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THE KEY PRINCIPLES OF THE STARTUP MARKETING

The article investigates the role of marketing in the development of startups. There are determined the main reasons for the failures of startups, among which the leading role belongs to improper use of marketing measures. It is proposed the author's definition of the concept of "marketing of a startup". The key stages of startup marketing are identified and described. Among the activities that startup developers can use to test the idea of a new product and familiarize potential consumers with it, there are specified: placing a request for funding an innovation project on the crowdfunding platform, conducting surveys on social networks, providing for the use for testing purposes MVP or beta-version of the new product to potential customers. The process of developing a marketing strategy for a startup is described. The most effective ways of attracting potential consumers of the startup and communicating with them are determined.

Keywords: startup, startup marketing, startup marketing strategy, innovation product idea, the way of communication.

Introduction. Global trends in economy digitization, the constant acceleration of the development of the scientific and technological progress, as well as raising the level of interest among young people in the implementation of their own creative ideas contribute to a steady increase in the number of startups. The growing number of startups increases the level of competition in this market, which requires using the specific approaches to acquaint the audience with new products, their positioning and and promotion on the market as well as maintaining constant contact with customers and getting feedback from them. The study of the startups marketing peculiarities will help to solve these problems as effectively as possible.

Analysis of recent research and publications. Scientists and practitioners from different countries devoted their works to research the startups activities. In particular, the causes of success and failure are described in the papers of S. Blanc and B. Dorf, P. Bernovich, E. Ris and B. Cooper and others. Certain features of startups marketing are defined in the works of G. Yasheva, A. Pearson and L. Patrutiu-Baltes and many others. However, the essence of startup marketing, its features and stages, the process of developing startup marketing strategy require further comprehensive research.

Target setting. The purpose of the article is to determine the essence of startup marketing, to identify and substantiate its stages, to describe the features of the process of developing a marketing strategy for the startup.

Research results and discussion. According to the Startup Ranking, the number of technology startups in the world is steadily increasing. The world leader in the number of startups are the United States (45 869 startups). The top ten countries by number of startups are: India (5 762), The United Kingdom (4 825), Canada (2 408), Germany (1 947), Indonesia (1 939), France (1 373), Australia (1 281), Spain (1 191), and Brazil (1 058)¹. However, the growth of the number of startups is closely linked to the increasing number of failures. Not everyone can withstand fierce competition. According to statistics, only 1 out of 10 startups

¹ Startup Ranking (2018). *Startups per Country*. <<https://www.startupranking.com/countries>> (2018, November, 27).

is successful¹. There are many factors that affect the success of the startup. Among the main reasons for the failures of startups, the following can be noted:

- incomprehensible idea of the product and its purpose;
- lack of targeting the target audience;
- absence of a coordinated team of the startup;
- ignoring marketing measures to promote the product;
- lack of financial resources for the implementation of the idea;
- lack of interest from investors.

An analysis of the successes and failures of startups has allowed us to conclude that the key element on which depends success is the marketing of the startup. The estimated contribution of marketing to the success of the startup is 80-95%². Most developers of innovative products ignore the fact that the uniqueness of the idea still does not guarantee its success on the market. And even the use of usual marketing measures may not have the desired effect, since the marketing of the startup is somewhat different from the promotion of known (common) products to the market.

Startup marketing can be defined as a set of tools and measures for familiarizing the target audience with the idea of an innovative product, promoting the idea and the product to the market in order to increase the interest and commitment of potential customers, attracting consumers, investors.

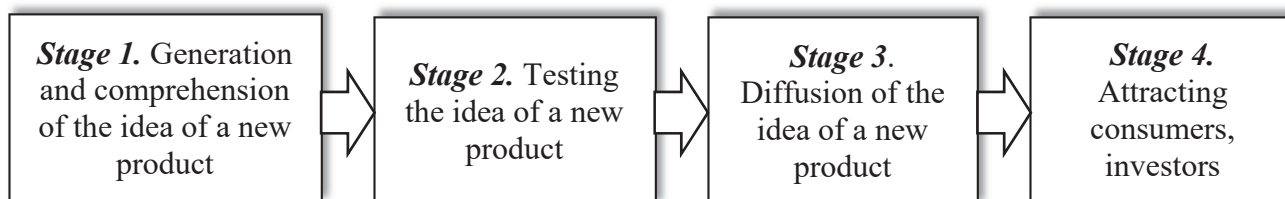


Fig. 1. Stages of the startup marketing

Source: developed by the author

The main task of the startup marketing is to convey the essence of the idea to as many people as possible and to form positive impressions on them from the idea. Consider the stages of the startup marketing reflected in Fig. 1 in more detail.

Stage 1. "At the beginning, the startup is an initiative, founded on beliefs, based on assumptions"³. The problem of perceiving the idea of an innovative product lies in the fact that initially the idea is available only to its author, and only he can imagine it, only for him it is real. Others cannot do this, so it is not real for them⁴. However, even the author himself, realizing his idea, cannot always qualitatively convey its content to other interested parties (partners, investors, potential consumers). Therefore, the author himself should comprehend and understand the idea of an innovative product completely, if he wants it to be taken appropriately by others,.

Stage 2. Testing an idea helps developers to clearly identify their target audience, to identify the interest of potential customers. When testing ideas, it is desirable to develop a minimum viable

¹ Griffith, E. (2014). *Why startups fail, according to their founders*. Fortune. <<http://fortune.com/2014/09/25/why-startups-fail-according-to-their-founders/>> (2018, November, 27).

² Ibid.

³ Бланк, С., Дорф, Б. (2014). *Стартап: настольная книга основа теля*. Москва: Альпина Паблишерс, 614.

⁴ Бернович, П. (2018). *Маркетинг стартапа. От чего зависит успех?* Центр инновационного маркетинга. <<http://www.noomarketing.net/marketing-startupa>> (2018, November, 27).

product – MVP. The minimum viable product is a version of the product that allows the team to collect the maximum amount of verified customer information at a minimal cost¹. Information obtained during the testing of the idea can be used in the process of launching Eric Rice's cycle "build-measure-learn", which involves receiving feedback from potential consumers of the innovative product and using this information to improve it². The development of digital technologies can significantly simplify the process of testing the idea of an innovative product.

The startup team can use the following measures to test the idea of a new product and familiarize its potential customers with it:

- placing a request for funding an innovation project on the crowdfunding platform. Firstly, it helps to acquaint a large number of people with the idea of a new product. Secondly, it provides the opportunity to identify the interest of potential customers and more clearly define their target audience. Thirdly, if successful, to get funding;

- conducting surveys in social networks. Even without having the experience in organizing and conducting marketing research, developers of an innovative product can conduct surveys on social networks among their friends, and also through the function of "reposts" to reach even more audience and learn the opinion of other people about the idea of an innovative product, ask them to leave comments on its improvement;

- providing for the use for testing purposes MVP or beta-version of the new product to potential customers. So did the developers of Dropbox startup. Consumers are more willing to contact when they can not only get acquainted with the idea of an innovative product, but also try to use it, even if it is not yet perfect.

Stage 3. After testing the idea of an innovative product and familiarizing it with a small number of potential consumers, the process of diffusion begins, that is, the penetration of the idea into the market.

Diffusion of innovation – the process by which innovation is transmitted through communication channels between members of the social system in time. Innovations can be ideas, objects, technologies, etc., which are new to society. That is, diffusion is a communication process in which a new idea or new product is taken by the market³. One of the main models of diffusion of innovations is the diffuse model of E. Rogers.

E. Rogers in his work "Diffusion of Innovation" investigated the levels of adoption of various innovations. He discovered that most of the charts of the adoption of innovations by members of society resemble the standard bell curve (normal distribution), divided into 5 parts (Fig. 2).

According to the proposed grouping of members of society in terms of the perception of innovative ideas, one can determine that, first of all, developers of startups should focus on groups of "Innovators" and "Early adopters". Although their total number is negligible and amounts to about 16% of the total number of potential consumers, one should not forget that the processes of diffusion of the innovative idea in a modern digital society are very fast. Therefore, if the previous stages were well-executed and successful, in the nearest future it is worth to count on the commitment of the "Early majority" group, which, together with the previous two, can provide an interest of almost half of potential consumers. The diffusion process may already be accompanied by the first sale of finished products, the first real consumers of which are members of the community from the group of "Innovators". It may be possible if the third and fourth stage of startups marketing (attracting consumers and investors) occur simultaneously.

¹ Купер, Б., Власковиц, П. (2012). *Стартап вокруг клиента. Как построить бизнес правильно с самого начала*. Москва: Манн, Иванов и Фербер, 168.

² Рис, Э. (2012). *Бизнес с нуля: метод Lean Startup для быстрого тестирования идей и выбора бизнес-модели*. Москва: Альпина Паблишерс, 251.

³ Роджерс, Е. (2009). *Дифузія інновацій*. Київ: Києво-Могилянська академія, 592.

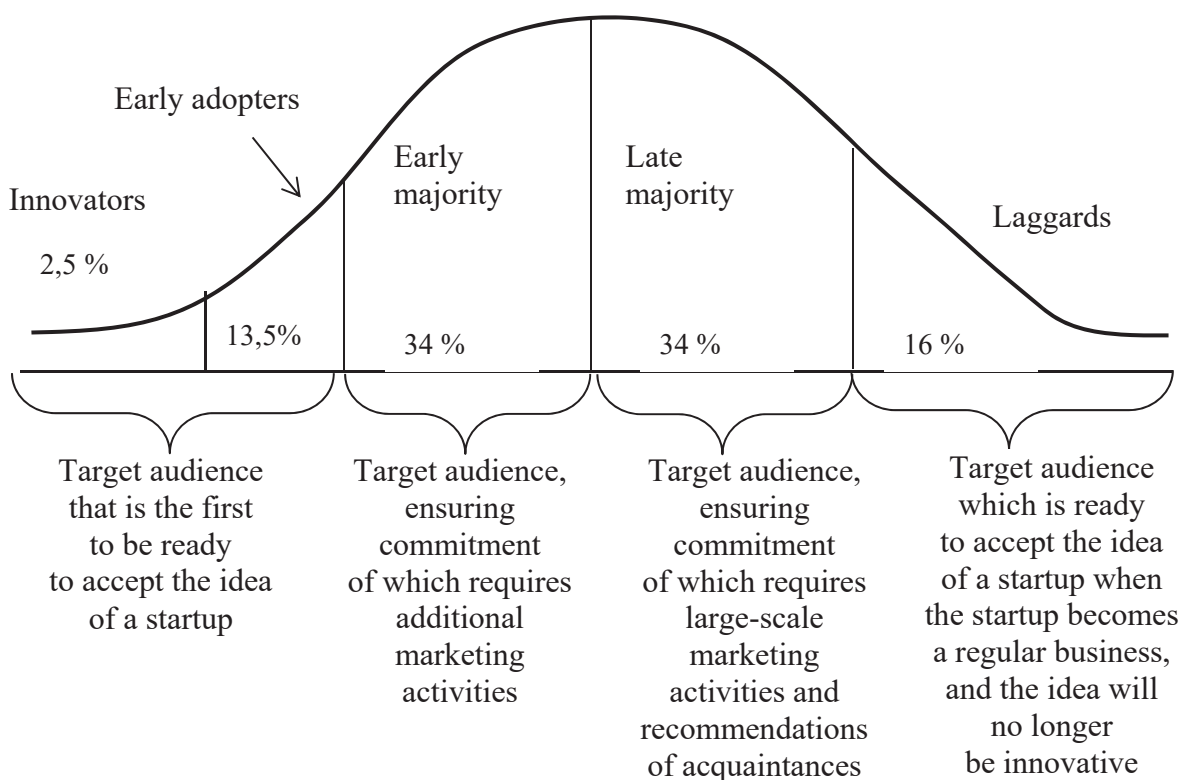


Fig. 2. E. Rogers Diffuse model for the perception of the innovative product idea of the startup

Source: Added by the author based on ¹

Stage 4. Successful results of the initial stages of the diffusion of innovative ideas can become an important argument for investors regarding the feasibility of investing in the implementation of the proposed idea. After successful launch of a real innovative product, the effect of interpersonal communications begins to operate, that is, consumers begin to promote themselves to the market the product idea, and the product itself, involving to its use their acquaintances.

Marketing strategy is a key marketing tool for a startup. It should be clearly documented in the form that can be edited in the future, but it should be a document, as a reminder of what is generally created and for whom. This is a map that shows the company's path at different stages of development. In this document, among other things, must necessarily be included such positions²:

- clear understanding, description, wording of the idea, product and its unique characteristics;
- the purpose of the company;
- positioning;
- audience and its segments.

Fig. 3 shows the process of developing a marketing strategy for the startup.

¹ Ibid.

² Хабрахабр (2018). *Продвижение стартапа и контент-маркетинг*. <<https://habrahabr.ru/post/297800/>> (2018, November, 27).

Determining the key value and benefits of an innovative idea compared with competitors gives the developer the opportunity to identify his own market niche or narrower target segment. This is appropriate for the initial stages of approbation of the idea, as it helps to better understand the needs of potential consumers.

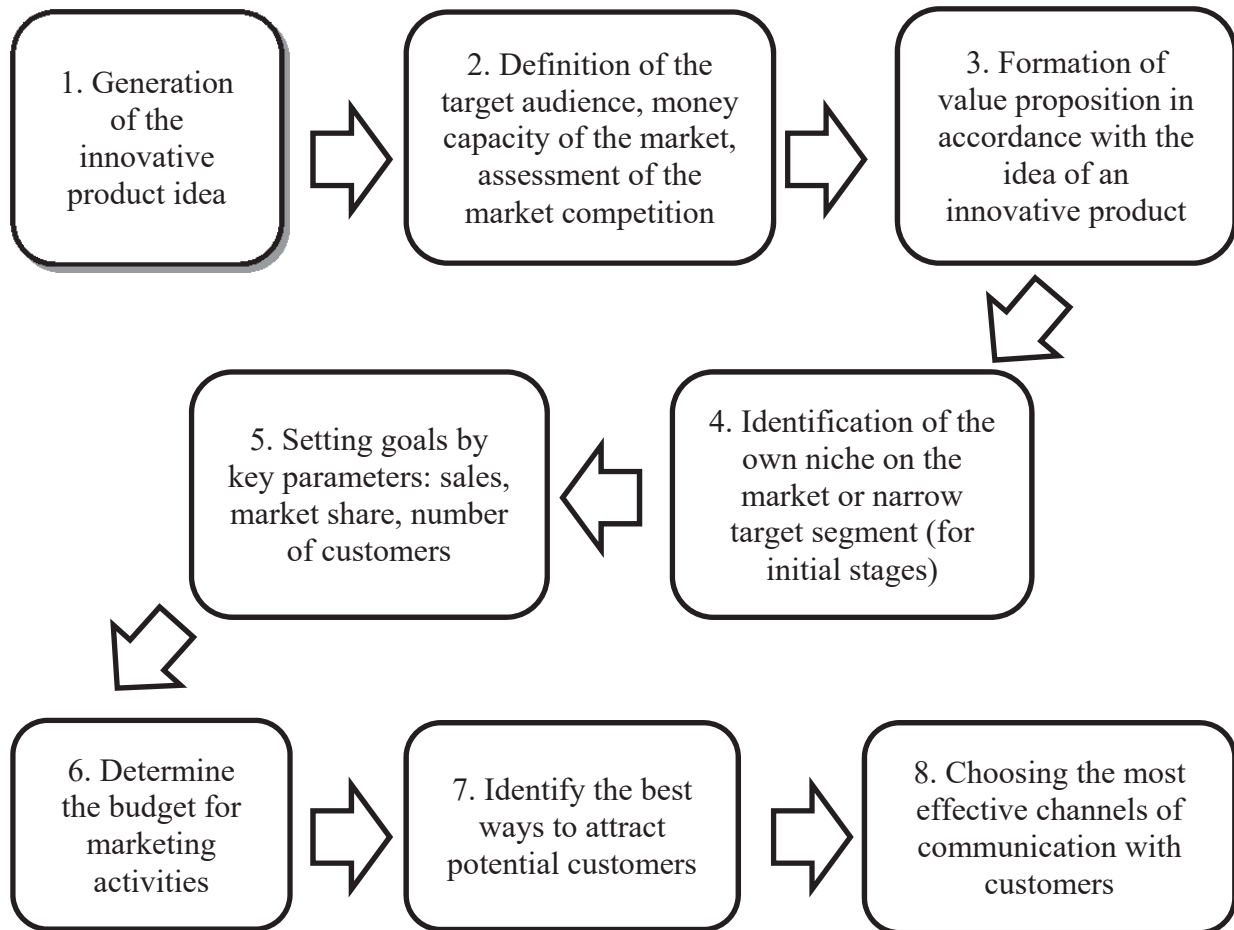


Fig. 3. Scheme of marketing strategy development process for the startup

Source: developed by the author using ¹

Generation of the innovative product idea occurs during the own observations and the existing experience of the developer, who intuitively tries to solve a particular problem of a potential consumer, proposing, in his opinion, the most optimal variant of its solution.

After the idea of an innovative product is formed, it is necessary to describe the so-called "consumer portrait", that is, to describe in detail its target audience (gender, age, type of activity, social status, etc.). It is worth to determine the solvency level of the target audience and the level of competition in this market.

The next step is to formulate the value proposition of the proposed innovation idea. It involves identifying the uniqueness and key benefits of the idea of an innovative product to its main competitors.

¹ Яшева, Г. (2018). Стратегия маркетинга для стартапов. *Витебский бизнес-центр*. <<http://www.vitinvest.by/node/4333>> (2018, November, 27).

The next step is to set goals that can be quantified in accordance with the chosen market niche. Such quantitative indicators include: sales volume, volume of profit, market share, number of clients, etc.

The reach of certain goals depends significantly on the marketing costs that startup developers are willing to pay. It's difficult to pinpoint precise figures for startup marketing costs. However, the recommended amount of marketing spending for young companies is 20-20% of revenue, while for more experienced companies, this figure is 10-15%¹. It's worth noting, that inbound marketing, the use of blogs, social networks and other means of information dissemination about the idea of a startup that a potential consumer finds to be useful to him, is 61% cheaper than traditional advertising (outbound marketing)². Of course, taking into account the lack of funds in the initial stages, startup developers are trying to save on marketing activities, so the most actively they use all Internet marketing tools.

The processes of attracting potential customers and maintaining communication links are interdependent, because through different communication channels, developers of innovative ideas can attract new consumers. Hence, it is worth to identify the most effective channels of promotion and communication with potential startup users.

Table 1

**The ways of attracting potential consumers of the startup
and communication with them**

Way of communication	Characteristic	Using conditions
Content Marketing	Creation and distribution of content with independent value for the necessary audience. In order to get the commitment of potential consumers of innovative ideas it is necessary: <ul style="list-style-type: none"> – to interest him – refers to the birth of a marketing funnel (raising awareness of the product), which gradually takes your consumer into the shopping cart; – provide clear explanations on how to use an innovative product 	Universal. Can be used even without calculating the usual parameters (channel depth, visitor cost, conversion)
Email-Marketing	An automatic series of training letters received by a new user after registration in a service or a trigger mailings – this is also content marketing, which can be called a compulsory program of any Internet service.. In addition, this method allows those who received the bulletin to respond to the sender with their feedback.	Mail delivery is desirable to carry out from a certain person, but not automatically. The subject of the letter should be of interest to a potential client. It is also important to place a link leading to a page that is useful to the consumer and contains information.

¹ Pearson, A. (2018). How much should marketing costs be for my startup? *Angelfish Marketing Blog*. <<https://info.angelfish-marketing.com/blog/how-much-should-marketing-costs-be-for-my-startup>> (2018, November, 27).

² Ibid.

Continuation of the table 1

Way of communication	Characteristic	Using conditions
SEO (Search Engine Optimization)	It has a dominant role in the digital advertising strategy, since it influences the position of digital channels available to the company, such as: web sites, blogs, social networking accounts, and more. With SEO, web pages can be optimized to become "the most attractive" for the search engines to be the first displayed when searching through browsers.	SEO involves the use of the most popular user keywords and identifiers using the Google Analytics tool.
Publications	Information announcements about an innovative idea or a startup company that attracts attention, increase recognition, provide the necessary level of communication with the market and the consumer, is an essential element of SEO, create an expert level of the brand, etc.	Qualitative publication within the framework of content marketing is the ability to write without advertising, to understand the general task and to understand well the specifics of the product.
Blogs	Sites, on which are regularly hosted articles, event information and multimedia content. Articles, published in the company's blog, play an important role in the company's image formation.	Quality content on a topic, which is of interest to customers increases the level of trust and loyalty to the company. If the content is inappropriate and ineffective, it will affect the image of the company, which turns out to be unprofessional in communicating with clients.
SMM	The use of social networks to promote the idea of an innovative product can significantly increase the recognizability of the startup and awareness of potential customers. The content that is distributed in social networks through popular users with thousands of subscribers can create a huge flow of traffic to the company's website.	The most popular social networks for today are: Facebook, LinkedIn, Google+, Twitter, Reddit, Tumblr, Instagram, Pinterest. To place the content in these social networks, it is necessary to take into account the peculiarities of their functioning and the interests of their users.

Source: developed by the author using¹²³

¹ Хабрахабр (2018). *Продвижение стартапа и контент-маркетинг*. <<https://habrahabr.ru/post/297800/>> (2018, November, 27).

² Uniconsulting (2018). *Разработка маркетинговой стратегии для стартапа. С чего начать?* <<https://www.uniconsulting.ua/razrabotka-marketingovoj-strategii-dlya-startapa-s-chego-nachat/>> (2018, November, 27).

³ Patrutiu-Baltes, L. (2016). Inbound Marketing – the most important digital marketing. *Bulletin of the Transilvania University of Braşov*, 9 (58), 2 <http://webbut.unitbv.ro/BU2016/Series%20V/BULETIN%20I/07_Patrutiu_Baltes.pdf> (2018, November, 27).

Conclusions. A significant annual increase in the number of startups causes a steady increase in the level of competition between them. The rigid operating conditions on the market require from startup founders to use all available and, if possible, create new ways to promote their own innovative ideas on the market. Startup marketing, in contrast to the marketing of a business that is already operating on the market, is intended to promote not only an innovative product on the market, but also directly the idea of an innovative product. With the help of communication channels, startup developers can not only get complaints, but also wishes and recommendations from consumers to improve the innovative product. Therefore, startups marketing has its own peculiarities, ignorance of which can negatively influence the process of promotion of the innovative product idea.

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