

COMPLIANCE OF MARKETING INSTRUMENTS BY STAGES OF STARTUP LIFE

ВІДПОВІДНІСТЬ МАРКЕТИНГОВИХ ІНСТРУМЕНТІВ ЗА СТАДІЯМИ ЖИТТЄВОГО ЦИКЛУ СТАРТАПУ

The paper defines the specifics of marketing activities, marketing methods and tools used at different stages of startup life cycle. The marketing approach to the allocation of stages of startup life cycle (idea – concept – prototype – finished product – launch) is substantiated. The model of the peculiarities of startup marketing is presented in the study. The proposed approach to identifying essence and key elements of startup marketing, in which marketing activity is derived from the startup life cycle stage. The results of the study complement the scientific foundations of marketing innovative products, marketing activities at different stages of the product life cycle in terms of the development of conceptual provisions for marketing startups and the use of marketing methods and tools for the development of startup by life cycle stages.

Key words: the startup life cycle, marketing instruments, digital marketing, startup promotion.

Для створення стартап-продукту з високою споживчою вартістю, прискорення його виведення на ринок необхідно розробити ефективну маркетингову стратегію, використовувати відповідні маркетингові методи інструменти на всіх етапах життєвого циклу стартапу. Вибір діючих маркетингових інструментів дозволить зекономити час та ресурси на етапах від ідеї до масштабування стартапу. Маркетинг стартапів має специфічні характеристики, ключовою з яких є зв'язок маркетингових методів та інструментів із етапами життєвого циклу стартап-проекту. Метою статті є розробка теоретичних положень щодо формування маркетингових інструментів, що забезпечують розвиток стартапу за стадіями його життєвого циклу. У статті визначено специфіку маркетингової діяльності, маркетингові методи та інструменти, що використовуються на різних етапах життєвого циклу стартапу. Обґрунтовано маркетинговий підхід до виділення етапів життєвого циклу стартапу (ідея – концепт – прототип – готовий продукт – запуск). У дослідженні представлено модель особливостей стартап-маркетингу. Запропоновано підхід до визначення сутності та ключових елементів стартап-маркетингу, в якому маркетингова діяльність є похідною від стадії життєвого циклу стартапу. У моделі маркетинг стартапу диференціюється на маркетинг ідеї, маркетинг продукту та маркетинг відносин між продуктом і ключовими споживачами. Поступово з перетворенням ідеї в готовий продукт маркетинг ідеї трансформується в маркетинг інноваційного продукту, відтак, з першої стадії стартапу необхідно тісно взаємодіяти з цільовими споживачами інновацій, або цілеспрямовано їх шукати через дослідження споживачів, тестування ідей і концепцій, що дозволяє істотно знизити маркетингові ризики неприйняття прототипу. Результати дослідження доповнюють наукові засади маркетингу інноваційної продукції, маркетингової діяльності на різних етапах життєвого циклу продукту в частині розробки концептуальних положень маркетингу стартапів та використання маркетингових методів та інструментів розвитку стартапу протягом етапів життєвого циклу.

Ключові слова: життєвий цикл стартапу, інструменти маркетингу, цифровий маркетинг, просування стартапу.

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Verbytska Anna¹

Candidate of Public Administration,
Head of the Department of Marketing,
PR-technologies and Logistics
Chernihiv Polytechnic National University

Вербицька А.В.

Національний університет
«Чернігівська політехніка»

Problem statement. Startups are entities that operate in the conditions of extreme uncertainty of external (primarily, the state of needs and demand) and internal (availability of the necessary resources and the decision-making about their usage) environments. Innovative product development requires the presence of developed marketing competencies of the startup founders and marketing support of the entire process of its development. In order to create an innovative and market-attractive product with high consumer value, to accelerate its launch to the market, it is necessary to develop effective marketing strategies and plans, use relevant marketing methods and tools at all stages of the startup life cycle. Selection of appropriate marketing instruments will lead to the reduction in the time from an idea to scaling a startup business and an increase in resource efficiency. Startup marketing has specific characteristics, the key of which is linking marketing methods and tools to life cycle stages. In this regard,

the growing need for the reasonable application of marketing methods and tools at the stages of the startup life cycle determines the relevance of the research.

Analysis of recent research and publications. In their research scientists presented similar approaches on the division of development stages as the start-up lifecycle (Kirchberger et al.; Tripathi et al., Santisteban & Mauricio) [1–3]. Santisteban & Mauricio defined four startup lifecycle stages, such as seed, early, growth, expansion [3]. Tripathi et al. divided startup lifecycle according to seed funding: stage A, stage B, stage C, stage D [2]. Schuh & Hamm developed a model combining both the – lifecycle-dependent perspectives of startups and different investor types [4]. Research by Laage-Hellman et al.; Swenson et al.; Rode et al. are devoted to marketing peculiarities of startups [5–7].

A detailed analysis of the available studies revealed lack of a clearly articulated concept of startup

¹ ORCID: <https://orcid.org/0000-0001-7805-1412>

marketing, insufficient knowledge of the specifics of marketing activities at different stages of the startup life cycle.

Objectives of the article. The research is focused on the development of theoretical provisions on the formation of marketing methods and tools that ensure the development of the startup by stages of its life cycle.

The main material of the research. The efficiency of the modern economy is highly dependent on the ability to quickly bring innovative products to the market. To accelerate the entry of such products to the market, increase their consumer value, as well as properly prepare the target audience, it is necessary to develop relevant marketing strategies. Effective marketing strategies and plans will improve the effectiveness of marketing operations and implement the most modern marketing tools. For the constant growth of the effectiveness of innovative products on the market in a digital economy, new methods and technologies for managing marketing promotion tools are needed. Such methods should take into account the interests of different consumer groups.

The marketing approach can ensure the systemic development of a startup at all stages of its life cycle and define marketing strategies, methods and tools, working with both the idea and the product, as well as with both types of buyers (consumers) in relation to the potential market.

The concept of the startup life cycle implies ten main parts and five stages. We will analyse them below.

Stage 1. Idea (hypothesis). Purpose of its stage is determination of the market segment in which the startup will operate, with the subsequent formation of the goal and the general project vision of the existence of the startup. At this stage, there is only an idea or a hypothesis about consumers demand and the lack of the market. At this stage, the decisive role is played by start-ups, who must bring the hypothesis to a 100% idea as quickly as possible, fill it with it, make sure that this idea can ignite buyers and investors alike. At this stage, startups can use a large arsenal of marketing tools and methods, ranging from methods of working with an idea to methods of working with potential buyers and investors to identify specific characteristics of a future product that might be of interest to them.

Stage 2. Product concept. At this stage, the idea acquires specific functional product characteristics, consumer properties (benefits that will be received by the buyer). The concept of a product can result in its drawings, detailed descriptions, etc. The product concept can be tested in environment of buyers and investors to clarify the details that are attractive to them.

Stage 3. Product concept testing. At this stage, testing of product concept is conducted when there

is no prototype yet. Typically, consumers are given product description and organize voting, discussion (focus group), or just doing interviews.

Stage 4. Prototype. The goal of this stage is creating a product prototype and developing a draft marketing strategy. On the basis of the idea and the project, which are the results of the first stage, a trial model of the product is developed, during which its design is refined and the components are detailed. In this stage, it is necessary to develop an approximate marketing plan. This plan should be acting, but this does not mean that it cannot be adjusted: the adjustment should take into account the chosen development strategy, the previously identified problem, goals, and tasks.

Stage 5 Approbation. Purpose of its stage is initial approbation of the product on the market. At this stage, the product first time goes out to the consumer (predetermined target audience), which must necessarily be accompanied by the implementation of the first parts of the marketing plan. Approbation can take place several times, depending on the satisfaction of the consumer.

Stage 6 Adjustment. Purpose of its stage is the product adjustment based on the results of trial market launches. According to the results of approbation, an adjustment is made and then approbation is repeated. This happens until the finished product is received. The presence of this stage is the most important characteristic of the life cycle of a startup, since a startup must from the very beginning assume the possibility of adjusting the idea after it has been tested on the primary stage.

Stage 7. Finished product. Purpose of its stage is the development of a fully finished product, study of all aspects of business development, including the final adjustment of the marketing strategy. It is necessary to fully analyse the functional purpose of the product and its target audience once again.

Stage 8. Business model. The stage is aimed at the creation of a business model, which is designed to help identify and implement the key success factors for a startup in the market. Based on the results of the analysis carried out during the fifth stage, it is necessary to create a business model, which should include both operational and strategic planning.

Stage 9 Financing. Purpose of its stage is looking for the financial support for the development of the project. At this stage the product enters the market with the implementation of the second part of marketing plan, search for major investors and massive sales of the product.

Stage 10. Scaling. The goal of the stage is scaling the project, entering new markets. At this stage, it is possible to implement a strategic business development plan, with the implementation of the third part of the marketing plan, the capture of new

markets, market resegmentation, that is, further development into a large business.

Since the main task of the research is to develop foundations regarding the use of marketing tools by stages of the startup life cycle, the attempt to link each marketing tool to the stage of the startup life cycle is made below.

Since the main task of the first stage is the formation of a viable innovative idea, appropriate tools are needed here that allow, on the one hand, to generate new viable ideas (for example, crowdsourcing), and on the other hand, to give a clear idea of the product's consumer. At the first stage, promotion to the market is not carried out, the trial version of the product has not yet been created, therefore, there is no need for the promotion tools.

The main task of the second and third stages is the development of a product concept based on a detailed study of consumer requirements and its testing. On these stages, consumer research methods are of primary importance – from interviews and focus groups prior to surveys. As methods of promotion will be used performances of startups in communities of startups and investors. In addition, there may already be a need for a PR startup. In the testing phase, the concept testing on thematic platforms, where an interested Internet community gathers, acting as both developers and potential buyers or investors of a startup is used.

The main task of the fourth stage is the development of a trial model and a trial marketing plan corresponding to it. There is a need in marketing methods for creating and testing a model for generating interest among future consumers (minimal expedient product, trial marketing, imitation, market experiments, appeal to analogues), as well as tools that will allow to correlate the model and forecast of its development with competitors (for example, trial marketing, lateral marketing, market experiments).

The fifth stage is characterized by product testing and development recommendations for its improvement, including those based on the wishes and comments of the end user. Tools and technologies will be needed to form a test audience of consumers who will not only try the product, but will also be interested in expanding its use (trial marketing, neuromarketing, viral marketing, testimonials, freemium marketing model, gamification, SMM, viral advertising, on-line PR, mobile applications, blogs, online games), as well as express their opinion on improvements explicitly or in the form of reactions to the product (empathic modeling, crowdsourcing) [8].

The sixth stage is necessary to make adjustments to the product based on the test results. Startups can search non-standard solutions, for example, to meet certain consumer needs with the help of the developed product in conditions when this product was not originally intended for this (will be it is

advisable to use lateral marketing tools, recourse to analogues). It is also necessary to take into account the versatility purpose of each product based on the versatility of its properties.

At the seventh stage, the product is brought to the market based on the results improvements and it is necessary to use marketing tools, similar to that used in the third stage.

The main task of the eighth stage is the development of an adequate business model of the product on the market in a competitive environment, but taking into account innovative nature, including various levels of planning, therefore, as the main tools should be used benchmarking, road maps, pricing maps based on perceived value, market map. On this stage, it is important not to forget about maintaining constant communication with potential consumer, for which methods such as storytelling are used, gamification, blogs, viral advertising [9].

At the ninth stage, the most important is to attract funding from external investors, therefore, as used tools it is important to note, for example, viral marketing for evidence of an innovative nature, prospects and product viability; building a market map to determine the place product on the market.

At the tenth stage, there is a full-scale development of sales product with the foundation of new market niches. It is advisable to apply those marketing tools that should not only ensure sales, but also to make a background for the future, which can be expressed, among other things, in formation of a new innovative idea.

Figure 1 shows an understanding of the essence of marketing startup. First of all, startup marketing is derived from stages of its life cycle. A key starting point is awareness the presence of five stages of a startup and their mandatory passage in full volume, but ideally in the shortest possible time. Marketing methods and tools can just help a startup to do it as much as possible efficient – productive (with results and quickly).

The significant difference between an idea and a product, as well as the presence intermediate stage (concept) requires constant testing and division of marketing into idea marketing and product marketing. Marketing of ideas is the most complex marketing, where there are a lot of white spots, because it is difficult to standardize, which is cause of many failures. Therefore, it is necessary to study in more detail what methods and tools of idea marketing can help startups successfully overcome all stages of the startup life cycle. A separate role is played by the marketing of the relationship between a startup and key consumers – end users (buyers) and investors.

Conclusions. The most important aspect of the effective development of a startup is the rapid overcoming of all stages of its life cycle and reaching

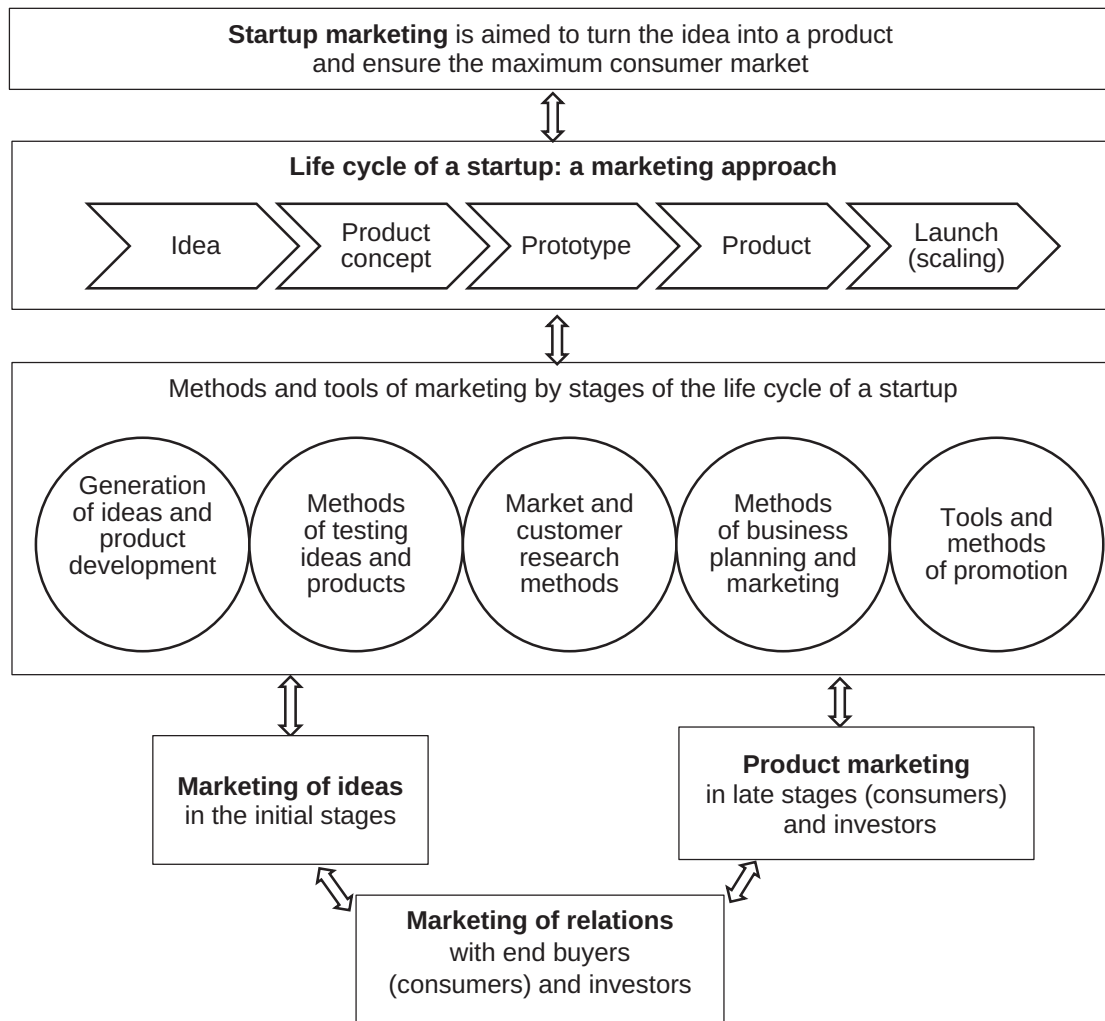


Fig. 1 Peculiarities of startup marketing

the final stage of scaling, which ensures the actual mass production of the product and full recovery of costs at the previous stages of development.

The effective marketing activity of a startup determines the knowledge of the market by the founder of the startup, the ability to organize market interaction with partners and consumers and use effective tools for promoting a new product or technology to the market, that contributes to the rapid commercialization of innovations.

Startup marketing is derived from the stages of its life cycle. The key point of reference is the awareness of the presence of the five stages of a startup and their mandatory completion in full and in the shortest possible time.

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