

Business Scaling using the Latest Marketing Tools



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Abstract: *In business, development is the key to success. If a company stands still, larger competitors will quickly lure all its customers. To prevent this from happening, the enterprise is being expanded, that is, it is scaling up the business. The article displays the prerequisites for scaling, the main ways, as well as what is necessary for expanding the business. A special role in scaling is played by modern marketing tools and automation of business processes.*

The article discusses how to simplify the strategy of scaling a business with the help of automation and the latest marketing tools.

Keywords : *Business Scaling, Chatbots, Franchising, Marketing Tools.*

I. INTRODUCTION

Business scaling is a procedure whose main goal is to increase sales and profits. If the procedure is implemented correctly, then this ultimately leads to increased sales and revenues. If the company does not scale in time, then more active competitors can entice the company's customers to themselves. The main prerequisite for scaling up a business is continuous, stable profit growth [1-2].

A major role in business scaling is played by automation and scaling of marketing [3-5].

In modern business, the need to automate various processes has become a familiar phenomenon. It is already becoming difficult to imagine warehouse or accounting without the use of specialized software, sales representatives use special applications to place and send orders to the office directly from a tablet or mobile phone, a fairly large part of orders comes from the site already in the form of documents

Manuscript published on November 30, 2019.

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ready for processing

Marketing automation tools help you reach your customers with personalized messages and shorten the marketing cycle. Automated communication with potential customers helps build relationships: by sending letters with tips, continuing to interact after the transaction, communicating on social networks, the company can determine when the customer will be ready to make a purchase. Workflow automation simplifies repetitive tasks, reduces errors, and speeds up work.

II. PREREQUISITES FOR SCALING

Business requires constant development, and for each company of small and medium-sized businesses, the onset of such a period is inevitable when it will be necessary to take a series of consecutive steps to scale the business. As a rule, such a period is preceded by a number of factors indicating the need for an immediate response: stagnation of the business and the absence of profit growth.

If in this situation it is not possible to expand the business, then in the near future the company will encounter a number of problems (Table 1).

Table- I: Problems as a result of delayed business scale

Problem	Effects
Lack of stock	Products will be bought faster than they are produced or delivered, which will result in a deficit situation. Other entrepreneurs can take advantage of this by offering the audience a similar product.
Lack of staff	As the number of orders increases, gradually difficulties will arise with their reception and execution, due to the employment of specialists. In addition, constant work in multitasking mode can trigger errors.
Delivery delay	It is not uncommon for existing infrastructure to withstand increased cargo flow. The consequence of this problem is a long wait for delivery and customer dissatisfaction.

III. METHODOLOGY FOR SCALING A BUSINESS

The main ways to scale a business (Fig.1).

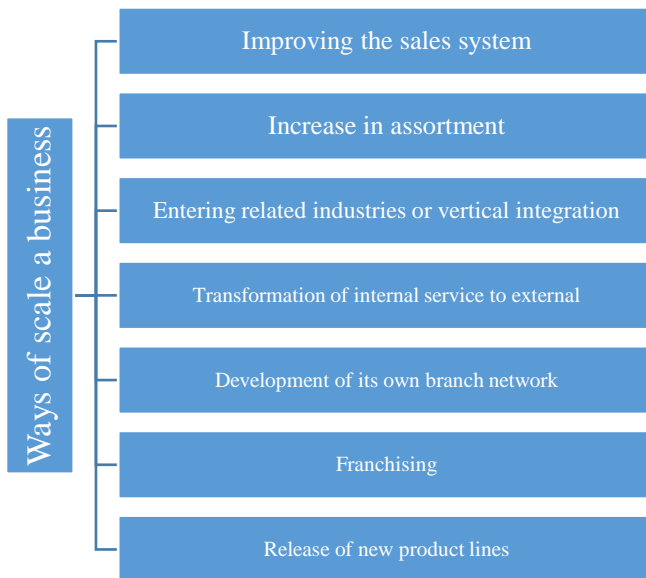


Fig. 1. The main ways to scale a business

Each type of scaling also has its own peculiarities and difficulties, as well as ways to solve them. Let's look at a few examples.

A. Improving the sales system.

The principle is simple: the better organized sales, the more goods you can sell, thereby increasing profits.

There are many ways to improve sales:

- Build a competent employee motivation system.
- Regularly interact with regular customers.
- Use additional sales techniques.
- Work effectively with discounts.
- Develop individual proposals for different target groups.
- Offer several types of equipment with different costs.
- Increase the average number of items in a check.
- Increase the average purchase amount.
- Stimulate repeated calls to the company.
- Improve the control system of the company.
- Carry out activities aimed at increasing customer loyalty.

You can work not only on the sales themselves, but also on the overall strategy of the enterprise. There are two concepts: the first is based on increasing prices, and the second is on reducing costs.

In the first case, the brand image and proper marketing activities play a key role. They simultaneously create added value and ensure a steady flow of customers. Then, well-trained sales team specialists bring the maximum possible number of potential customers to a purchase. Thanks to a serious margin, the company receives high profits. However, this also increases the cost of ensuring product quality and sales.

In the second case, the profit increases due to the fact that the company buys raw materials at a lower price, independently produces components, reaches large volumes of production while reducing costs. As a result, less money is spent on the manufacture of a similar product.

B. Assortment increase

Before moving on to such a method of scaling a business, it

is necessary to perform a series of actions and foresee possible difficulties:

First of all, you need to do a marketing research and get a market assessment in order to understand: is there a place for your product on it.

Consider the risk of "cannibalizing" the product. This is a situation where an increase in the share of a new product can lead to a reduction in the share of an existing product.

Assess the competitive environment. For example, the FMCG sector is very competitive, and will literally have to fight with other players for a place on a store shelf. You need to understand: whom should you push out, and do you have the resources to do this?

Carefully analyze your own business to find the bottlenecks that might turn out to be:

- raw materials;
- production line - may affect the cost of the product;
- logistics (transport + warehouse), etc.

C. Vertical integration

When choosing this scenario, first of all, it is necessary to evaluate the change in the role of all business participants, to calculate and allocate costs / structure of production costs.

In this case, the central function (management company) shifts towards strategic planning and control. And throughout the business chain, revenue centers and cost centers should be allocated that need to be tied to the implementation of tasks and controlled through a system of key indicators.

D. Transformation of internal service into external

Example - the logistics divisions of FMCG companies are transformed into a 3PL operator. In this case, difficulties may arise due to:

Limited resources. If the company has a key business, then if the balance is not correctly distributed, one of the lines of business may suffer;

Internal services may be of lower quality than the market requires. For example, the company has excellent warehouses, transportation, but its own distribution network is less than what customers need.

As a result, you have to either look for additional investments in business development, or reduce the level of service.

E. Branch Network Development

When a company expands its branch network, it is necessary:

- introduce planning and control tools;
- introduce key performance indicators;
- make changes to processes in terms of logistics (transport + warehouse);
- change the role of the management company. Its employees need to think about reducing costs through scale;
- increase the requirements for efficiency and quality of information for analysis of the situation.

F. Franchising

When developing according to the franchising scheme, it is necessary to create strict formalized work standards. As well as a system of control over their transfer and compliance.

But besides that, control over the use of intellectual property is important. Indeed, the franchisee can copy the technology and continue to develop the business on their own. When developing a franchise business, it is important to create additional added value, which is easier for franchisees (franchisees) to use when starting a business than creating something of their own. This is clearly visible in the field of catering. If we see a signboard McDonalds, Sushi WOK or "Mafia", then, having been in another institution of this network earlier, we know what exactly we can get here. Franchisers at the time of the sale of their franchise have already formed the additional value of their brand. This is how a brand is formed - an intangible asset that provides a stable flow of customers, for example, in the restaurant business. It is the brand that "makes" customers choose institutions united in a single network, but with different owners. But for this, you first need to invest in its creation and development, so that people want to become a client of this particular company.

G. Launch of a new product line

This approach may require capital modernization of production facilities or changes in operating principles. New products may require different storage conditions, they may have a different turnover. In practice, unlike theoretical calculations, the owner may not receive a profit, and the use of classical (habitual) approaches may not give the expected income. One of the important tools for scaling is the presence of a well-developed financial business model. It should include a sufficient number of variables so that it is possible to simulate different scenarios of the development of events, to see bottlenecks in the process, to assess the influence of each of the factors on the existing business and the change in influence when it is scaled. The table shows the main stages of business scaling, regardless of the type selected (Table 2).

Table- II: Business Scale Stages

Stage	Description
Defining goals and objectives.	At this stage, the company must understand what results it wants to achieve by starting the development of branches or selling franchises.
Preliminary analysis of the enterprise.	The study takes into account many factors that affect the effectiveness of business scaling. Weaknesses can be identified in the structure of the company that need to be worked on.
Search for suitable scaling methods.	At this stage, it is necessary to understand which of the existing ways of expanding the enterprise is suitable for a specific situation and to develop a general plan of measures.
Implementation of the plan.	The leader needs to control how, step by step, the chosen strategy is implemented in practice. It is important that everything happens gradually, because sudden changes in the principles of the enterprise's functioning lead to a critical increase in the volume and complexity of current tasks.
Determination of effectiveness	Determining the effectiveness of activities through the analysis of key indicators.

IV. RESULT AND DISCUSSION: THE ROLE OF MODERN MARKETING IN SUCCESSFULLY SCALING A BUSINESS

No type of business scaling is complete without marketing scaling. Scaling up is a top priority for the marketing department in growing companies. To do this, it is necessary to solve many complex problems: coordinating the activities of teams, as well as managing priorities, resources and indicators, creating advertising content, lead generation, data processing and adjusting strategies in the face of fierce competition without slowing down the pace of work.

Modern technologies now make it possible to use robots in order to remove the main part of the routine load from a person in attracting and communicating with customers, round-the-clock order processing and receiving payments.

The era of big data does not allow for efficient processing of information flows, creating advertisements, and analyzing results manually. Using simple robotic tools, even one person can perform the full range of duties of the marketing, support and sales departments around the clock, and at the same time work no more than 8 hours a day, while part of the transactions will be closed without any human intervention.

The benefits of marketing automation are confirmed by recent statistics (Fig. 2).

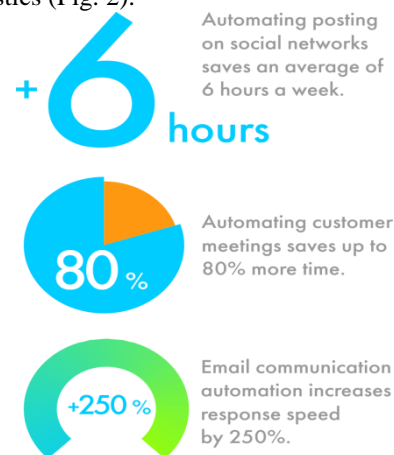


Fig. 2. Benefits of Marketing Automation

The main task of marketing is to contact the right person at the right time with the right message.

To solve complex problems with the processing of large amounts of data about customers and companies, data analysis, lead generation, process optimization, etc. modern marketing automation marketing tools are needed (Fig. 3).



Fig. 3. Digital Marketing Automation Tools

A. Chatbots in messengers

Chatbots are special accounts in instant messengers (WhatsApp, Viber, Telegram, WeChat, Line, Facebook Messenger, etc.) that are not assigned to people, and

messages sent from them or him are processed by an external system. Moreover, for the user, communication with the bot looks like ordinary correspondence with a real person (Fig. 4).

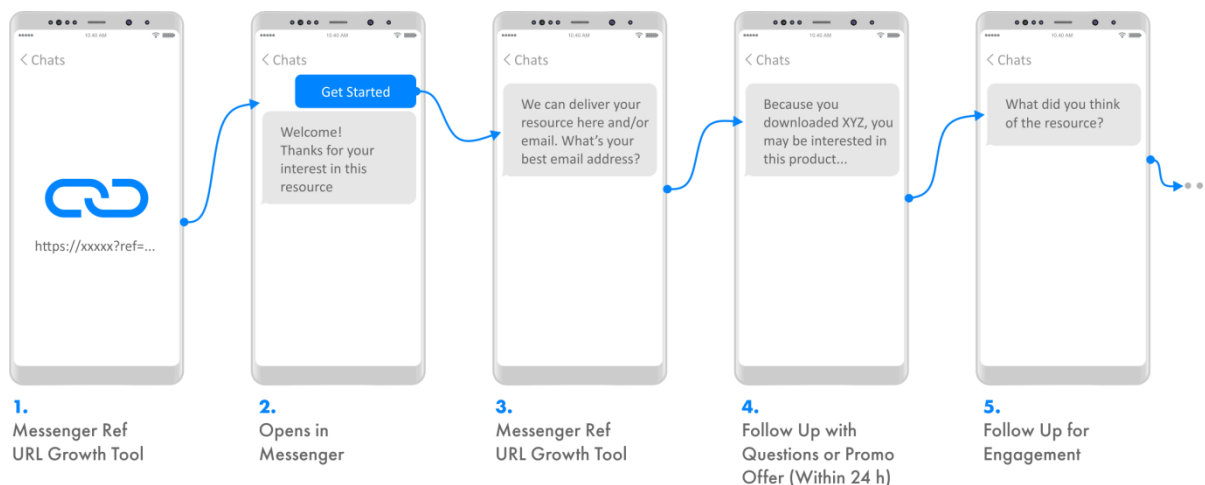


Fig. 4. Chat-bot in Messenger Ref URL for Lead Magnet Delivery

Modern chat bots can:

- place orders and make purchases;
- set goals;
- work with support and delivery services;
- make financial transactions;
- get access to information: news bulletins, weather, books and other materials.

Messengers and their chat bots are “invisible” helpers to business, they are very convenient because they transfer part of the routine operations to the environment familiar to the user - messengers, where they spend a long period of time.

Chatbots also minimize the impact of the “human factor” in transmitting information and reduce the likelihood of errors and increase the level of process control.

B. Automated Sales Tunnels

A sales funnel is the promotion of a user through a sales funnel through auto-messaging and collecting customer information. A sales funnel is a step-by-step path that a customer goes from recognizing your product to purchasing (Fig. 5).

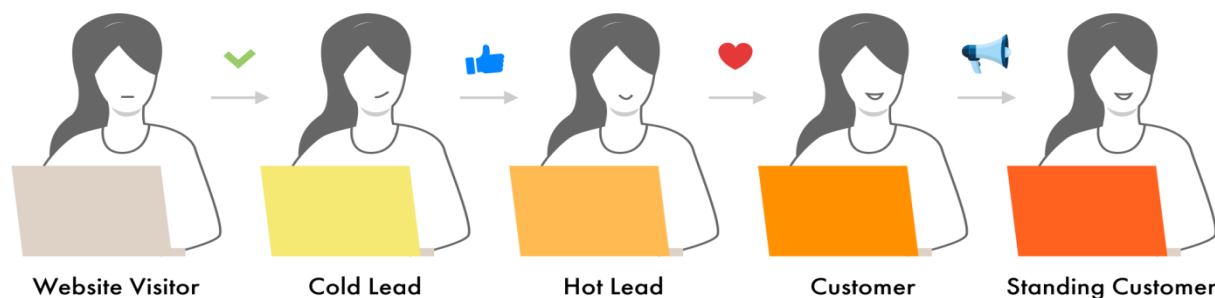


Fig. 5. Customer path in the funnel

A customized auto funnel will help attract and retain customers. You can focus on sales, reduce the time for processing applications, and at the same time, communication with visitors will become more personalized. As a result - saving human and financial resources, increasing conversion and sales - here, depending on the case, the numbers will be different, but can reach up to 30%.

C. Payment Acceptance Systems

According to a Global Digital 2018 report, 23% of the world’s people buy consumer goods online, and over the past year this number has grown by 8%. Therefore, to scale a business, it is important to provide one or more convenient online payment methods.

There are several types of payment systems that allow you

to make a finished sale 24/7:

- Internet acquiring
- Payment gateways
- Payment aggregators
- Electronic money operators

D. CRM

CRM (Customer Relationship Management) with the help of process automation helps to more efficiently build a dialogue with the buyer, avoid mistakes in the work and ultimately sell him more.

CRM-system can be considered any option of control and accounting, which will help improve interaction with customers.

Even if the company keeps a history of calls and contacts on paper or in Excel, this can be considered a CRM system if the developed accounting and control scheme works and allows you to control all options for interacting with

customers. Such accounting methods are a thing of the past, in the modern world without effective automation it is difficult to imagine the work of any business (Fig. 6).

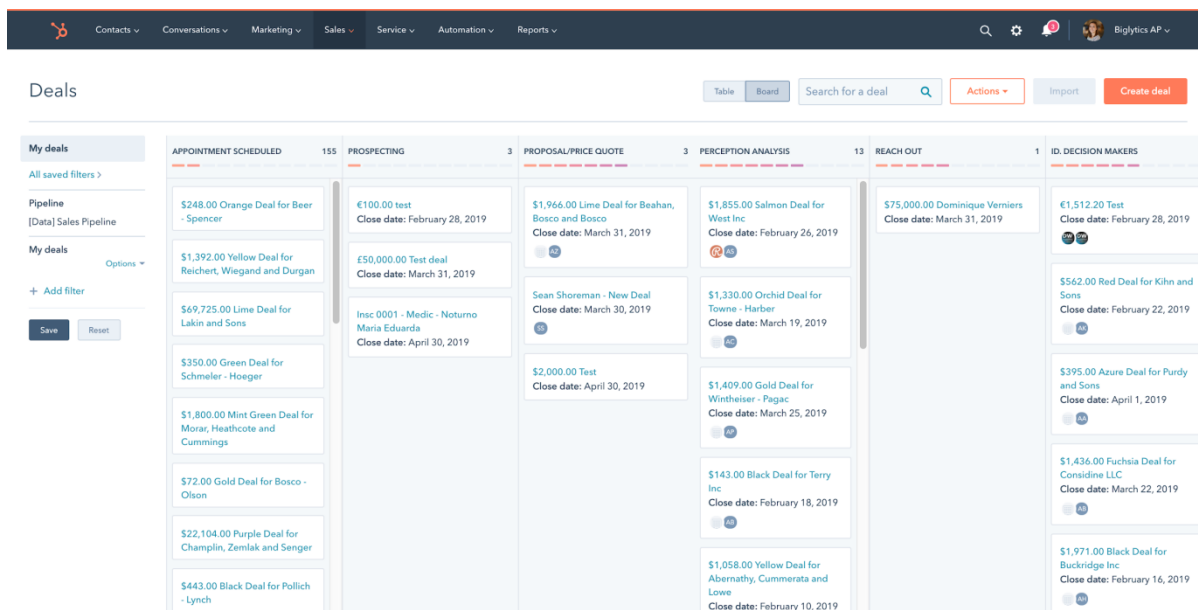


Fig. 6. Example Sales report in the CRM system

Implementing a CRM system to automate and standardize customer relationship management helps:

- Get a common standardized database of contacts for the company (customers, contractors).
- Effectively monitor the quality of the sales team at any given time.
- Get statistics and analytics of the effectiveness of working with leads (incoming calls, messages and requests).
- Plan to improve the quality of work and develop a strategy for scaling the business.

E. Smart Newsletters

Email newsletters are one of the oldest digital marketing tools. However, in order to be effective and useful when scaling, email marketing must be smart.

Modern services make it easy to create a letter or a series of letters using the constructor for bulk mailings. To create a template does not require technical skills or knowledge of HTML.

With the help of automation it is possible to configure the chain of letters from email, web push or SMS messages based on client actions, variables or events (Fig. 7).

SMART email-marketing is able to analyze interest in electronic mailings, segment the database and send letters to those customers who are really interested in them. It also allows you to personalize messages and provides statistics on openings and clicks in letters so that the company can analyze and improve the performance of its email newsletters.



Fig. 7. An example of a conversation based on an abandoned cart

F. End-to-end analytics

An important marketing tool for scaling is through analytics.

This is confirmed by a recent HubSpot study.

To increase your customer base, you need to know how many customers go through your marketing funnel. It is necessary to analyze the main marketing indicators that reflect the interaction of the company with the client, find out which marketing projects are profitable in order to improve results, increase profitability and bring trained customers to the sales department.

Modern tools of end-to-end analytics make it possible to accurately assess the profitability of each marketing project, and adjust where to direct resources to accelerate the pace of development of the company and scale the business.

In addition to measuring the results of a campaign, it is necessary to measure the efforts that have been expended on it.

For example: using analytics tools, the marketing department can exclude from targeting all customers who have passed through a key or intermediate sale and show ads only to a new audience that looks like an “ideal customer”. Once you find such a selling bunch, you need to automate the sales process and measure data after a certain period of time.

So the company will have data on the cost of customer acquisition (CAC) and how much the buyer makes a profit for a certain period of time (LTV). Using these indicators, the amount of the advertising budget is calculated to obtain the required sales volume.

$$CAC = \frac{\sum C_M}{C_N} \quad (1)$$

where CAC – customer acquisition cost;

$\sum C_M$ – all marketing costs;

C_N – number of new customers acquired

$$LTV = L * ARPU \quad (2)$$

where LTV – lifetime value;

L – lifetime;

ARPU – average revenue per user.

$$B_{ads} = \frac{P_D}{LTV} * CAC \quad (3)$$

where B_{ads} – ads budget;

P_D – desired profit.

Cross-cutting analytics allows you to analyze indicators and not face the technical difficulties of pivot tables and CRM customization.

G. Autoposting

If it is planned to post 1-3 posts on each social network per day, coming up with content can be problematic. Daily manual publishing is tiring and reduces productivity. Many social networks or specialized services allow you to configure automatic placement of content on social networks with the ability to set the publication time.

Auto-posting is used to:

- save time, there are many special services;
- comply with the terms of the content plan;
- accelerate the indexing of articles by publishing announcements from the site on social networks and increasing link mass;
- reach the target audience as much as possible: more sites - more views.

But auto-posting in social networks has disadvantages. If you publish the same content on multiple resources, the uniqueness of the material is lost. The secret to successful auto-posting is to create content that matches the audience of a social network. Subscribers should feel that they are communicating with a living person, not with a robot. As a

result, in one network, users actively like and share posts, in another – content is left unattended.

V. CONCLUSION

In a highly competitive environment, scaling up a business is perhaps the only way to stay afloat. When you expand your network, even when it comes to selling franchises, you strengthen your position in the market. For companies that do not, it will become more and more difficult to compete with other large organizations over time.

A development strategy can indeed be complex, but it is more a minus than a plus. It is much easier to adhere to a simple plan, in which all stages of achieving the ultimate goal are clearly defined. Such schemes are much better in practice.

In order to develop a simple but effective business strategy, you need to look at your business through the eyes of customers and answer the questions: what is its meaning, why is it needed by the audience. Formulate in a few words the mission of the company, that for which it exists.

Automation can help simplify a business scaling strategy. In some cases, a well-functioning system can complete a task in a matter of minutes, which takes a person hours. Automation not only saves employees time, but also improves the overall performance of the company.

In scaling, simplicity is the key to success. The likelihood of making a mistake is much higher for those managers who take on everything at once than those who work on developing a single product.

Many companies achieve success using modern scaling tools. It is important to develop a simple strategy that takes into account the characteristics of the market and the resources of the organization, and to find specialists who could implement it. So you can increase your profits with a minimum level of additional investments.

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