



Critical Success Factors for Negotiations Between Small Producers and National Retail Chain Buyers

Kateryna Lapuzina ¹ 

¹ Master, Deputy Director, Maison Trade LLC, Kharkiv, Ukraine



Corresponding author:

sabina2704@gmail.com



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ABSTRACT: This study provides a comprehensive analysis of critical success factors in negotiations between small producers and buyers of national retail chains in Ukraine amid martial law and retail market transformation. The methodology combines comparative analysis of leading retail chains' strategies, systematization of supplier requirements, and identification of effective negotiation practices. Findings show that successful integration depends on three components: strategic preparation focused on category value, tactical capability to build long-term partnerships, and operational supply reliability under infrastructure constraints. Results indicate heightened entry barriers caused by inflation, infrastructure damage, and stringent requirements. Negotiation success arises through product differentiation and pricing justification.

KEYWORDS: retail negotiations, small producers, Ukrainian retail chains, retail buyers, supplier strategy, pricing, partnership development, category management, wartime economy.

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Introduction

The transformation of Ukrainian retail under conditions of economic instability and armed conflict creates unprecedented challenges for small producers seeking market access through national retail chains. This situation aligns with global trends in supply chain resilience and production localization strategies (Bambrick et al., 2025). While Ukraine demonstrates notable resilience of the retail sector, it faces structural asymmetry in which large retail chains concentrate market power and dictate the terms of interaction with suppliers. This dynamic generates substantial entry obstacles for small producers attempting to integrate into contemporary distribution channels (Heorhiadi & Holyak, 2024). Strategic negotiation competencies constitute a critical factor for the survival and development of small producers, particularly in contexts characterized by limited resources and heightened operational risks (Zrybnieva, 2024). In recent years, Ukrainian retail has developed a concentrated structure in which leading national chains set high entry standards for suppliers, including stringent requirements related to production scale, supply stability, documented compliance with quality standards, and the capacity to support marketing initiatives (Vykykach, Kniaz, & Rusyn-Hrynyk, 2024). The management of resource flows in enterprises operating within network retail requires an integrated approach that accounts for technological innovation, supply quality, resilience of supplier networks, digital integration, and customer orientation (Heorhiadi & Holyak, 2024). The digitalization of business processes and the integration of online platforms create new opportunities for small producers to optimize communication with retailers and to expand channels of interaction (Zaruba, 2024). Previous studies report mixed findings regarding the determinants of success in negotiations between suppliers and retailers. Kupriienko et al. (2025) emphasize the importance of price competitiveness and production scale, while other studies highlight the growing role of nonprice factors, including product innovativeness, supply stability, and the level of digitalization of business processes. Understanding consumer behavior and neuropsychological responses to different content formats is becoming a critical component in the development of effective communication strategies and product presentations during negotiations with retailers (Tytarenko, 2025). Research on critical success factors in supply chains indicates that negotiation effectiveness is shaped by a complex system of interrelated elements, encompassing operational efficiency, strategic planning, and customer orientation (Bambrick et al., 2025). Methodological limitations of existing studies include insufficient analysis of negotiation dynamics under conditions of asymmetric power between small producers and large retailers, as well as the lack of integration of strategic and tactical negotiation dimensions within a unified analytical framework. The study of effective negotiation strategies is of particular importance in the context of martial law and macroeconomic instability. Negotiation management requires thorough preparation, trust building, clear goal definition, and a win-win orientation that enables adaptation to changing conditions (Zrybnieva, 2024). The development of professional competencies demands a systematic approach that integrates theoretical training with practical experience and the adaptation of international practices to national specificities (Ratii, 2025). However, the existing scholarly literature provides limited insight into the adaptation of negotiation strategies by small producers under crisis conditions and their impact on successful long-term integration into national retail networks, creating a gap in understanding the optimal architecture of the negotiation process and the critical success factors for resource-constrained suppliers.

Research Aim and Research Questions

The purpose of this study is a comprehensive analysis of the critical success factors in negotiations between small producers and buyers of national retail chains in Ukraine through the systematization of strategic and tactical approaches, the assessment of leading retailers' requirements, and the identification of key competencies for effective integration into network retailing. The study covers an analysis of negotiation practices with major national retail chains (ATB-Market, Silpo/Fozzy Group, Novus, Epicentr, Rozetka) under conditions of martial law and economic transformation, with a focus on identifying differences in the requirements of various retailer categories and adapting negotiation strategies to the specific features of the Ukrainian market.

The methodological framework is based on the integrated use of qualitative analysis methods, systematization of empirical data, and comparative research. A structural-functional analysis method is applied to classify critical success factors by organizing negotiation elements across levels (strategic, tactical, operational) and by types of influence on the negotiation position. The analysis of retail chain requirements is conducted using publicly available information on cooperation terms, quality standards, and operational requirements of leading retailers. The systematization of strategic and tactical negotiation approaches is presented in tabular form according to success factor criteria, practical application, and expected outcomes.

The limitations of the study include the lack of comprehensive statistical data on negotiation outcomes due to the confidentiality of commercial information and restrictions on public disclosure of contract terms between suppliers and retailers.

Research Results

In 2025, the Ukrainian retail sector demonstrates resilience, generating a total revenue of **€936** billion in the first half of the year, representing a 17% increase compared with the previous year. However, small manufacturers face significant challenges when entering retail chains due to wartime disruptions, including infrastructure damage, power outages, and an accelerated inflation rate of 13.4% per annum (Agroreview, 2025). These factors create additional barriers for new market entrants and underscore the importance of a strategic approach to negotiations with major retailers.

This market dynamic defines the context in which the leading national retail chains in Ukraine operate. These include ATB-Market (the turnover leader), Silpo/Fozzy Group, Novus, Metro Cash & Carry, Epicenter, Aurora, Rozetka, Comfy, and Eva. Despite the diversity of formats, these chains share similar requirements for suppliers, including legal registration in Ukraine, documented compliance with safety and quality standards, stable production capacity to ensure uninterrupted deliveries to regional distribution centers, competitive wholesale pricing, and readiness to provide marketing support (Agroreview, 2025).

The specific requirements of each retail chain are presented in Table 1, which highlights differences in strategic priorities depending on the retailer's specialization.

Table 1

Characteristics of Major National Retail Chains in Ukraine and Their Supplier Requirements

Retail chain	Specialization	Key supplier requirements
ATB-Market	Food products and FMCG	Large-scale supply capacity, competitive wholesale pricing, ability to ensure uninterrupted deliveries to regional distribution centers
Silpo/Fozzy Group	Food products	Documented compliance with quality and safety standards, Ukrainian origin of products, readiness to provide marketing support
Novus	Premium food products	More than 70 percent Ukrainian assortment, high quality standards, stable production capacity
Epicenter	Construction materials and home improvement goods	Technical documentation, product certification, legal registration in Ukraine
Rozetka	Omnichannel retail (electronics and household appliances)	Logistics capabilities, digital integration of accounting and order management systems, competitive pricing

Source: Compiled by the author based on publicly available information from leading Ukrainian retail chains and an analysis of supplier requirements.

Understanding these differences forms the foundation for effective negotiation preparation. Successful small producers enter negotiations with clearly defined goals and fallback positions, focusing on a few high-impact variables such as pricing levels, volume commitments, delivery windows, and promotional support. They demonstrate how their product will enhance the retailer's category profit rather than merely disputing unit costs. This approach requires a deep understanding of the retail chain's business model and strategic priorities.

Negotiation leverage is created through unique value, including differentiated products, robust consumer data, or attractive margins. Small producers must quantitatively assess the impact of proposed pricing and promotional structures on the profits of both parties, using consumer and point-of-sale data. This is particularly important in the context of high competition and the resource constraints of the Ukrainian market (TradeBeyond, 2016). A systematization of the key elements of a successful negotiation strategy is presented in Table 2.

Table 2

Critical Success Factors for Negotiations Between Small Producers and Retail Chain Buyers

Success Factor	Description	Practical Application
Clear negotiation objectives	Defined priorities and walk-away points with a focus on a limited number of high-impact variables	Concentration on 2-3 key parameters (pricing levels, volume commitments, delivery windows, promotional support)
Unique product value	Creation of negotiating power through differentiation from competitors	Innovative products, local production, strong consumer data, attractive retailer margins

Quantitative proposition justification	Demonstration of impact on retailer category profitability using data	ROI calculations, category analysis, quantitative assessment of pricing and promotional structure impacts on both parties' profits
Long-term partnership	Strategic approach to relationships with a focus on collaborative problem-solving	Joint business planning, transparent communication, positioning discussions as supply chain optimization
Operational reliability	Consistent delivery at high service levels and responsiveness	Supply stability under infrastructure challenges, justifying preferential terms and greater shelf space

Source: systematized by the author based on analysis of negotiation practices and scientific research (Zrybnieva, 2024; Bambrick et al., 2025; Heorhiadi & Holyak, 2024).

The factors presented in Table 2 are implemented through specific negotiation tactics in which relationship building plays a critical role. Successful suppliers treat retailers as long-term partners, prioritize transparency, and position discussions as collaborative problem-solving around costs, inventory, and service. Instead of confrontational bargaining, they ask: "How can we jointly reduce total supply chain costs so both parties benefit?" This approach is particularly effective during wartime conditions, when collaboration becomes key to survival. At a practical level, successful negotiators structure agendas in advance, keep meetings focused on solutions, anticipate common buyer tactics (such as last-minute concessions or price anchoring), and prepare data-driven counterarguments. They avoid bluffing, which can be easily undermined by another low-cost competitor, particularly relevant in the highly competitive Ukrainian market. Long-term consistent delivery at high service levels, reliability, and responsiveness become key success factors, as these justify preferential terms, greater shelf space, and more collaborative joint business planning with retailers. Under the unstable conditions of 2025, when infrastructure damage and energy disruptions create additional challenges, supply reliability becomes even more valuable to retail chains.

Conclusions

The analysis confirms the formation of a complex negotiation system in Ukraine between small producers and national retail chains, characterized by structural power asymmetry and requiring a comprehensive approach from suppliers through strategic preparation (demonstrating value to the retailer's category), tactical proficiency (building long-term partnerships), and operational reliability (stable supply under wartime challenges).

Despite growth in the retail sector and increased demand for local production under martial law, small producers face significant entry barriers due to stringent retailer requirements. Differentiation in requirements among leading chains (ATB-Market – scale and low prices; Silpo/Novus – quality and Ukrainian origin; Epicentr – technical documentation and certification; Rozetka – digital integration and logistics capabilities) contrasts with the limited resources of small producers and necessitates adaptation of negotiation strategies to the specific characteristics of each retailer.

Negotiation effectiveness is determined not only by price competitiveness but also by the supplier's ability to create unique value. Martial law, infrastructure damage, and digitalization of communications have transformed negotiation priorities, increasing the importance of supply

reliability, transparency in interactions, and readiness for collaborative problem solving in the supply chain. At the same time, the development of digital platforms, growing consumer loyalty to Ukrainian brands, and retailers' emphasis on strategic partnerships create new opportunities for small producers in niche segments such as organic products, innovative solutions, local production, and rapid market adaptation.

To strengthen the negotiation position of small producers, it is recommended to develop competencies in quantitatively justifying the impact on retailer category profitability; invest in product differentiation through innovation, quality, and standard certification; build long-term partnerships through transparent communication and a win-win approach; and ensure operational reliability and digital integration to enhance competitiveness. Implementing these recommendations can significantly strengthen small producers' positions in negotiations with national retail chains and support their successful integration into modern distribution channels.

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