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## Marketing Strategy for Technological Start-ups

In the article contemporary marketing strategies in technological start-ups applied in Europe are considered, a characteristics of technological start-ups is given in order of importance, taking into account innovation and knowledge management, the major challenges of technological start-ups in EU are evaluated and the most effective contemporary marketing strategies are determined. The key characteristics of technological start-ups have been identified and categorized with the aim to develop key components to which it is necessary to focus for better and more effective marketing. Due to the problem of limiting resources and high research costs current marketing strategies have been developed and expanded with the fast technologies and financing in the start-up industry. The crucial elements for developing the marketing strategy has been identified and explained. The marketing strategy development from transactional and relationship points of view is discussed and finally the extent of marketing strategy practice in technological start-ups in Europe has been established.

*Keywords:* marketing, start-up, strategy, business model, technology, innovation, project, modernization, management, product.

### *Introduction*

The Dynamism has marked business enterprises which is a feature driven by the rapid changes taking place in economies. These changes include globalization where firms are opening their doors to sourcing materials and serving markets globally, constant product innovations, intense competition, changing supplier requirements, government regulations, change in buyer composition and technology advancements [1]. These changes which Yankov, Ruskov and Haralampiev term as fuzzy environment, together with the driving needs in the economy that force populations to seek for more opportunities and improve the standards of living, have led to move from conventional business approaches to what can be termed as the 21<sup>st</sup> century business enterprise [2]. As firms are continuously seeking to provide to their diverse customer markets, technology is highly influencing business processes and business transactions and organizations are embracing digital operations. WEF states how the modern man is «living in an age of unparalleled digital disruption, with massive amounts of technology-driven change, huge innovation and significant evolution» on how populations are applying technology [3]. The capabilities that have been brought by technology have completely changed existing business models that make up the enterprise. In the European Start-up Monitor, Kollman et al. state that start-ups have three characteristics whereby they are enterprises with less than ten years in existence, they are characterized by highly innovative technologies and business models and focus on considerable growth in sales [4]. Technological start-ups are increasing in number and variety with the need for entrepreneurs to come up with better management skills and strategies that can be employed in these environments. Chorev & Anderson state that although technological companies are small in number they create employment and contribute significantly to the economy [5]. Kollman et al. states how most start-ups in Europe are a part of the digital economy and create employment with an average of 13 jobs every two and a half year [4]. D'Avino explains how the success of start-ups has come from how they are highly responsive and agile with growth orientation which gives them an advantage over big companies [6].

Quoting Steve Blank from Kauffman Founders School, a start-up is a «temporary organization designed to search for a repeatable and scalable business model» [7]. It is basically an idea put together by enthusiastic and aspiring entrepreneurs with the aim of testing and developing it gradually to an income generating organization. It often does not start with all the plans and strategies prepared beforehand. It is, in Blank's words, a «search» for the right target audience, distribution channel, marketing strategy, etc. for the products or services one or more people has to offer in order to commercialize it.

Technological start-ups lack a standard and universal definition. The term «start-up» has been thrown lately around. Especially popular through social media, this term represents genuine entrepreneurial efforts, mostly by youngsters. Defined by Neil Blumenthal, co-founder and CEO of Warby Parker, as «company working to solve a problem where the solution is not obvious and success is not guaranteed» [3], start-ups

have sprung up recently like mushrooms after rain, particularly in the technological industry. It has always been easy to spot a technological start-up and Zakrzewska-Bielawska states that in developed economies high technology companies are those employing special production means to a large extent, i.e. knowledge and human resource [8]. According to Sceulovs, «the electronic environment is characterized by industrial and technological convergence, disappearance of physical boundaries, change in consumer and retailer demands and smart and creative industry competition» [9]. Therefore, they are companies that operate on an intersection of economy and science. When technological start-ups grow into blue chip companies they have enormous effects on the immediate environment and the economy at large. They innovate new products, contribute significant amounts to the GDP of an economy, revolutionize industries, set new benchmarks, improve on level of science and trigger change for traditional industries. Technological start-ups need to maximize returns by implementing effective marketing strategies to penetrate into existing markets and capture new markets. Chorev and Anderson state how «marketing is critical and should be staffed with professionals and not treated as an area for savings» [5]. It is more beneficial when an enterprise takes marketing as one of its core activities and invests in the function more to manage its markets well. The need for a stable market share is important for a technological start-up due to the fact that they need loyal customers to keep the company afloat to cover for its high cost of operation. According to Horvat and Trojak the dynamism in the modern business enterprise calls for contemporary marketing and not traditional marketing activities [10]. This shift however is apparent in many successful companies (though at different rates). Lindgreen, Palmer and Vanhamme state that many firms who mind about building and maintaining markets even in the contemporary world have moved from transactional marketing to relationship marketing thereby emphasizing on capturing and retaining customers and not just making profits from selling transactions [1]. The *object* of study is technological start-ups in Europe and their marketing practices. *The Methodological Framework*: the research employs qualitative research design. According to Kothari qualitative research design is more suitable when the study is using secondary sources because it allows the researcher to collect in depth information without limiting the domain of the study [11]. In addition, analysis of the secondary sources will be highly extensive thereby making descriptive statistics favorable for use in the analysis of case studies, longitudinal studies and surveys that constitute the information sources of the study.

### *1 Key Characteristics of Technological start-ups*

Innovation has been observed to be a key feature of technological start-ups and that is what puts them to existence. They are in the core business of innovating and commercializing their innovations. Chorev and Anderson state that although technological companies are small in number they create employment and contribute significantly to the economy [5]. According to Zakrzewska-Bielawska innovative companies show 33 % more productivity, 50 % more export rate and 40 % more investment expenditure per employee than traditional non-innovative companies. This shows that costs are high but with exceedingly high returns. Zakrzewska-Bielawska, concludes that «every high technology company is an innovative one; however, not every innovative company is a high technology one» [8].

These technological firms are also characterized by knowledge management. This is the acquiring, storage and processing of knowledge from the environment and transforming it for decision making inside the organization. Zakrzewska-Bielawska states how this acquired knowledge is managed in a systematic way and turned into an asset for quality and informed decision making [8]. Knowledge management increases the level of organization learning and turn it into an intellectual asset. Horvat and Trojak state that, the modern organization operates in an intense knowledge economy where intangible resources are more vital for profitability of the business [10]. With reference to technological companies being knowledge-based, Zakrzewska-Bielawska concludes that every high technological company practices knowledge management but not every company that employs knowledge management is a high technological company [8]. In such instances where knowledge management is practiced as a management tool, the organization has to budget for it and also get returns from it. Costing for knowledge management involves the technology infrastructure that is set up to warehouse the data collected of which is pulled from various sources and also the expertise that is employed by the firm to manage the big data warehouse.

The management of technological companies is highly influenced by its technology operations. Technological start-ups employ high end technology that brings along need of structural changes in the firm. These high end technologies include hardware, software, data and networks that are of high performance which support efficiency productivity and flexibility. Zakrzewska-Bielawska states how these technologies reduce the time spent between designs and launching of products [8].

Start-ups of the current world are characterized by having a highly motivated workforce [12]. With a lot of start-ups in Europe hiring staff with a share option, they enjoy increased freedom and expression. This leads to more transparency and effective communication with a customer-centric approach. Figure 1 below is designed as a short summary of the most important elements that represent a start-up, according to the authors of the article.



Figure 1. Elements of Start-up

It is important for enterprises to understand the unique characteristics that make up technological products in order to strategize how to market them effectively. Wilkinson states that the unique characteristics of these products include early stage of the industry life cycle, higher market growth, easier market entry, short product lifecycle, high imitation cost, high level of customer involvement in making a purchase decision, high product differentiation and high degree of change.

### 2 Technological Start-ups in Europe

Germany focused on high quality pharmaceuticals, automobile and telecommunication. The government has realized the importance of supporting start-ups and different initiatives have been set up to support this sector into growth. The Digital Economy Action Programme has been put up to give support by the German government. D’Avino states that, «governments around the world have amended regulation and created incentives to encourage development of start-ups» [6]. Rispers and Troger state how the German start-up centers are Berlin, Munich and Hamburg. Founders have been known to move to Munich and Stockholm due to access to capital and talent [13]. As presented in Fig. 2 on the Average Age of Start-ups, it is evident that Belgium and Sweden are the best ecosystems for start-ups with the average age of start-ups being 5.3 years for Sweden and 3.7 years for Belgium followed by Spain at 3.8 years. Romania is at the lowest at 1.3 and Czech at 1.8 years. This explains the technological start-up environment in Europe. The UK received the highest investment of more than 15.5 million Euros for 992 start-ups followed by Spain and Germany. Almost half (47 %) of these investments in Europe were made equity-free, meaning without any dilution of ownership.



Figure 2. Start-ups in Europe that received accelerator investments (Gust, 2016)

Italy is also a mature start-up ecosystem with the main drivers being wealthy venture capitalists and a creative and highly innovative population. However, according to the President of the Roma Start-up, Gianmarco Carnovale, there is a room for more improvement to handle the existence of excessive incubators,

over-regulation and struggling research and development centers. Thannhuber et al. states that markets that have free economic freedom support start-ups are better. In Sweden, Stockholm and Gothenberg there are the main hubs for start-ups. The country is a leader in technological knowledge and comes second after Silicon Valley. The start-up ecosystem is highly supportive and one of the very best. To support growth and take the sector forward, the participants share knowledge and information. High internet connectivity with 94 % uses accelerates creativity and innovation. Technology expertise is also available and as stated by Nils-Erik Jansson, the Co-Founder of Swedish Start-up Association, the «top notch programmers at good prices and the flat organizations encourage innovation and creativity in the workplace» [13].

The start-up industry in Europe is still lacking behind big markets such as Europe. There are some important reasons here for that.

1. Intellectual Assets — start-ups in US are more likely to develop own technology and possess the sole rights for them than the ones in Europe. Further, Europe has fewer universities in the top ranking list, compared to the US to give rise to brilliant minds.

2. Finance — Europe angel investors are emerging with more and more investment in the technological start-up field. However, it is still far behind the US which has the largest network of angel investors and start-up ecosystem. Even though the trend is positive in Europe, there needs to be more integration of higher education to the technological industry bringing in more professionals which could attract investors for highly innovative projects.

3. Difference in mindsets — in EU there is a lack of complete trust between start-up founders with ideas and those who can invest which can be traced back to the European psychology.

4. Bureaucracy — European innovation scene is hindered by an extent by the long procedures and many great ideas may have been delayed or curbed due to red tapes. Rigid regulations and national security systems also play their role, resulting EU to score 17 % lower than US in innovation.

However, the future of start-up in Europe looks promising. According to ESM, 80 % of founders of the start-ups in Europe hope to stay in their current enterprises. This is because there is a good track record of performance with opportunity for growth and improvement especially in areas where innovations span the operations and products of the enterprise. The characteristics of technological start-ups in Europe are the following: thriving and growing; refusal for huge risky ideas; scattered across locations (no central technological hub); attracting increasing investments; not hugely successful; lacks self-developed breakthrough technologies [14].

### *3 Contemporary Marketing Strategies for Technological start-ups in Europe*

The different approaches of marketing for start-ups are discussed here:

*Market Analysis* — Easingwood and Koustelos mention the importance of carrying out market analysis. This aids in mapping customers and establishing a market segment that the enterprise can use for targeting. The enterprise should better realize that it is impossible to serve a wider whole market because customer's make-up and needs are more diverse than the company can satisfy. Market research and business intelligence can be used for this purpose to make the company avoid making assumptions.

*Customer Relationship* — customers are more informed in the modern world and will not waste time getting products from an enterprise that does not cater for their needs and mounds about their customer experience. Because investing in systems that help in managing customer relations can be expensive to a young start-up, an option for a technological start-up can be to outsource the service to a company that has in the business for long and can be to the function better with less cost and high quality.

*Research and Development* — these two functions need to be well integrated in the technological start-up no matter the scale of its operations. The marketing team works directly with customers to get their complaints, suggestions, preferences, change in demographics, concerns and trends. This information can be provided first hand to the research and development department thereby acting as marketing intelligence that can be used to come up with better future innovations that are more market oriented and more innovative and appealing to customers. For more effective research and development activities during the early stages the firm can choose to form a partnership or a strategic alliance in order to gain access to the resources and capabilities it has disadvantage on.

*Product* — customization and mass personalization are design approaches that can work well in technological start-ups whereby customized products can be produced through working closely with the customer to design products. This will result in more differentiated and distinct products for the market that creates a competitive advantage for the enterprise. Mass personalization on the other hand can be used to make tailor

made products for the wider market by learning their preferences. This gives the benefits of economies of scale and scope to the firm which eventually lowers price for the consumer. It creates cost leadership strategies thereby attracting and maintaining a market.

*Harmony of vision* — Horvat and Trojak advice on the importance of strategic planning in contemporary organizations. The marketing function in the enterprise should integrate the overall strategic plan of the whole enterprise in its function and come up with a marketing strategic plan for the enterprise. These plans should outline the projected budgets towards marketing activities, the products to be produced for the target market, the promotional techniques to be employed towards different markets, pricing dynamics and distribution channels to be used [10].

*Competition* — technological start-ups in Europe find it hard to attract and acquire customers due to the intense competition in the sector. These enterprises should set up distribution channels strategically to assist them access markets. This can be done by buying out weak firms or partnering with mature firms to get access to customers. This can be a good option when the enterprise is venturing into international markets where it does not have knowledge on how to get and manage customers.

*Keeping up with trends* — WEF states that despite the digital divides in technology diffusion, the rate of technology diffusion has been accelerating rapidly, phenomena that has not been seen before. Trends have also been observed with regard to mobile telephony usage in different demographic make-ups, namely, age, gender, personality and status. Major promotional techniques that can be carried out through mobile telephony include buzz marketing, guerilla marketing and viral marketing. These techniques are done on small scale but have enormous impacts [3].

*Value addition* — with a wide variety to choose from customers it's necessary to see the value for which they are paying for. Changes in lifestyle have also made it important for customers to go for products that make their lives easier. Marketing with elements of value addition makes products more competitive in the market. Exceeding customer satisfaction and creation of customer delight will turn a one-time customer into a loyal customer thereby increasing customer equity. Horvat and Trojak state there are three strategies that can be used for value addition in marketing. These are target expansion, system development and innovation [10].

*Customer loyalty* — enterprises have shifted from concentrating on profits made from one time transactions to managing relationships that will lead to the same customer purchasing more repeatedly. Technological start-ups are driven by innovation and have high budgets. They need to be liquid to stay afloat and this means they need to have guaranteed sales from loyal customers when the business is not doing well and is facing challenges, the revenue levels are constant. Growth of a stable market base is important to technological start-ups.

*Defensive vs Offensive approach* — Horvat and Trojak state that there are two types of strategies that contemporary marketing can bank on: offensive and defensive strategies [10]. Offensive strategies focus more on acquisition of new customers as they offend other industry participants. Tactics have to be employed to attract new customers from other competitors and therefore the organization is anticipating an increase in its market share. Defensive strategies on the other hand aim at retaining the existing customers. It focuses on protection of the enterprise territory to ensure the percentage market share commanded does not go below what it is currently. Technological start-ups need a little bit of both of these strategies. The defensive strategy can be employed by creating barriers to entry and increasing repeated purchases from existing customers. Lindgreen, Palmer and Vanhammestate that marketing has switched from worrying about acquisition of new customers to retaining existing customers [1]. This can be successful through tactics like market penetration and acquiring or merging with all the major competitors in that market. Products can also be well

differentiated to make them unique with introduction of switching costs to the consumers to lock them in. According to Porter cost leadership and government regulations can also be used to create entry barriers in industries and cooperation with the government, policies and regulations can be put up to protect enterprises from potential entrants. Technological start-ups require massive capital to set up due to high research and development costs and technology infrastructure costs. This means that already this protects the industry participants and they just need to find tactics of protecting themselves from losing already acquired customers to either traditional industry or other technological start-up competitors. Loyalty programs can also be used to lock in customers inform of better service, discounts, better deals and subsidized support services.

The above mentioned marketing approaches can be combined in a unique way for the best results, according to the nature of a start-up. For example, a customer loyalty approach can be combined with re-

search and development strategy with the primary aim to ensure ongoing customer loyalty through advanced technology and innovation. In this case, technology can be used both as a basis for product and also for facilitating the best communication with customers. This can be done through communities and other online platforms for customers to express their experience with the product after purchase. A close honest eye on the customer experience after purchase can ignite innovation and facilitate development even in the functional areas of a start-up. As an important function, even new marketing approaches can be developed as a part of continuous efforts to improve. Marketing of a start-up has different elements throughout its different stages. These elements are covered in detail in the following topic.

#### 4 Key elements of technological start-up marketing model

Technological start-ups don't have any pre-established marketing strategy tailored for them, not yet at least. The ones that are developed involves series of marketing hacks to reach for people. The technological start-up marketing decisions for Europe, as learned from the analysis and theories can be summarized into the following model with following elements (Fig. 3):

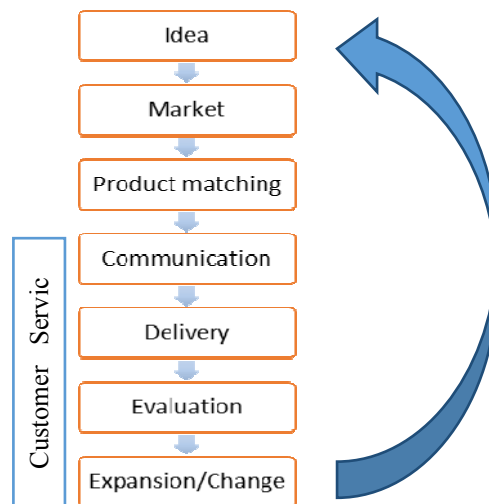


Figure 3. The technological start-up marketing strategy model stages

**Idea.** Every start-up begins with an idea. The founders who come together for this business activity on a small scale should have a clear picture of what their product or service is. In traditional terms, this can be called a vision about the start-up. Whether it is to sell hand-made Bluetooth speakers or offer a dating app for people aged 40 and above, the vision must be clear in the following terms: Why this idea? Why now? What are the motivations? — Fun, Profit or something else? Is it a radically new product or an improvement of an existing one? What are the key values that the product offers? Is there a technological support framework for the conceived idea? Is the technology used likely to be updated in the near future? Are there enough resources available to make it happen? Is it a sustainable business idea? How is it easy to expand the operations in the future? These are some of the few preparatory questions the founders should ask themselves. There could be lot of efforts in terms of financial or personnel requirements. However, this thesis will not be covering those and will be focused on the marketing function.

**Market.** Once the idea is clearly formulated, the market for that product should be chosen. As technological start-ups are based on technologies and products that come out are often brand new in their nature, the founders have to choose such market which can potentially accept a brand new technology. The choice of market will be dependent on the following factors:

1) Technological education — the effect of the latest technology among the people is crucial for the introduction of a technologically advanced product. Even if it is a simple product such as a solar-powered flashlight, to understand the real value of the product as intended by the founders, customers must be familiar with the latest trends and updates in the technological world. Choosing a technological-savvy audience gets a lot of technical jargon out of the picture.

2) Competition — like any business, a start-up may also have rivals in the same market. Understanding the existing products that could be directly or indirectly competing against the conceived idea is essential. As it is assumed that the idea is innovative and radical, the founders have to identify how strong is the pres-

ence of competitive product in the market that is technologically primitive to the envisioned product. A higher dependency could be beneficial as a brand new experience of using the product can help the start-up. An overview of the pricing strategies of potential competitors is to be understood as well.

3) Culture — every market has certain traditions and cultures which have to be respected which entering into it. The way mobile phones are bought and sold in Europe can be different from the strategies in play in China, for example. Hence, founders have to be familiar with the marketing cultures and social values, not to make any unnecessary mistakes.

4) Support systems — since start-ups are businesses in their infancy, there are lot of facilities by governments, non profit organizations and potential investors aimed at providing support services to the start-ups. These include tax benefits, incubation services, expert advice, angel investment etc. The presence of these facilities will be highly beneficial for the start-up to achieve growth.

5) Infrastructure — as a technological start-up, infrastructure such as cloud computing, servers, applications platforms, etc. are crucial and their development influences the smooth product development, delivery and maintenance.

6) Market Readiness — the idea visualized by the founders has to be understood by the audience in the same way. The founders must analyze if the market is ready for the product to be introduced. The level of market readiness greatly affects the marketing communication strategy to be followed in getting the idea across.

**Product Matching.** Even though the product idea is formulated and market is studied, founders need to make sure the product will create a new demand or serve an existing demand better in the chosen market. Though short, this stage is crucial in achieving the product-market synchronization. This can be ensured by testing the waters through beta versions of the product through an invite-only system for example. The product pricing strategy should also be set to be matching the market environment.

**Communication.** The start-up has to choose the channels to reach their customers. The market analysis done earlier should give a clear view on where the target audience is online and how they can be reached. Most, if not all, of the communication is done through online as a technologically advanced company can find all its audience on the internet. Social media is a great point to start that offers wide variety of communication options. There are other ways of communicating about the products including emails, blogs, etc. Once communication starts, it is an ongoing process. These are different aspects to this, which are explained below.

**Delivery.** The product delivery can vary depending on its nature. For technological start-ups, the products can be tangible or intangible. Tangible products such as gadgets will have to be delivered in the traditional manner by post or at the physical outlet. Intangible products are delivered online as software, subscriptions or file downloads. The costs associated with online delivery are drastically lower than traditional shipping of the products. An important aspect associated with delivery is the packaging. The physical packaging of the products must take the core values into consideration which is reflected through its branding, product usage guides and the aesthetics of the product. The online products can also be packaged in a way that matches the start-up ideologies. This includes how the product is introduced and oriented to the user. The branding also plays the role here.

**Evaluation.** Every form of communication by a start-up should be designed in a way that is measurable. On all the major platforms of online communication, the messages include a link to the landing website of the start-up with product offering. It is possible to measure the response rate of the audience from each of this message. The start-up metric by Dave McClure can be used in this regard. The conversion at every step of customer reaction to the marketing communication is measured in terms of ratios which gives useful insights into the marketing performance. The proportion of target audience who responded to a specific communication can be calculated by formula (1) [15].

$$\text{Action to view ratio} = \frac{A}{V}, \quad (1)$$

where  $A$  — number of people online who responded to the communicated message by clicking a link;  $V$  — number of people online who viewed the message.

Acquisition value can be measured in social media management profiles. However, it could be hard to measure the number of people who read the promotional emails. Email tracking tools can be used here and in case a return receipt cannot be obtained, the sent email can be considered open.

An action to view ratio of 0.09 or above is considered healthy, based on the findings by Ginny Mineo, which means 9 % or more people who see the message respond to it [16]. This ratio can be measured separately for each communication platform online to see how effective they are. This number may vary with the size of the organization but this number is expressed as an average for a start-up with less than 50 employees.

The next step is to understand how many of the people who responded to the communication made a purchase. This will be calculated with formula (2) [15].

$$\text{Sale to action ratio} = \frac{S}{A}, \quad (2)$$

where  $S$  — number of people who made a purchase;  $A$  — number of people online who responded to the communicated message by clicking a link.

A sale to action ratio of 0.10 or above is considered good for a start-up [17]. This means at least 10 % of the website visitors buy the product. With modern marketing tools, it is possible to track the traffic from individual marketing platforms making it easier to find out which source brings the most visitors in with the highest conversion. The overall picture can be understood by multiplying both the above formulas to know how many of the communication viewers ended up buying the product (formula 3)

$$\text{Action to view ratio} \times \text{Sale to action ratio}. \quad (3)$$

Taking the averages (9 % x 10 %), a start-up should convert 9 out of every 1000 views into sale. This is however, subject to change based on the type of product the start-up is offering and individual start-ups can set their targets based on their business goals. The marketer should keep track of these numbers on a regular basis. Thanks to latest marketing software and tools (which are products of start-ups as well), it is possible now to track the performance of marketing communication in real time. The start-up should make weekly reports and ensure that the conversion rate stays above the set targets.

**Expansion/Change.** Once the reports of the marketing efforts are analyzed and if the targets are achieved, the start-up should think of the possibility to expand its operations. This is also associated with constant updating of benchmarks according to the dynamic market reactions and start-up possibilities. This can be expansion of market, introduction of new or supporting products. Expansion strategy may require the business idea to be altered for a larger audience which in turn causes every step in the marketing process to be altered. If the evaluation phase suggests changes to be made in particular method of marketing, changes should be implemented going back in the process as well.

**Customer Service.** Right from the moment a start-up starts communicating with its audience, there must be a dedicated team responsible for listening to the queries and issues to ensure smoothness of marketing operations. Customers or potential audience must be given an option to contact the team online. The marketing platforms such as social networks can be used to interact with the customers in almost no time. Furthermore, traditional contact options via email provides a stable route for the customers to reach for any clarifications. Customer service is an ongoing process, as long as marketing communications continue.

The above mentioned elements are mere pointers for the creation of a marketing strategy for a start-up, as each start-up has a different value and vision. Apart from these, the following aspect can also be taken into consideration.

### 5 Additional Marketing elements

#### *A mix of transactional and relationship marketing*

A strategy that has been identified as a general formula for technological start-ups is a mix of both transactional and relationship marketing. Many of the products and services in this industry are results of long-term research and development and their offer is focused on a single transaction with relatively higher profit, while keeping the users/customers hooked through series of updates or supporting purchases for using the main product or service. Hence, the focus should be on making a significant amount of profit from the initial sale, which, of course, is backed by innovation and high value of the product. However, this transaction alone does not prove to be helping in advancing the business goals of a start-up. The initial offering should include a platform for users and customers to choose for more services associated with using the product, enhancing their user experience. A great example of this is mobile games, which are offered for a fee or in some cases for free. But there are lot of in-app purchases which allows the company to make more profit in the long run as long as customers are kept satisfied and loyal.



### *The three «E»'s*

As it is evident from the findings of this report, the relatively new technological start-up scene has not got much attention with strategy development in mind. Hence, for developing a new marketing strategy needs existing models to be taken into consideration. Three factors are considered to be important in this regard which can be dubbed as the three «E»s.

They are: Experiment, Engage, Entrepreneurship.

*Experiment* — this is a start-up's core idea. Innovation is a key ingredient for a technological start up. The first step before the actual process of marketing is to develop a creative culture and a strong innovative base for the company, as the findings show that novelty is a key feature of start-ups. This has to be implemented throughout the start-up. Though a more managerial aspect, this attitude within the start-up framework prepares the ground for creative and dynamically effective marketing efforts. Some ways to do these are: hiring/collaborating with fresh minds who has similar characteristics of the target audience; strong research and development, encouraged from limitations of using existing products/services with the aim to make the user experience smoother; trying novel, out-of-the box solutions and being courageous enough to offer that.

*Engage* — the start-ups are more informal in nature, compared to the conventional business units. Hence, its marketing approach needs to follow that trend. Getting up and close with the customers has been found to be important. Social media and other platforms have to be used in its full potential to ensure regular and timely interaction with the target audience. New product launches, product upgrades, innovation updates, etc. should be communicated timely to develop and maintain a «friendly» face to the start-up. The customers should feel like they are part of the start-up team too. This can be achieved by asking them questions, listening to them for new product or service development, and being more social with timely communication. The start-ups can also consider participating in the technology exhibitions and shows to have a wider in-person interaction. Thus, interactive marketing should be emphasized more with technological start-ups helping it detect changes in customer trends quickly and adapt more naturally.

*Entrepreneurship* — the entrepreneurs of a start-up have a different attitude than a conventional entrepreneur. The entrepreneur should have fun, doing the business. Though a simplified statement, this characterizes start-up quite a lot. This is reflected in the marketing efforts too. Together with the marketing communication, the entrepreneurs should be visible to the target audience as original personalities with unique ideas helping them overcome their technological limitations. As a new business type of business unit, the entrepreneur of a start-up must address recent issues of the society as well.

### *Conclusions*

1. A unified marketing strategy for technological start-up is not practical, considering the wide range of products and services they offer. It would be much more feasible if a single start-up or a group of start-ups with similar nature are selected for developing a strategy.

2. The technological start-ups in Europe face some challenges including relatively complicated bureaucracy, lesser investments, lack of highly sophisticated and patented technology and start-up infrastructure.

3. It is suggested that the European Union create a more favourable atmosphere for start-ups by promoting a start-up culture, facilitating technological infrastructure and platforms and by promoting the setting up of start-up hubs across the EU countries with support systems, subsidies, angel investment opportunities and easier establishment procedure.

4. Due to the informal nature and functioning of start-ups, a standard start-up structure can be hard to derive.

5. The current technological start-ups have a plethora of options for marketing. As almost all the marketing takes place online, there are social networks and media, funding platforms, communities and other numerous platforms for start-ups to show their presence.

6. The most effective approaches, theories and elements that can help in creating strategy are covered in this thesis, which can be referred by start-up founders in developing the marketing strategy for their start-ups.

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## Технологиялық стартаптарды іске қосу үшін маркетингтік стратегия

Мақалада Еуропадағы технологиялық стартаптардағы қазіргі заманғы маркетингтік стратегиялар қарастырылды, онда инновациялар мен білімді басқару Еуропадағы технологиялық стартаптардың маңызды сипаттамалары болып табылатын дәрежесі анықталды, ЕО-дағы технологиялық стартаптардың негізгі мәселелері бағаланды және технологиялар үшін неғұрлым тиімді қазіргі заманғы маркетингтік стратегиялар айқындалды. Еуропадағы технологиялық стартаптардың негізгі сипаттамалары ең жақсы және неғұрлым тиімді маркетинг үшін шоғырлануы қажет негізгі компоненттерді әзірлеу мақсатында санаттар бойынша анықталған және бөлінген. Шектеулері мен зерттеулерге арналған жоғары шығыстармен, жылдам технологиялармен және қаржыландырумен байланысты стартаптар индустриясындағы ағымдағы маркетингтік стратегиялар мен үрдістер анықталды, олар орнатылды және кеңейтілді. Маркетингтік стратегияны әзірлеу үшін шекті элементтер анықталды және түсіндірілді. Транзакциялар мен өзара қарым-қатынастар тұрғысынан маркетингтік стратегияны әзірлеу талқылануда және қорытындысында Еуропадағы техникалық стартаптардағы маркетингтік стратегияның практика дәрежесі анықталды.

*Кілт сөздер:* маркетинг, іске қосу, стратегия, бизнес-модель, технология, инновация, жоба, жаңарту, басқару, өнім.

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## Маркетинговая стратегия для технологических стартапов

В статье рассмотрены применяемые в Европе современные маркетинговые стратегии в технологических стартапах. Оценены основные проблемы технологических стартапов в ЕС и определены наиболее эффективные современные маркетинговые стратегии. Раскрыты ключевые характеристики техно-

логических стартапов и распределены по категориям с целью разработки ключевых компонентов, на которых необходимо сосредоточиться для лучшего и более эффективного маркетинга. В связи с проблемой ограниченности ресурсов и высокими расходами на исследования, были разработаны и расширены текущие маркетинговые стратегии, с быстрыми технологиями и финансированием в индустрии стартапов. Для разработки маркетинговой стратегии были определены и объяснены критические элементы. Обсуждена с точки зрения транзакций и взаимоотношений разработка маркетинговой стратегии, вследствие чего была определена степень практики маркетинговой стратегии в технических стартапах в Европе.

*Ключевые слова:* маркетинг, стартап, стратегия, бизнес-модель, технология, инновация, проект, модернизация, управление, продукт.