

# !Reasons Why Startups Fail 5

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Launching your new startup is very exciting, not only will you get a chance to control your own destiny and build an effective team, but if you are more lucky and put in some effort, your startup can turn into the category of " unicorns ", startups worth billions of dollars .

Of course, most of us know that the odds of a company becoming that category are slim, even if you already have a great idea. This is because more than half of startups fail within .their first five years of operation

So understanding why startups fail can help you avoid such a fate. What are the most ?important ones

## lack of market need

One of the most common reasons why startups fail is simply a lack of market need; Economic systems depend on supply and demand, and in your startup you may offer a product or service, but if there is no demand for that product you will not be able to sell it.

The company may have a great product, a reasonable price, and perhaps the best customer service in the world, but all of that will do nothing if people don't need your .product

The best way to avoid this from happening is through market research, before you delve into your startup development, it's important to research your target demographics, and .make sure they want to buy a product as you offer it

**!Also Read: 7 Ways To Test Your Startup Idea**

## Customer experience problems

Another common reason for failure is customer experience issues. We don't mean customer service. Customer experience refers to their entire experience with a brand, and includes their first impressions, experiences when using the primary product or service, .and their interactions with customer service

If the usability of your product or service is poor, if customer service is inadequate, or if other experiences are lackluster, you can't keep customers. That's why customer .experience should be one of your top priorities when developing a business strategy

## out of capital

Many entrepreneurs launch start-ups with minimal resources to sustain their business for as long as possible. But even the smallest companies need money to stay in the market, and if the capital runs out prematurely, the company will not survive no matter how good .its business model is

Usually this problem arises with companies that are self-funded, or those that resort to minimal resources, the solution is to start generating revenue consistently faster, or to work with different investors such as angel investors or venture capital companies to get .more funding for your startup

**Read also: Accelerators or Business Incubators.. Which is better for your ?startup**

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## **Fierce competition in the market**

Good companies garner a lot of attention. If a company is making good money and dominating the market, it is only a matter of time before another aspiring entrepreneur steps in trying to grab a piece of the market. If a startup appears to compete directly with your company, and has an advantage over your company, such as offering a lower price, .more exposure, or better customer service, this will often affect your startup

Fortunately, there are many ways to develop your competitive edge, by lowering prices, or .targeting a different audience

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## **No real business model**

It is very strange when you see how many startups come up without a proper business model, maybe they have a big strategy to get attention or get a number of downloads, .shares and interactions on social media, but without a real way to make money

Before starting your company, you need a business plan, and no matter what your product or service is, you must have a way to make money in your plan. This model can evolve .over time, but without a model, the business will inevitably fail