Building a Startup Brand Online

The Missing Link of an Efficient Growth Strategy

Table of Contents

1. Introduction: The startup branding challenge

Through innovative business models, revolutionary approaches and progressive ideas, startup companies are making a striking impact on the global economy. Competitive as it is, the startup ecosystem requires newly born companies to demonstrate an innovation potential in several key aspects: platform/technology, customer acquisition strategy and market expansion plan.

Considering the alarming failure rates across all the global technology hubs, however, most companies seem unable to meet all of these objectives. The largest portion of startups fails within their first year while those that remain face the challenge of beating the already established brands in their industries. This is the main reason why growing a brand recognition from the very start should be imperative for startups. Although branding is equally significant for all types of companies, startups are typically less focused on it. This is mainly because they are concerned with solving technical, financial and general business problems, which constantly ties them to short-term goals. Currently, the most dominant challenges relate to talent acquisition, HR, infrastructure organization and investor communications, leaving almost no time for developing a branding strategy.

Even though many startups have a defined corporate culture and approach to business, the majority fails to develop a unique brand identity that is critical for future expansion. In order to increase their company value and market share, startups should integrate brand building into their growth strategy and adopt an innovative approach. With an aim of analyzing the implied benefits of brand building for startups, this white paper will explore associated studies in order to define some best practices in this respect.

*On average, brand accounts for close to a **third of shareholder value**, according to a study by Interbrand and JP Morgan*
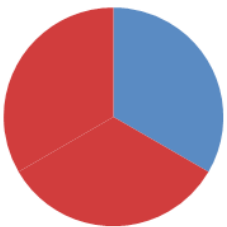
2. Brand first, distribution second

The notion of brand building has been tightly related to the world of business for decades. Startups, however, often neglect this activity, which is in contrast with Fortune 500 companies that see brand building "as a critical asset of their business strategy." In addition to this, research by Interbrand and JP Morgan suggests that *brand* accounts for almost one third of shareholder value, which makes branding essential for global expansion.

In support of this theoretical perspective, the experience of various startup entrepreneurs also confirms the importance of brand building. In *The Hardware Startup:*

Building your Product, Business and Brand, the founder of Contour Cameras notes that one of the most valuable lessons he has learned after his first company's failure is "brand fist, distribution second."

Therefore, building a strong brand is critical for a startup's success and subsequent increase in the company value. A failure to develop a brand identity can affect a company's global growth, which is why this process needs careful attention.

2.1 Defining the brand

One of the most widely accepted definitions of a brand is the one given by The American Marketing Association that defines it as "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark." Given primarily for legal reasons, this definition does not summarize the notion of a brand the way startup companies should perceive it. From this standpoint, it may be more appropriate to use the definition by Andrew Sabatier, who suggests that:

"At the core of every brand lies a set of ideas that represents as well as determines the value of the brand. The more effectively a brand is articulated the more a nested set of ideas will become established."

The set of ideas mentioned in Sabatier's definition probably carries the most weight for startups that usually have a completely new concept to explain to the world. Therefore, when defining the company's brand identity, it is critical to capture the main idea behind the innovative product or service and make it resonate with the target audience. This idea should be reflected in all the most important elements that a company uses to interact with prospects and customers.

2.2 Brand elements

The Coca-Cola brand alone accounts for 51% of the stock market value of the Coca-Cola company (2002)

Brand elements refer to pieces of visual or verbal information companies use to differentiate themselves or their products from competitors and build strong associations with the idea they are promoting. Some of the most common brand elements are names, logos, and slogans, all of which need to be designed in relation to the company's underlying idea. When it comes to their efficiency, numerous studies have confirmed a direct relation between brand elements and better customers' perception of the company.

In a study titled *Effects of Brand Elements on Brand Personality Perception*, Seimiene and Kamarauskaite discovered a significant correlation between the two by analyzing consumers' perspectives of beer brands. The research showed that design and color have the greatest impact, most probably because "this element is most often

seen and noticed by consumers and, therefore, forms particular associations stronger compared to other factors." Although the effectiveness of different elements will vary across industries, the design of brand elements has a strong potential of promoting the company's ideas.

2.3 Brand message

Coupled with brand elements, a brand message can greatly define how consumers perceive a company. According to Graham Hunter, Head of Growth Marketing at Tradecraft, the efficient framework for developing a brand message is the four Es approach.

Explain   **Emotion**   **Evoke Questions**   **Exclude / Include**

This approach suggests that a brand message should effectively summarize the business idea by explaining it in an emotional way, while at the same time evoking relevant questions and excluding or including specific target groups. Most of the time, however, integrating all these in a single message is exceptionally difficult, if not impossible, but even one of these contributes to creating an effective verbal association with a brand.

Startups preferred .me domain over gTLDs in both Q1 and Q2 2015. - DNgeek

If used as a website tagline, a well-crafted brand message could more easily capture the attention of the online audience and make a startup's online identity more memorable. As opposed to advertising texts, brand messages are permanent, meaning that they should not be changed to fit particular product/service campaigns. The creation of a short and memorable website tagline is particularly important for startups that operate online and have no opportunity to promote their values by distributing physical products.

It takes 2.5 minutes for a VC to decide on whether to fund a startup or not; name and one-line pitch are all that can fit in this time.

2.4 Brand name

The name of a startup company can be one of the most important success factors in VC negotiations, according to Max Garrone. Namely, he points to the fact that most investors make a decision on whether to fund a startup or not in 2.5 minutes, which is only enough for them to see the company name and a one-line pitch. This is why company naming specialists recommend taking a strategic approach to choosing a company name, while DiResta et al. list a set of best categories to pick a name from:

- **Emotions that you want your product to evoke**
- **Locations where people are likely to use it**
- **A distinctive physical characteristic of the product**
- **A metaphor that represents your user or your product**
- **A verb related to your product's functionality**

In addition to this, the authors highlight a set of questions that should be asked before the actual name is chosen. These include the implied meaning, business transparency and the ease of pronunciation while the question of domain name availability is left out. Namely, in the age of digital branding, startups also need to consider the available domains and often make a decision based solely on this.

Even though there are plenty of opportunities for startups to get a great domain name at a reasonable price, some venture capitalists such as Fred Wilson suggest that companies should invest $50,000 in it. For most startups, this sum of money may seem irrational and this is why they need to be creative and find brandable domain names offered at a lower price.

3. Key identifiers of brand personality

Although the audience mostly interacts with brand elements such as company logo and brand message, a single brand idea should be integrated into the corporate culture and all the associated activities. Employees should become loyal brand evangelists in order to contribute to the faster brand awareness growth. This means that all the startup team members including customer service representatives, public relations officers, and the like should acquire specific company culture and actively promote the brand idea. Among the key elements of brand personality, the ones listed below play the most important role in increasing brand awareness.

3.1 Promise

Quality is Job 1.

The corporate promise is typically reflected in a mission statement that may make a critical role in defining a company's strategic activities, despite the fact it does not directly impact its overall performance. In fact, numerous studies have shown that the "evidence on the relationship between mission statements and organizational outcomes is very thin," as suggested by a group of researchers from The University of Louisiana at Lafayette.

Instead, the true value of a mission statement lies in providing a framework for developing company's strategies regarding target markets and branding. Similar to the brand message, the underlying promise of a startup may have a great impact on VC negotiations, which is why it needs to be thought out carefully. Again, a promise should be cherished internally and one of the best examples of this is Ford's "Quality is Job 1," which evolved from an internal corporate culture identifier to a company brand message.

3.2 Values and ideals

Defining unique company values and ideals is another critical activity for raising brand awareness. In relation to this, a 2012 study by Millward Brown found that the world's top brands are driven by ideals and identified five key values that are essential to making people's lives better.

- **Eliciting joy**
- **Enabling connection**
- **Inspiring exploration**
- **Evoking pride**
- **Impacting society**

Evidently, new companies need to set goals that extend beyond simply selling their products and services because this is what makes a brand. Strong brands promote their values through commercial and non-commercial activities, supporting causes related to their values and encouraging exploration of specific topics on their social networks and websites.

3.3 Corporate social responsibility

HARRY'S

In 2014, a ten months old startup Harry's managed to land $122.5M and establish themselves as a serious competitor to brands such as Gillette
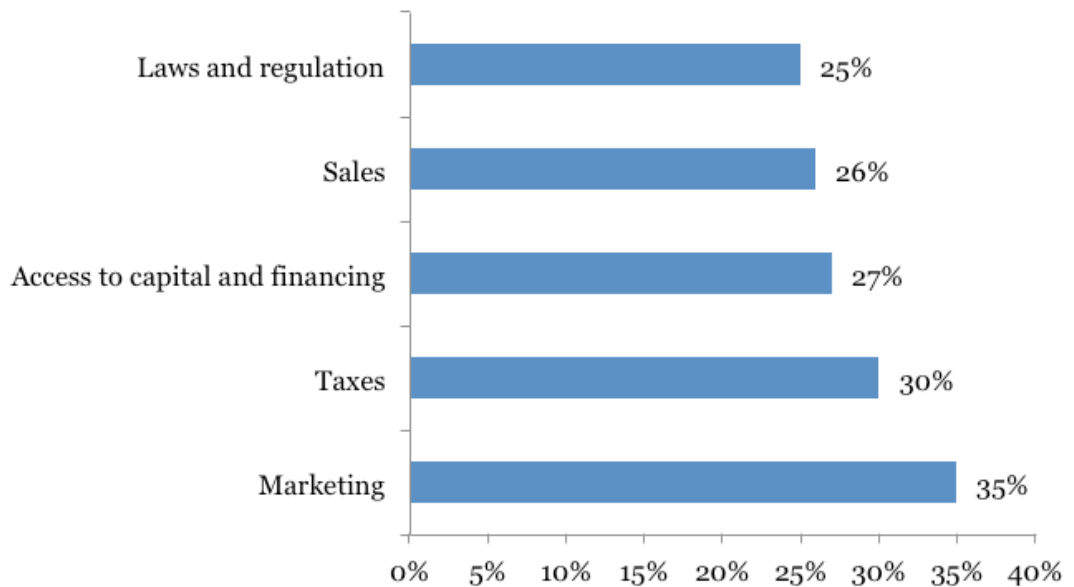
Dedication to social causes can make a great difference in the way consumers perceive a company. A 2012 study by Edelman found out that over 50% of consumers would take into account a brand's social purpose when choosing between products whose price and quality are similar. Therefore, a general recommendation for startups that aim to make a global impact is to try to connect their users through shared values. One of the best examples of such branding strategies is Harry's, the company that partnered with Movember to support a social cause tightly related to their business. After highlighting their brand's social responsibility, Harry's managed to grow into a globally recognized brand with a unique story.

50% of consumers would pick a product by a brand that has a social purpose over its competitor that does not

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4. Online branding strategies

Although the Internet offers a significant potential for effective brand building, many startup companies fail to take advantage of it and use it to promote their brand message. Recent reports confirm that startups tend to neglect branding and marketing activities due to the lack of time. According to Sage Start-Up Survey from 2013, which was conducted among 1,000 small and startup businesses, marketing is the top challenge.

Five most challenging areas for startups and small businesses (N=500)

Challenge	Percentage
Laws and regulation	25%
Sales	26%
Access to capital and financing	27%
Taxes	30%
Marketing	35%

4.1 Market research and expansion planning

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Failure to plan is a plan to fail.

. . . .

Although there is a debate on how a startup's business plan should look like and whether it is even needed, a large number of business analysts agree that some form of the development plan must exist. Harvard University researchers, Schneider, and Hall suggest that the lack of preparation is one of the top reasons why new product launches fail. In the startup realm, this is particularly conspicuous considering the fact that most startups fail due to inability to develop a stable and scalable business plan.

Therefore, research and planning represent a foundation for successful market expansion and brand building strategies. This includes defining the target demographics and researching their interests, needs, and desires. All subsequent marketing and branding activities should be developed in accordance with this knowledge, which is particularly important for engaging the online audience. Namely, although online users are comfortable with interacting with brands online, they only do so if the company provides enough relevant and creative resources. Understanding the online behavior of the target audience is, therefore, critical for building relationships with consumers online.

4.2 Online community engagement

Digital brands dominate ranking, but strong creative breaks through.

Social media currently represent some of the most efficient channels for increasing brand awareness and ensuring customers' loyalty. With 78% of online users saying their purchase behavior is influenced by brands' posts, social networks can make a difference in how a company's target audience perceives their brand. However, to actually engage the people, brands need to create compelling and relevant content and avoid overly promotional texts.

Commenting on Millward Brown's 2015 research BrandZ, Ali Rana notes that B2B brands' social media coverage is often dominated by online commercial activity and news articles. However, he highlights that "marketing content that tends to break through social media most strongly is that which has either high reach or significant creative value, like Colgate's #BrilliantSmile celebrity campaign or IKEA's iconic catalog."

4.3 Website as a credibility indicator

In terms of online marketing and branding, all the essential brand elements should be presented on a company website, which is often the primary medium for transferring a brand message. As suggested in research by Peer1 Hosting, 76% of e-commerce decision makers believe website experience directly affects brand perception.

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Although this mostly refers to technical properties of a website, the design has a critical role here too. Namely, research carried out by a group of Stanford University professors found out that the following are seen as a sign of website credibility:

46.1%	website design
28.5%	information structure
25.1%	information focus
15.5%	underlying motive of the institution sponsoring the site
14.1%	name recognition and reputation

4.3 Brand voice and content marketing

In addition to social media, strategic content marketing is another relevant aspect that should be used for building a strong brand. Mainly referring to the production and distribution of relevant blog posts, e-books and white papers, content marketing is gaining more traction among marketers in different niches. Startups, however, still seem to struggle with the implementation of effective content marketing. According to a 2015 survey by WP Curve, 89% of startups recognize the value of content marketing but 71% lack time to create it.

5. Conclusions

With all the exciting new opportunities that startup creation brings, there also comes a range of challenges regarding technical innovation, business development, and branding. Considering the average size and organization structure in a startup team, it is often difficult to address all of the key objectives at the same time. This is why startups often neglect brand building and decide to give priority to other mission-critical activities. However, branding should start prior to company incorporation because this is the moment at which the most important brand elements are defined. Such an approach to branding is used by most Fortune 500 companies in order to not only reach wider audiences but also increase their company's value. Startup entrepreneurs, on the other hand, often realize the importance of brand building after their first company fails. In order to avoid this, startups should be educated on why and how to start branding their companies to turn them into a successful and long-lasting business.

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