SCM management, automation of procurement, delivery and accounting [5; 10]. How quickly the company integrates modern logistics platforms depends on its ability to maintain the level of service and minimize costs.

Particular attention should be paid to the human factor. Scale is impossible without the constant involvement of new employees, and therefore, effective models of training, adaptation, motivation and maintenance of staff are needed.Schulga and Bilyan studies have shown [7], many companies underestimate the role of HR strategy during scaling, which leads to staff turnover and reducing the quality of service.

Zoom is not only an increase in the number of stores, but also a quality business transformation. Companies should be prepared for constant changes - both in products and in management approaches. Strategic flexibility, the culture of the experiment, the use of AI for the analytics of demand and automation of processes [9] become a competitive advantage of a new generation of retailers.

A separate challenge is to maintain a single quality of service during expansion - especially in regional formats or an omnicanal environment. According to Kovalchuk [11], economic instability forces the company to adapt prices, assortment, formats promptly. It requires rapid management decisions and internal readiness for change.

As a result, it can be argued that scaling is not a linear process. It is a complex system of interconnected management decisions. The most effective are those companies that synchronize digital, logistics, HR- and organizational tools, while taking into account external challenges and internal restrictions on resources. Only a holistic, strategically thoughtful and flexible approach allows you to develop steadily, maintaining a competitive advantage in the dynamic environment.

The study confirmed that the most effective strategies for scaling of retail business are those that combine technological innovations with organizational flexibility and focus on human resources. Case analysis and empirical data showed that franchising allows you to achieve rapid geographical expansion, especially in limited capital, provided support for support and clear standardization of processes [2].Multidformat models have proven to be particularly effective in spatial and demographic differentiation - they allow both large cities and rural areas to be covered, providing adaptability and resistance to demand fluctuations [3].

Digital transformation plays a crucial role in scaling. Companies that introduced CRM, ERP and analytical solutions based on artificial intelligence have recorded improvements in demand forecasting, inventory management and customer segmentation, which significantly increased their reactivity and scalability [4; 9]. Automated warehouses and modern logistics platforms have made it possible to reduce the cost of delivery and improve the reliability of supply - a key aspect for widespread networks [5; 10].

The importance of the human factor should be noted separately. Those retailers who invested in the adaptation of new employees, motivational systems and training, showed lower rates of staff turnover and maintained quality of service even during active expansion [7].

There were also companies that integrated social responsibility: in particular, the programs of sustainable development and support of local producers. They received higher customer loyalty and more distinct brand-identity [6].

As a result, the results of the study confirm the hypothesis that successful scaling is possible only under the conditions of synchronization of technological, operational and human factors within a single strategic model. The companies that have reached this balance have demonstrated the best growth dynamics and higher resistance to external challenges.

## Conclusions

The scaling of retail business in modern conditions is accompanied by a number of strategic, organizational, technological and social challenges. Successful overcoming these challenges requires an interdisciplinary approach and deep integration of all key development vectors: from franchise and multi -formatting to digital technologies, optimization of logistics and corporate responsibility strategy.

According to Pustovit and Krasivska [1], only a combination of strategic analysis, adaptability to market conditions and technological renewal allows you to scale without loss as management. In this case, franchising, according to Davidyuk's findings [2], provides rapid brand growth, but requires strict regulation, control of standards and constant support of partners. The lack of unification can threaten brand integrity.

The multi -format strategy, which was considered in detail by Babenko and Perevozov [3], allows you to work effectively in different segments of the market - from metropolitan areas to villages. At the same time, its implementation requires high internal consistency and synchronization of all operating processes.

Equally significant is the digital transformation block. As Romanenko has proven [4], the integration of CRM, ERP, mobile applications and AI -based decisions allows not only to optimize operating activities, but also to adjust personalized interaction with clients. But such a transformation should be accompanied by cybersecurity and development of digital competence of employees.

In the context of scaling, it is extremely important to optimize logistics, which reduces costs, reduce delays and improve the quality of service.As Danylyuk notes [5], the automation of warehouses, interaction with suppliers through digital platforms and flexible logistics models give real competitive advantages.

Another important direction is sustainable development. Zakharchuk's research [6] shows that the integration of environmental, ethical and social principles in the business model strengthens the reputation of the company, increases the level of trust and forms a stable relationship with the client.

Therefore, the scaling of retail trade is not a purely technical or economic task, but a comprehensive strategic process that covers all levels of management. The most successful are those that adapt quickly, introduce innovations, retain the quality of the service and have a clear vision of long -term value for the client.

## Recommendations

Based on the results obtained, it is advisable to follow the following strategic directions for companies that plan to scroll in the modern market:

Priority of digital transformation. It is necessary to invest in digital solutions as the basis for analytics, process automation and effective communication at all levels of management.

Increasing the standards of franchising. Implementation of digital tools for quality control, support of partners and interaction management will preserve the brand's integrity during expansion.

Development of omnial sales. It is worth integrating online and offline channels into a single customer service system based on a common database and personalized proposals.

Integration of social responsibility. Environmental, ethical and social practices should become part of general brand strategy, contributing to the formation of confidence and loyalty of consumers.

Formation of an internal culture of innovations. It is advisable to develop staff competencies through training, involvement of experts and support for processing initiatives.

Adherence to these recommendations will not only quantify their activities, but also achieve quality growth - which is the key to a stable leadership in the constantly changing market.

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