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Abstract— **In the past, branding was generally related to large companies, even multinationals. Today's fierce environment in combination with endless use of information and communication technology has significantly changed the rules in the area of branding. Branding has become an important issue among startups all over the world. This was confirmed in 45 interviews with startup founders and other stakeholders from the entrepreneurial ecosystem spread across four different continents. Discussions with them confirmed our initial proposition, that for today's success in the market, companies need to search not only product-market fit but also brand-market fit. In comparison to larger companies, branding in startups follows the idea of the lean approach; with each iteration, branding responds even more to modern customers. Combining previous knowledge from branding and entrepreneurship area and with the help of in-depth interviews we proposed startup branding funnel (SBFunnel), a new approach for developing startup brands, consisting of four phases and eleven building blocks, that entrepreneurs should follow in order to develop and implement successful brands.**

Keywords- startups, branding, brand, lean, model, SBFunnel, in-depth interviews

I. INTRODUCTION

The importance of branding as a strategic approach in larger companies is also becoming a reality among today's successful startups. In the increasing global competition, even traditional industries, such as the transportation, property management and health industries, are affected by improvements in information and communication technology, increased use of mobile devices with online access and innovative mobile applications (e.g., Uber, AirBnB etc.). Such innovations enable user interactivity and 24-hour user engagement, which transform brands into dynamic evolving entities that are definitely moving beyond visual identity elements [1], [2]. The above changes, combined with a global approach to doing business and easier access to knowledge, have also led to changes in the startup philosophy among founders, investors and customers. However, nine out of ten fail, which shows that still (too) many companies, especially new ones have not realized the necessity to incorporate such changes, actually from the vision onwards, which reflects in their overly narrow understanding of brands. The identified problem was the starting point in our endeavor to develop and present an approach toward building brands that would incorporate the market dynamics and specifics of startup companies.

II. THEORETICAL MODEL DEVELOPMENT

Recent research in the field of brand management and marketing has introduced the concept of a balanced approach to the brand. This approach is based on the premise that brands should be perceived from the so-called balanced or two-dimensional perspective, ensuring a balanced view by taking different stakeholders into account [3],[4],[5],[6].

Brand building should be approached from an internal perspective or the so-called identity concept [4],[6]. This approach reflects the perceptions of brand builders and implementers who help establish the key identity characteristics of a brand with basic responses to the question: 'Who are we?'. Authors argue that brand identity should go beyond visual elements of the brand. Visual elements such as name, logo and slogan of the brand are important in the brand building process, but are not the only elements which should be considered. In today's competitive environment, value-adding processes inside the organization give brands their competitive position in the market [7]. Invisible parts of the brand should be presented with a combination of different elements such as vision, values, personality, benefits and culture attributes. With a combination of these identity elements, companies can create a story that will draw attention to the unique position of the brand. The corresponding visual elements can help to bring the story to potential customers.

The external perspective in contrast to the internal includes the brand evaluation as perceived by consumers [8], [9] where we seek to find answers to the questions: 'How do others see me?' or 'How do consumers perceive the brand? The external perspective is a part of the brand equity concept, consisting of the element of awareness, image, perceived quality and loyalty.

Therefore the inclusion of both internal (entrepreneur's, founder's, CEO's, VC's, employees') and external (customer's) perspectives was the starting point in the approach toward branding we propose in this paper. Although we approach the

analysis of brands from different perspectives, both concepts are interdependent and interrelated. Brand identity represents the base for developing and designing its marketing strategies; brand equity in a longer time period contributes to the brand position in target customers as well as knowing when upgrades are needed in the current branding strategy. Thus, the proposed balanced or two-dimensional approach to branding enables different stakeholders to be active players in the branding process.

Researchers [6], [7], [10], [11], have proposed a variety of models that can provide theoretical support in this process. The majority of them propose different steps companies should follow in the process of brand development and implementation. Although such models allow redefining certain elements, changes are considered to be made only occasionally and on a longer term. On the other hand, business environment and therefore the way, how to do business have changed significantly. Therefore we should ask what needs to be adapted in branding theory to incorporate the dynamics of current business environment.

III. METHODOLOGY

Due to the nature of the research, in-depth interviews were selected as the most appropriate method. The main target group of our interviews was predominantly startup founders of internationally successful startups (demonstrating fast growth, working on international markets, having received some venture funding, went through some accelerator programs or have been founded by a crowdfunding campaign on some platforms), potentially covering different economic and cultural settings. The second target group included other stakeholders from the startup ecosystem (incubator and accelerator managers, venture capitalists, entrepreneurship professors, consultants, students). We invited different stakeholders from startup ecosystem to get relevant feedback about doing business in today's startups, with specific orientation if and how startups are facing branding challenges. Initially we proposed our main model from previous branding [7],[11],[12],[13] and entrepreneurship literature [14],[15],[16]. With a help of our respondents we purified our initially proposed model.

We conducted in-depth interview with 45 respondents. 34 were startups, having met different criteria presented above (e.g.7 startups were successfully funded on Kickstarter and Indiegogo, more than 13 startups have received extensive VC' funding, 8 startups were accepted and went through the best accelerator programs (Y Combinator, Berkeley accelerator). Other respondents (11) were different stakeholders from the startup ecosystem. We conducted mostly face to face interviews, if possible. In many examples we conducted interviews inside their companies or place, where they work (in incubators and accelerators) with an aim to observe also their behavior etc. Where face to face interviews were not possible, we made interviews via Skype. We conducted interviews according to previously prepared steering guide in which we covered all important themes related to branding as well as proposed building blocks. There was no need that all interviewers

answered questions in proposed order. However, we paid attention that in each interview all relevant topics were discussed. All interviews were conducted by two skillful interviewers, not only in regard to how conduct an interview, but also in regard to understand the topic of the research and thus pose questions meaningfully, related to specific circumstances. Interviews lasted from 45 minutes to 1 hour and 17 minutes. Before conducting interviews, both interviewers systematically read all relevant material, available on web pages and other relevant sites, newspapers etc. During the whole process, we systematically analyzed all relevant data from investigated startups and other stakeholders, observing customer's opinion on their and other websites etc.

IV. RESULTS

In contrast to current models, which are quite static, we propose the SBFunnel as a dynamic branding process that incorporates the current dynamics on the market, which are especially evident among startup companies. In the essence of our SBFunnel is the idea that the brand is an evolving entity. To understand in which direction to evolve, entrepreneurs should follow the proposed four phases of the process (investigate; develop; implement; validate and evaluate), which represent one loop in the branding funnel.

However, if we slice the loop and look at the funnel from the entrepreneur's perspective, we see the structure/content of a loop. The elements of this structure, which we call the SBFunnel Building Blocks, consist of: Building block zero (vision); Context building blocks (industry, competitors, customers, myself); Development building blocks: story, visual elements); Implementation building blocks (internal branding, communication, channels) and Validation and evaluation building block (brand equity).

Vision is the starting point of each entrepreneur's journey, therefore, we defined vision as building block zero. With a broader vision in mind, entrepreneurs start to analyze the industry and their broader competition in the area in which they would like to work. They try to identify and understand their target customers, who might become their future consumers. In relation to those building blocks as well as facts about key resources that are possessed (people, money), they start developing their brand. Within the development phase, entrepreneurs start to develop their minimum viable brand. The idea is to find the best combination of appropriate elements to form the unique story that will be presented with different visual elements (name, slogan, logo, domains). In the investigation phase as well as the development phase, entrepreneurs invite target customers to validate their ideas of how and for whom to develop a brand. Spreading the brand idea inside the company (internal branding) and communicating and delivering it to target customers represent three further implementations of SBFunnel Building Blocks. Also, this communication strategy can be validated with the help and feedback of customers. In this stage, entrepreneurs can already develop some metrics and start a more comprehensive evaluation of the brand, which results in brand equity.

V. CONCLUSIONS

In contrast to current models, which are quite static, we propose the SBFunnel as a dynamic branding process that incorporates the current dynamics on the market, which are especially evident among startup companies. In the essence of our SBFunnel is the idea that the brand is an evolving entity. To understand in which direction to evolve, entrepreneurs should follow the proposed four phases of the process (investigate; develop; implement; validate and evaluate), which represent one loop in the branding funnel.

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