Chapter 9

Branding Impetus for Start-Ups: Relevance and Rhetoric

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ABSTRACT

Startups face multiple challenges in the initial stages of their existence, characterized by resource constraints, they encounter – financial, legal and reputational risks. Gaining traction in the market, and scaling-up is the main thrust of any such business. Most start-ups come into existence on the basis of an innovative idea for a service or product, presented in the form of a business proposition. The consequence of this is - how do they establish this 'new' idea/concept or product in the chosen market. A bigger question to answer is also the reputational non-existence of the start-ups when they are relatively unknown to most stakeholders and publics - relevant for growth and success. This chapter explores the relevance and importance of branding for startups based on literature and industry cases. The chapter concludes with outlining directions for brand building in the context of both B2C and B2B startups.

If you are not embarrassed by the first version of your product, you’ve launched too late. -Reid Hoffman (Founder of LinkedIn)

INTRODUCTION

The challenges that a startup organization encounters are myriad as they emanate both internally as well as externally to the organization. This is especially true for bootstrapped startups world-over wherein internally such organizations struggle with a skeletal manpower base in the form of the founders and a handful of multi-tasking people thereby facing a talent/expertise deficit in specific and crucial areas of business management (including marketing); coupled with capital constraints. On the other hand externally, it is endeavoring to establish awareness and trust in its chosen markets and among other stakeholders, while striving to scale-up in the shortest span of time. Thus the focus of the founders and managers in a startup is usually more on operations and all efforts are to streamline the same while grappling with quality issues and resource shortages.
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At this stage, the articulation and enactment of any tactic or strategy that can help startups in establishing a quick foothold in their target markets and bridge the resource and trust gaps mentioned above, can prove to be a life-saver for such firms and may be the difference between a successful and a failed startup. Amongst other things, one of the possible theses that startup founders/managers may want to engage with is to explore the relevance and ramification of building a brand for the benefit of external stakeholders especially as well as internal ones too.

This chapter is focused at exploring the positive impact if any, of brand building in such startups. The chapter unfolds by investigating the nature of startups and their travails while trying to establish themselves in their chosen markets. Then based upon extant literature we identify and explore some of the branding models – both in the business-to-business (B2B) as well as business-to-consumer (B2C) space. Finally, with the help of some cases drawn from the Indian startup space encompassing B2B and B2C companies the chapter comes to a conclusion vis-à-vis the rationale and directions for enabling building of successful brands for such startup firms.

BACKGROUND

Branding as a concept as well as a tool and brand building activities thereon are considered important pillars of modern marketing. Traditionally, brands and branding activities have been associated more intently with marketing effort targeted at end customers in the B2C markets. However, there is a growing awareness of the virtues of brand building in the B2B arena as well. Brands are supposed to serve B2B markets for precisely the same generic purposes as it meant to achieve in B2C or consumer markets. This namely encompasses – facilitation of product identification by buyers of products, services and businesses as well as creation of differentiation against competitors (Anderson & Narus, 2004).

Commenting upon the importance of brands for corporations Steenkamp (2014), posits brands as the ‘lifeblood’ of companies as they are instrumental in – generating market share, increasing customer loyalty, amplifying channel power, enabling larger profit margins, and helping to guard against competitive attacks.

The importance and challenge of establishing a successful brand has led authors to say that - as far as marketing as a profession is concerned “perhaps the most distinctive skill of professional marketers is their ability to create, maintain, enhance, and protect brands” (Kotler & Keller, 2007, p. 157).

Expanding the ambit of this discussion further, within this framework, there is also a need to look at the special category of organizations that may benefit from branding and brand building effort, namely the startups. Startups are unique in the way that they usually come into fruition with an individual or a very small group of people getting convinced about an idea whose time they think has arrived and which has a market which is worth pursuing as a business model. Another category is when an existing company or entrepreneurial venture, which is relatively well established, plans to enter into a new business/category and to realize this plan creates a new company.

This chapter is focused upon the former category of startups wherein the founders are not part of an existing company and are endeavoring to create something from scratch.

To clarify and regulate the startup ecosystem, the Ministry of Commerce and Industry, Government of India, released a notification on April 17, 2015, classifying ‘startups’. According to this notification, to qualify as a startup, an entity will be characterized by the following three features – (i) no more than five years from the date of incorporation; (ii) turnover does not exceed Rs. 25 crores ($3.75 million at