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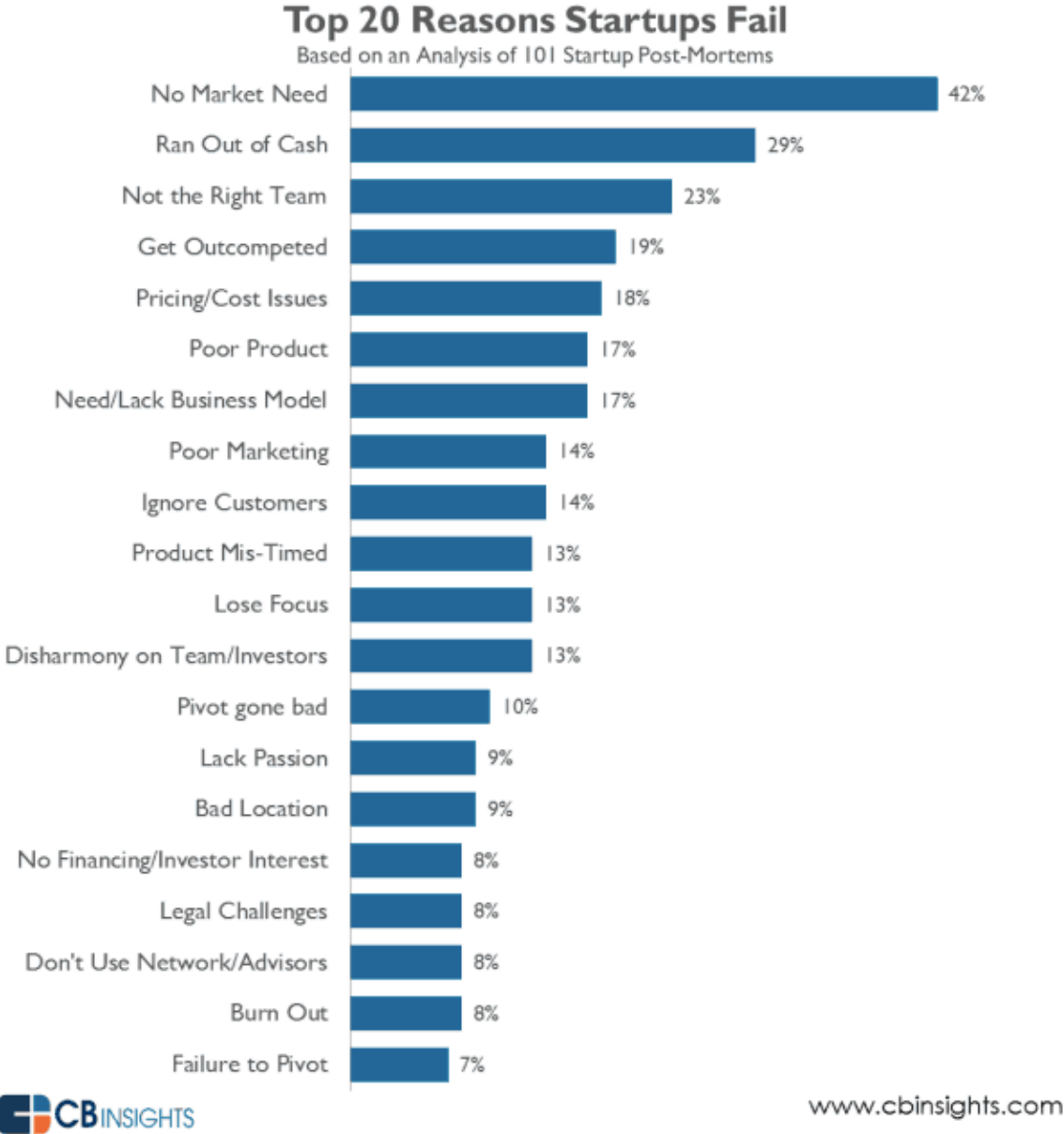
INTRODUCTION

The 21st century has been characterized by the globalization, the birth of Internet and the development of new technologies, and these factors have affected the market both positively and negatively. The World Wide Web diffusion has provided an easier and greater amount of information, enabling the creation of open sources and lowering entry barriers. Additionally, Internet and Social Media have reduced the communication expenditures and the distance between firm and customers. Moreover, Internet and digital technologies have changed the way firms develop, produce and sell a product or service. Globalization, on the other hand, has allowed firms to expand into new markets. Furthermore, thanks to globalization, digitalization and the birth of new funding strategies as crowdfunding, it is now easier to find investors. The creation of a global market, the greater amount of information available, the cheaper costs due to the digitalization and the new funding strategies, enable entrepreneurs to easily start a new business.

However, the economic liberalization and the falling of entry barriers have strengthened the competition in the market and have accelerated the pace of change. From a demand perspective Internet and Social Media have changed the way people get in touch with the product, forcing firms to change their strategies. Moreover people are more experience-oriented and tend to share their assets (when they are not using them), with a consequent declining in consumption. With a fierce competition, the market uncertainty, and the emergence of new customers' needs, lots of historical companies left the place to startups.

Starting from the Silicon Valley, startups and incubators are spreading all over the world. However, it must be underlined that most of startups fail after few months. CB Insights made an analysis of post-mortem startups and identifies some common elements. Figure 1 describes the main reasons startups fail. The most common reasons of failure are: no market need (more than 42%), ran out of cash (about 29%), not the right team (23%). As there are lots of common reasons for startups' failure, some critical elements, which deeply affect the survival of a startup, have been isolated: business model, team dynamics, marketing and communication strategies.

Figure 1: Top 20 Reasons Startups Fail



Source: <https://www.cbinsights.com/research/startup-failure-reasons-top/>

“A startup is an organization formed to search for a repeatable and scalable business model” (Blank S., 2010). It usually has a temporary organization, it is business-focused rather than product-focused, and the business model is the result of experimentation through trial and errors. In the recent years startups have the tendency to develop their business model according to the Lean Startup approach. Despite “making mistakes” has always been considered negatively, according to the Lean methodology erroneous hypotheses are seen as opportunities. Through a learning and validation process the initial hypotheses of the business model are tested and incrementally modified according to the customers’ feedback. The tight relationship with the purchasers till the first stages of the business development has increased the speed of technology adoption and the creation of a base of customers even before the product or service launch. The Lean approach enables new firms to reduce wastes of time and capital, avoiding the risk of running out of resources before the product development.

Another aspect that characterizes a startup is the tendency to organize the work in projects and people in teams. This new way to organize the business enables firms to create new ideas and provide innovative products and services. Moreover, as startups are immersed in an extremely changing environment, the organization in team ensures the evaluation of multiple alternatives and the development of innovative solutions.

Finally, firms are integrating their marketing and communication strategies in order to minimize the investments and maximize the coverage. According to these changes the smartest startups are going to grab the “cheaper” tools of the IMC, in order to reach a large number of potential customers. Additionally, started from the Silicon Valley, it is going to spread a new movement, the Growth Hacking. It is a process in line with the Lean Startup approach (as it is based on a learning and validation process), whose objective is to find the right product and communication channel for the right customer.

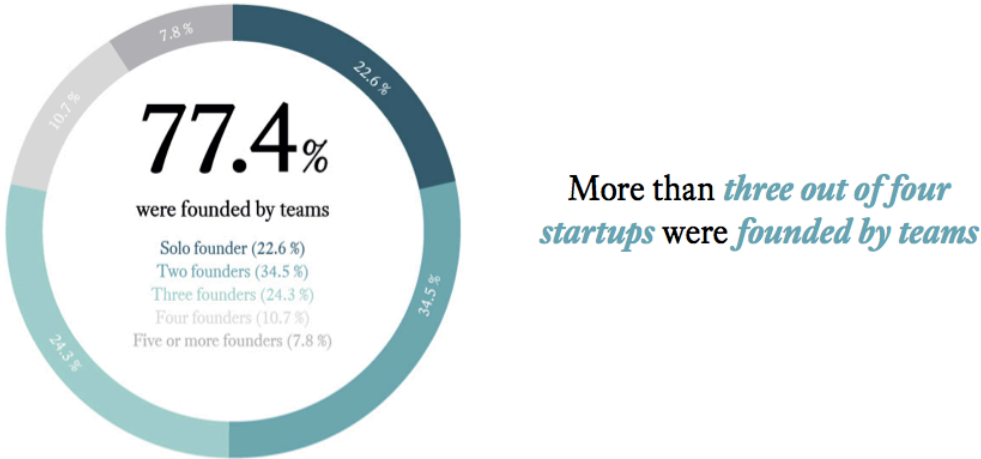
In the last part of the thesis two startups and two University spinoffs from the Venice and Padua area are analysed, so as to provide an empirical evidence of the theoretical elements proposed before. Finally some tips and insights for further research.

CHAPTER 1: TEAM DYNAMICS AFFECTING THE PERFORMANCE

1.2. Market overview

The last years have been characterized by a rapid market change, with the birth of new innovative businesses and startups. These new firms develop innovative products and services and tend to organize themselves in teams. According to the study of European Startup Monitor, 77% of startups are founded by teams (Figure 2). Additionally, according to Figure 2, 23% of startups fail cause they do not have the right team.

Figure 2: Startups’ teams



Source:

http://europeanstartupmonitor.com/fileadmin/esm_2016/report/ESM_2016_PPT_EN.pdf

Despite the evidence and the deep impact of the team on startups’ success, few studies have been made on team dynamics. As team variables deeply affect the performance and the given uncertainty and rapid changes to which the startups are subjected, the interaction among team members is a crucial element in making the right decision in critical situations. In the following paragraphs is proposed a literary review of both economic and psychological papers and books, in order to have a greater insight on team dynamics.

1.1. Literary review

Team diversity

In highly diversified teams, given the presence of diverse expertise, each member has distinctive skills and gives a different contribution to the team performance. *“A greater variety of specialists provides a broader knowledge base and increase the cross-fertilization of ideas”* (Schilling, 2012). Since the broader range of cognitive resources to which heterogeneous teams have access, they are more innovative compared to more homogenous teams. Moreover diversity is important especially in uncertain environments, improving creativity and problem-solving capabilities.

However team members require long-term interactions to develop coordination and collaboration. As *“individuals tend to interact more frequently and more intensely with other individuals whom they perceive as being similar to them on one or more dimensions”* (Schilling, 2012), the different points of view provided by team diversity can lead to conflicts and less group cohesion. It is especially in these types of teams that is important to set shared goals and to create an open environment. *“Social integration moderated the effects of diversity on team outcomes”* (Foo, Sin, Yiong, 2006), providing cooperation and a better coordination of information.

Team confidence

When individuals are organized in groups they develop **team confidence**. Team confidence is a broad concept that encompasses individuals' confidence both in the skills of their team and in the ability to attain the team goals. It is a dynamic construct susceptible to change and it deeply affects the performance. The team leader can raise team members' confidence, fostering their identification with the team.

Team trust

Trust is one of the most essential aspects when building high-performing teams. Despite these is a long process, an open communication, constant interactions and information

sharing can accelerate it. Trust makes people more willing to share information and extensive interactions provide communication and coordination. According to the literature in psychology and economics, there is a positive relationship between trust in teammates and team performance. Trust, being an integral component of a team, provides cooperation and co-creation of ideas, thus it affects variations in team performance.

However, according to Mach et al. (2010), the relationship between trust and performance is not a direct one: **team cohesion** plays an important role in the relationship between team trust and team performance. Team cohesion is the degree to which the members of a group work together to pursue a common goal. The idea that team cohesion has a positive influence on team performance is supported by the social exchange theory and the reciprocity theory. These theories affirm that the interaction, coordination, collaboration and positive feelings between the team members positively affect the performance.

Despite team cohesion mediates between trust and performance, there is a direct connection between trust in teammates and team performance. In general, team trust affects the performance and together with team cohesion it explains most of team dynamics. Given the impact that trust and cohesion have on team performance, their strengthening can be used as an informal mechanism to improve the performance.

Team engagement

The collective construct that emerges *“from the interaction processes of the team members toward the team goal”* (Sharma, Bhatnagar, 2017) is the team engagement. It is defined as *“a shared, positive and fulfilling, motivational emergent state of work-related well-being”* (Costa, Passos, Bakker, 2014). Especially in a team working under time pressure the team engagement deeply affects the performance. Team leader’s engaging behaviour, along with team climate, moderates the relationship between time pressure and team engagement. Teams that are able to leverage on their social resources (creating a positive team climate and training team leaders) have a higher team engagement and are better able to deal with time pressure.

*“Under time pressures situations, teams are able to attain high engagement levels only when **team leaders** are emotionally agile, use humor, provide quality feedback and delegate work efficiently”* (Sharma, Bhatnagar, 2017). A team leader that develops emotional agility deals better with negative emotions at the workplace and provides the sharing of positive experiences, thus fostering a sense of belonging. Also the humour creates a positive climate and can be used by the team leader to enhance the engagement and cohesiveness of the team members. Moreover, the team leader must be able to balance between centralization and delegation, especially in teams in which the members have different roles. Delegation, as given responsibility for certain tasks, allows team members to work more efficiently, especially under time pressure. Finally, the quality of the feedback from a team leader affects team members’ concentration and mutual relationships.

*“In addition, teams dealing with pressure situations are able to engage only when **teams** have a strong **climate** which supports open communication, fun at work and team compassion”* (Sharma, Bhatnagar, 2017). An open communication between team members fosters interpersonal interactions and enables knowledge sharing between teammates. This ensures a free sharing of ideas, with a consequent stress reduction and an increased level of team engagement. As happier teams are more productive, it is important to provide the fun at work, which fosters optimism and positive feelings. Compassion, in a teamwork perspective, is associated to the empathic and cooperative behaviour of helping other team members. This interpersonal relationship of ‘collective sharing’ is especially important to solve job-related problems and to foster team cohesion.

Team leader

The team leader *“helps members focus actions on a common goal”* (Foo, Sin, Yiong, 2006) and provides the social integration. Especially in heterogeneous teams, the team leader has to exert influence and to possess multilingual skills that enable him to coordinate the team members toward a common goal. The goals specification ensures team members to have a common understanding of both purpose and priorities. Moreover, the team leader has to provide order, through a clear definition of the roles, and

collaboration, fostering an open communication. The alignment toward a common goal and the ability to coordinate team members facilitates the cooperation and coordination. These factors speed the decision-making reducing conflicts and providing innovative solutions.

Intra-team communication

The intra-team communication is a process of information exchange between team members, which can lead to cohesion, coordination and cooperation. It's not important the frequency of the communication, but its openness. Open communication enables the teammates to gain access to more information and share them, thus it facilitates and improves the quality of decision-making. If the communication is open the teammates *"become aware of hidden assumptions [and can] explore and evaluate alternative courses of actions"* (Foo, Sin, Yiong, 2006).

Shared mental models

As stated before open communication provides knowledge sharing between team members. The literature on shared mental models supports the idea that knowledge sharing between teammates positively affects team performance. A shared mental model is a cognitive construct that models and facilitates the interactions between the members of a team, providing a common understanding. Combining thoughts and behaviours in a way that is understandable by other teammates enable to build and maintain trust in the teams. The shared and accumulated knowledge can lead to coordination, a reduction in the time spent on problem solving and an improved decision-making. Dependence and trust have a strong impact on knowledge sharing and foster exchange relationships and collaboration.

Teams in a group share both task and team knowledge. The shared mental models related to the task reduce the communication needed during the performance, which is especially important in high-workload conditions. The team-related shared mental models, instead, support team interactions, enabling teammates to be aligned on team problems and solutions. This shared understanding of the task and the information exchange enable to anticipate team members' needs and to easily coordinate with each

other. *“Shared mental models thus help describe, explain and predict the behavior of the team, which allows team members to coordinate and adapt to changes”* (Jonker, Van Riemsdijk, Vermeulen, 2011).

The **prebriefing** or planning increases the shared mental models among team members enabling them to anticipate each other’s needs and to provide information in advance. This is beneficial especially under time pressure, enabling teammates to make fewer errors, with a consequent improved coordinated team performance. Planning can also help to create an open environment, to share information, to prioritize tasks and to clarify team members’ roles and responsibilities.

Framing

The creation of shared mental models underpins the creation of cognitive frames. The frames are organizations of knowledge of events and situations around expectations and they are the result of interactions between the members of a group. Individuals in groups tend to activate cognitive frames of reference (or knowledge structures) that provide ‘extra’ information to make inferences and predictions about courses of actions. The cognitive frames are useful for information processing and meaning construction and they create synergies between team members. Thus, they are especially important in heterogeneous teams, in which team members have different skills and roles. In this context, frames allow to align the interpretation of the task and the creation of alternative solutions.

Despite frames have some adaptability in context, they can lead to a too structured reasoning, which is extremely problematic in changing environments and unexpected circumstances. To better understand the dynamics that occur in groups in changing environments, it is important to focus on the framing, the iterative process of communication through which meanings are socially constructed and negotiated. While frames can be considered as relatively stable models of interpretation that provide a common cognitive understanding, framings can be considered as processes of interaction between members of the same group that provide the co-construction of meanings and alternative solutions.

In this dynamic 'bottom-up' perspective the cognitive meaning and symbolic language of each individual provide the reinforcement of existing interpretative frames or foster the creation of alternative framings. Framings developed in a group induce cooperation between teammates and frame actions especially under uncertain circumstances. This ongoing process of negotiations over meanings between individuals of a group may evolve with the establishment of a shared interpretative schema, the 'field frame'. A 'field frame' is not only the result of negotiations between individuals, but it is also based on individuals' experience. When a 'field frame' emerges it becomes part of the built up 'common ground' (or mutual knowledge) between team members. The common ground, as the result of a process of sensemaking and interaction with others, is based on personal and communal common ground. The personal common ground is the result of the interactions to communicate or take actions, the second is the result of the interactions to guide expectations and create new meanings.

1.3. Summary

The heterogeneity of the startups' teams provides both synergies and conflicts. As the divergences are caused by the different team members' points of view, it is important to investigate the team dynamics affecting the team performance. The trust between teammates is the variable that greatly affects the performance as it fosters coordination and collaboration. Along with trust, team engagement affects the performance. The main tools to increase the engagement are: to create a positive team climate and to train team leaders. The team engagement provided by the team leader and a positive team climate foster the sharing of information between members. The collaboration and information sharing provided by team trust and team engagement speed the decision-making, reducing conflicts and providing alternative solutions. A fast decision-making is especially important in changeable environments.

CHAPTER 2: STARTUPS' BUSINESS MODEL

In the past, before starting a new business, the entrepreneurs used to create a Business Plan. The Business Plan is a document that synthesizes the entrepreneur's vision and it is used to predict and guide its development, and to communicate with the investors. However, given its complexity, the document is both time and resources consuming and investors rarely read it. Additionally, the Business Plan is based on assumptions that can be erroneous and the long time horizon (five years) makes quite impossible making accurate forecasts.

Given the fast market changes of the last decades, the new firms need a flexible business model, which can be easily adapted to the market changes. Moreover the new firms, given the scarcity of resources and the new figures of investors, need a plan that can be built easily and read quickly. Nowadays the entrepreneurs tend to develop their business around the Business Model. *"A business model describes the rationale of how an organization creates, delivers and captures value"* (Osterwalder A., Pigneur P., 2010).

More than every type of business, the startup needs to develop a business model that helps to visualize the ideas and gives proof of the sustainability of the business. A startup is *"a temporary organization designed to search for a repeatable and scalable business model"* (Blank, 2013). The changeable and uncertain context in which the startups are into has increased the difficulty of making right predictions, thus, the need to use flexible business models.

The Business Model Canvas proposed by Osterwalder and Pigneur (2010) is a useful tool to visualize and model innovative businesses. However, a business to be successful should not only to be designed, but also to be tested and pivoted to check if the product or service provided meets the stakeholders' needs. The Business Model Canvas enables the entrepreneur to easily define a hypothetical business model that must be tested with the customers. In this preliminary phase the Design Thinking approach can be used to create new ideas and to test alternative hypotheses. The hypotheses identified should be tested with the customers and, if some of them don't satisfy customers' expectations

they should be changed (Pivot). This process of test and validation is defined by Ries (2011) the Lean Startup approach.

In line with the Lean Startup's validation learning process, Maurya in "Running Lean" (2010) facilitates its application adding the rapid business modelling and the problem prioritization. Both Ries and Maurya believe that the startup growth is based on continuous innovations. An innovation is usually considered as a process of translation of an idea into a product or service. However, it can be argued that a good idea is not enough to create a successful business and often the idea at the beginning is just an inch. Additionally, a firm has not only to satisfy the customers' needs, but also to seek them. A startup to continuously growth has to produce something that customers really want and, to do so, they have to be always engaged. The speed of learning is not enough to create an effective business, the startup has to do it constantly. From this perspective, a continuous innovation can be defined as the rapid learning process of value creation to seek and satisfy the customers' needs.

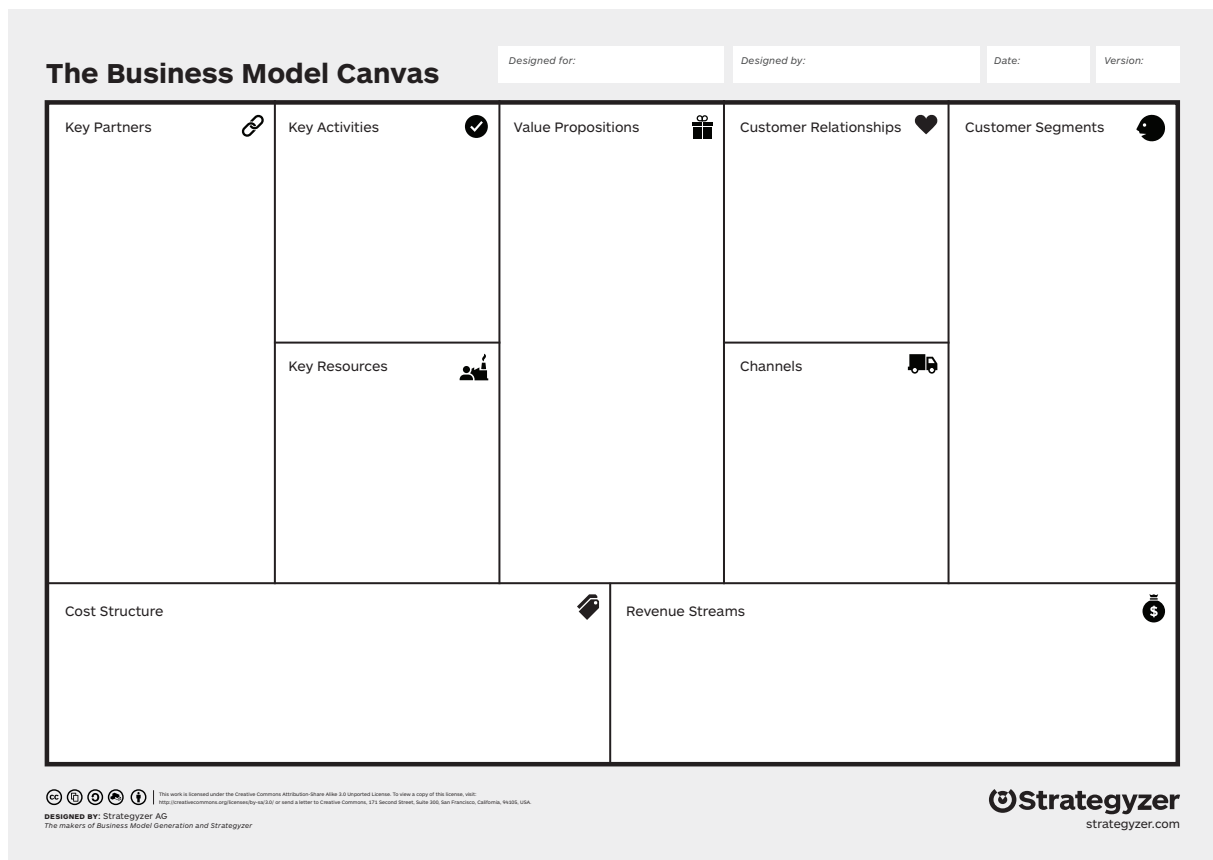
2.1. Business Model Canvas

The Business Model Canvas (BMC) is a model, proposed in 2010 by Osterwalder and Pigneur, that uses a visual language to create and develop innovative business models. The Business Model Canvas is a *“tool for describing, analysing, designing business models”* (Osterwalder, Pigneur, 2010). The BMC is a single page business model, dynamic and participatory, that enables team members to analyse and discuss new ideas. It helps to create and develop the main components of a business by visualizing and better organizing them. Given its ease of use, often startups use the BMC to structure their business.

Osterwalder created the Business Model Canvas having in mind the IDEO’s approach used in the industrial design. Each building block of the model (Figure 3) represents an uncertain area of the business; through the testing of desirability, viability and feasibility, the uncertainty of the ideas can be reduced. Desirability (the human beings’ satisfaction), viability (the sustainability of the business) and feasibility (the technologies available) are the main conditions for a successful business. Value proposition, customer segments, customer relationships and channels are related to the desirability of the product or service; key partners, key actions, key resources to the viability of the business; cost structure and revenue streams to the feasibility of it. The test of each area of uncertainty reduces the risk of innovation.

From a practical point of view, the BMC should be printed in big dimension to enable the team members to work together and to have an overview of the business. Moreover, rather than writing on the canvas, it is better to use Post-its that can be easily changed and moved along the Business Model Canvas.

Figure 3: The Business Model Canvas



Source: <https://strategyzer.com>

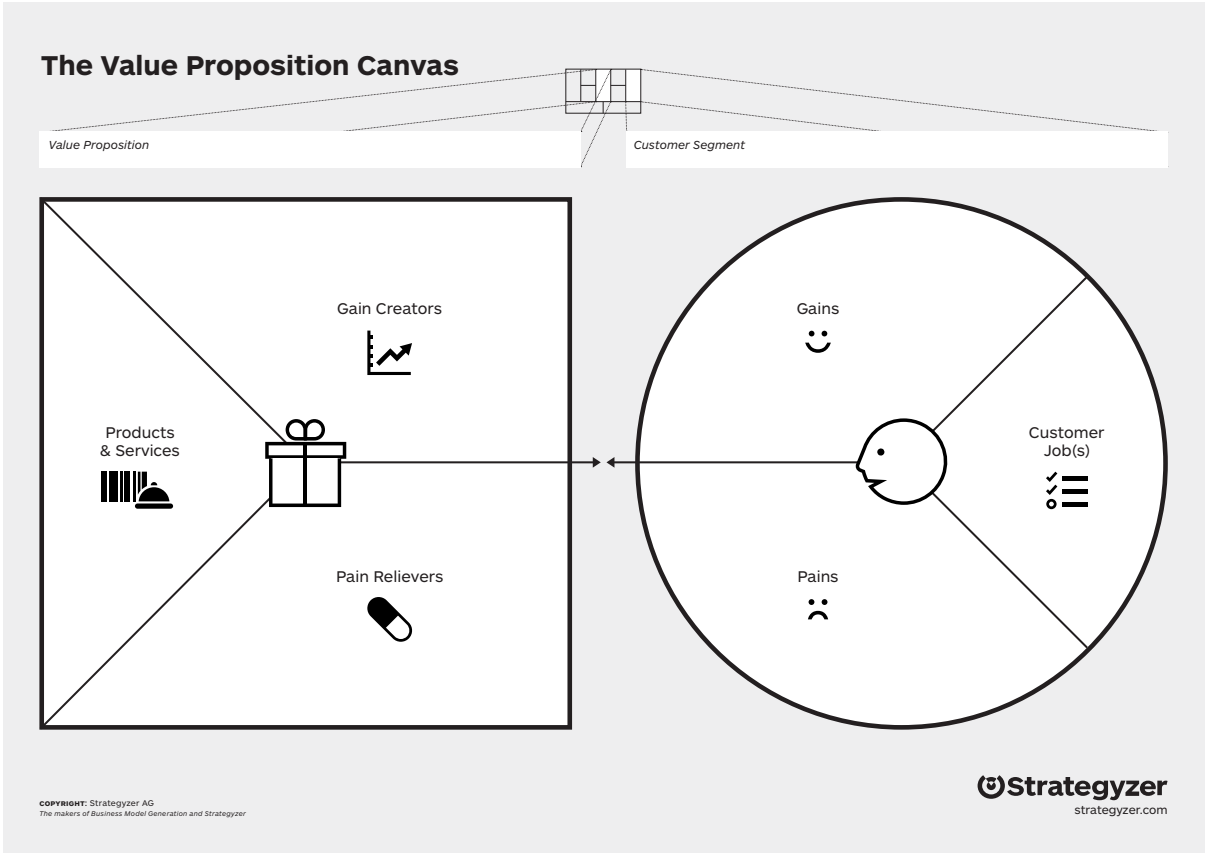
The nine building blocks are:

1. Customer Segments (groups of people the firm wants to reach): mass market, niche market, segmented, diversified, multi-sided platforms;
2. Value Proposition (products or services that create value for the Customer Segments): newness, performance, customization, “getting the job done”, design, brand/status, price, cost reduction, risk reduction, accessibility, convenience/usability;
3. Channels (how the firm get in touch with the Customer Segments): sales force, web sales, own stores, partner stores, wholesaler;
4. Customer Relationships (type of relations the firm establish with the Customer Segments): personal assistance, dedicated personal assistance, self-service, automated services, communities, co-creation;

5. Revenue Streams (the cash flow from the Customer Segments): asset sale, usage fee, subscription fees, lending/renting/leasing, licensing, brokerage fees, advertising; pricing mechanisms: fixed and dynamic pricing;
6. Key Resources (essential firm's assets): physical, intellectual, human, financial;
7. Key Activities (essential firm's actions): production, problem solving, platform/network;
8. Key Partnerships (network of partners): optimization and economy of scale, reduction of risk and uncertainty, acquisition of particular resources and activities;
9. Cost structure (costs to make the business model work): classes: cost-driven, value-driven; characteristics: fixed costs, variable costs, economies of scale, economies of scope.

In his recent studies Osterwalder et al. (2014) found out that to produce a product or service that both satisfies and seeks the customers' needs, it is important to focus on the fit between the Value Proposition and the Customer Segments. The Value Proposition "*describes the benefits customers can expect from your product and service*" (Osterwalder A., Pigneur P., 2010), while the Customer Segments are the customers that the firm aims to reach. Given the importance of the product-market fit for the success of a business, Osterwalder proposed the *Value Proposition Canvas* (Figure 4), a sort of plug-in of the BMC with a focus on the value creation. The fit must be between the *Customer Profile*, that describes a specific customer segment by identifying its jobs, pains and gains, and the *Value Map*, that describes a specific value proposition by identifying product and services, gain creators and pain relievers. The Value Proposition has to be continuously tested in order to create a better design based on what has been previously learned.

Figure 4: The Value Proposition Canvas



Source: <https://strategyzer.com>

2.2. Lean Startup

It is common thought that most of startups fail. One of the main reasons is that entrepreneurs use to develop Business Plans based on forecasts; however, startups have not got a previous history and they are immersed in an unstable environment. Another reason is that entrepreneurs are too focused on their vision and develop products without caring about what customers really want.

Eric Ries proposed a new approach for ensure startups' success. A startup is "*a human institution designed to create new products and services under conditions of extreme uncertainty*" (Ries, 2011). Given the absence of previous knowledge and resources, and the context of extreme uncertainty, startups should use a probe-and-learn approach to gather more insight into customers' needs and better allocate and develop resources. The Lean Startup approach developed by Eric Ries, allows entrepreneurs to reduce the risk of failure and create a successful business by leveraging on continuous innovations.

In the past the businesses were created from the entrepreneurs' idea, and the customers' feedback was asked only after the product development and its promotion with prospective customers. Differently, in the Lean Startup approach the product is the result of experiments and "*the learning of how to build a sustainable business is the outcome of those experiments*" (Ries, 2011). The business development is the result of an iterative and incremental process based on customers' engagement. The process starts with the creation of a Minimum Viable Product (MVP) and ends with an output that is the result of continuous customers' feedbacks. The MVP is a prototype with the essential product characteristics and it is used to test them with the prospective customers. The development of an essential prototype instead of an entire product reduces both time and costs (hence the term "lean").

Eric Ries in "The Lean Startup" (2011) postulates five principles:

1. "*Entrepreneurs are everywhere*": anyone can be an entrepreneur and the Lean Startup approach can be applied for any size companies and of whatever sector or industry;

2. *“Entrepreneurship is management”*: startups need a new type of management given the *“context of extreme uncertainty”* (Ries, 2011);
3. *“Validated learning”*: startups *“exist to learn how to build a sustainable business”* (Ries, 2011) through rapid scientific experimentation;
4. *“Build-Measure-Learn”*: the process turns an idea into a MVP, tests it with the customers and learns if to preserve or Pivot; the process is efficient if the feedback loop is accelerated;
5. *“Innovation accounting”*: startups need a new type of accounting based on progress measurements, milestones creation and work prioritization.

The following paragraphs will better explain some of these principles.

Entrepreneurs are everywhere

According to Eric Ries, while the Lean Startup approach was designed for startups, it can be applied to every type of business. Given the importance of continually innovate and the pressure of rapid change, both startups and large companies have to develop innovative business models that enable firms to rapidly innovate and produce an offering that meets customers' needs.

Validated learning and Build-Measure-Learn feedback loop

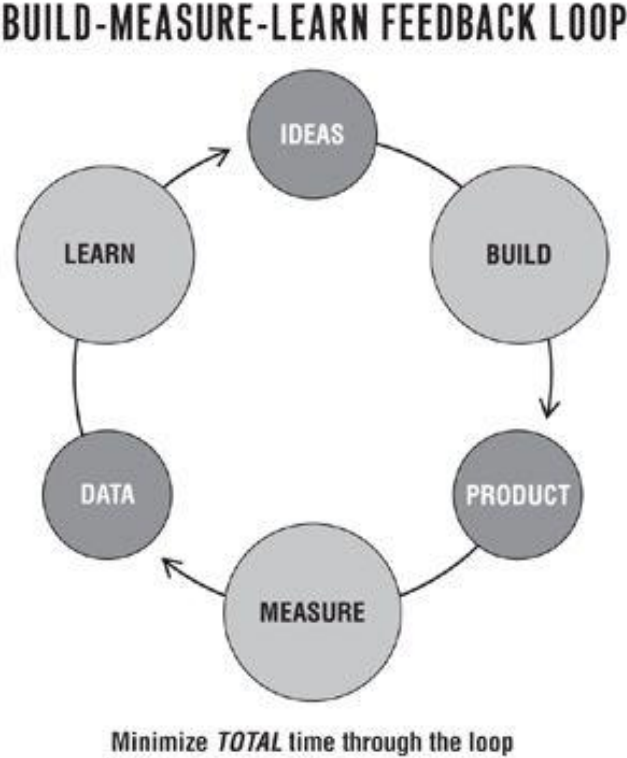
The validated learning or Build-Measure-Learn feedback loop is a process that translates ideas into hypotheses and tests and validates them. Given that at the beginning a startup is mainly based on untested hypotheses, it is useful to rapidly test them with the customers. The process is effective if the hypotheses are testable and accessible, and the learning is communicated. The customers' feedback acts as a loop guiding the product/service toward the next iteration, till the product/service perfectly meets the customer needs.

The process is efficient if it has a minimized feedback loop. Through the loop the total time of the process is accelerated and the speed of the process reduces wastes of time and resources. Additionally, the acceleration of the process prevents being copied by competitors.

The process starts with the translation of the ideas into hypotheses, and in the Building phase, they are turned into a Minimum Viable Product (MVP). The Measure phase measures the impact that the MVP has on customers through the innovation accounting.

In the Learn phase the data obtained are used to preserve or change (Pivot) the hypothesis tested with the MVP. When a hypothesis is pivoted it is changed and tested again with the customers. This iterative process, based on a scientific experimentation, enables to reduce the failure rate and to speed the learning time. An experiment, to be considered as such, must be measurable, repeatable and scalable. While in the business model development the process follows the sequence Build-Measure-Learn, in the Planning the sequence is the reverse. Based on the learning from the BML experiment, the measurements can be more accurate and the product can better meet the customers' needs.

Figure 5: Build-Measure-Learn feedback loop



Source: Ries, E. (2011). "The lean startup. How today's entrepreneurs use continuous innovation to create radically successful business", Currency, Crown Publishing Group.

2.2.1. Lean Startup's underpinning theories

The Lean Startup approach is *"based on the customer development process to eliminate waste and uncertainty from product development by continuously building, testing and learning in an iterative fashion"* (Osterwalder, Pigneur, Bernarda, Smith, 2014). According to this definition the approach relies on Lean manufacturing, Design Thinking, Business Model Canvas, Customer Development and Agile Development theories.

Lean manufacturing

The Lean manufacturing is the Toyota Production System (TPS) developed by Taiichi Ohno, which revolutionized supply chains and production systems. The methodology is based on the 'kaizen', the continuous production improvement to create more value for the customers while reducing waste. The main idea is to produce only when needed, minimizing the inventory and increasing productivity. Moreover, the quality control checkpoints provide the identification of mistakes during the production process, reducing resources and time wastes. Another base principle is 'genchi gembutsu' that can be translated as 'go and see for yourself'. In the manufacturing industry the previous knowledge about the environment allows the entrepreneurs to find out what customers want. Nowadays the entrepreneurs face higher uncertainty, thus they need a greater amount of tests and experimentations.

Design Thinking

The Design Thinking or Human Centred Design (HCD) is *"a human-centred innovation process that emphasizes observation, collaboration, fast learning, visualization of ideas, rapid concept prototyping, and concurrent business analysis"* (Lockwood, 2009). The five steps of the Design Thinking process are: exploration, definition/interpretation, ideation, prototyping and test/feedback. In the exploration phase the market needs are identified through observation and interviews, it follows the definition of goals, needs and insights and the identification of the persona. The persona is a fictional character that possesses the characteristics of the ideal users/customers and helps to understand their needs, behaviours and expectations. In the third phase, through a process of brainstorming the ideas are developed and in the next phase they are turned into

prototypes. Finally the prototypes are tested with the persona, obtaining a feedback that can provide insights for the development of the strategy.

The Design Thinking approach shares a lot of features with the Lean Startup and can provide further insights on the business model design. Like the Lean Startup, in which the team members work together for the development of the business model, also in the Design Thinking approach the teamwork is an important feature. Another common element is the visual representation of the business model. Moreover, the element that mostly characterizes both approaches is the iterative learning process. Both approaches explore multiple alternatives to solve a problem, develop an essential product to test it with the customers, and provide an offering based on the learning from the customers' feedback. However, while in the Design Thinking the prototype is used to design the product, in the Lean Startup the MVP is used to test fundamental business hypotheses.

Despite the problem identification quality has not been proven, the Design Thinking can be helpful to find out hidden needs and generate new ideas. Differently, the Lean Startup can be used to test the ideas and to provide accurate measures that help to structure a business. It provides a validation of both problems and ideas, guiding the entrepreneur toward a solution that perfectly meets the unexpressed needs of the market. Thus, despite the Design Thinking can be used in the initial phases of the business model creation, it can't anticipate the complexities of the business development.

Business Model Canvas

Having in mind the Business Model Canvas proposed by Osterwalder, Blank defined the Business Model Canvas as a "*diagram of how a company creates value*" (Blank S., 2013). The Business Model Canvas helps to organize the main components of a business, while having a broad vision. In fact, the business model can be deconstructed in building blocks and the objective is the fit between all of them.

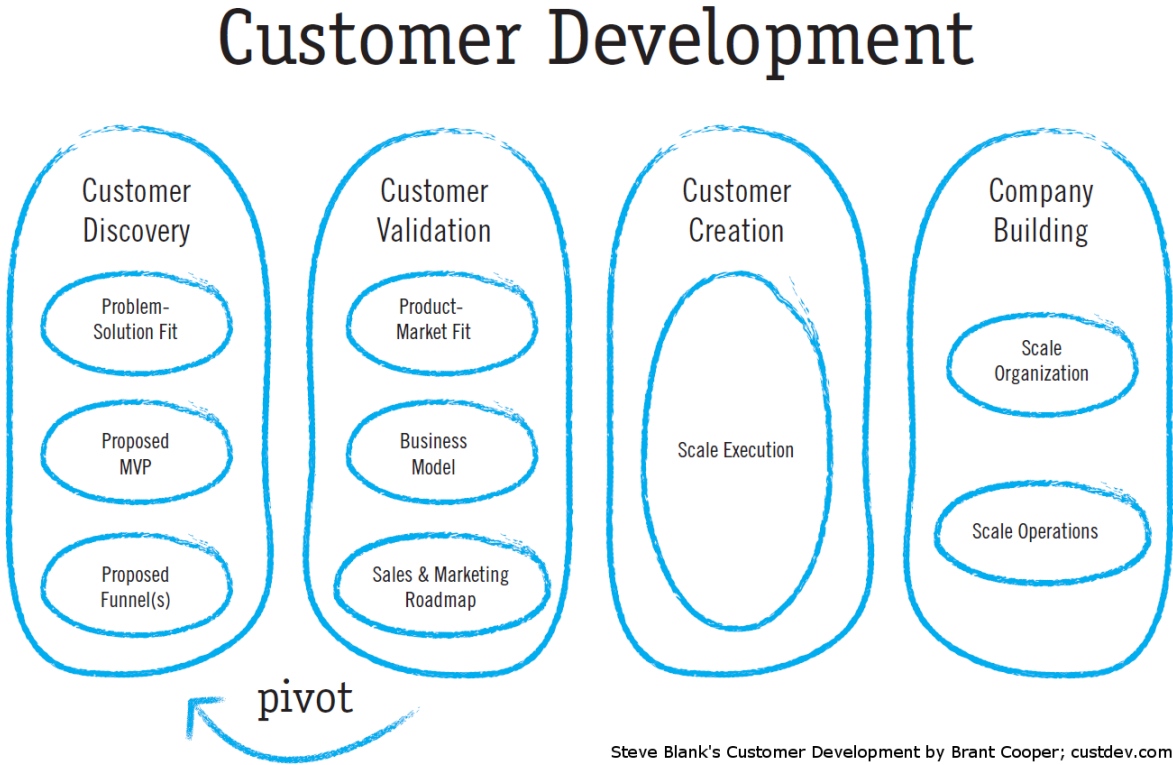
Customer Development

The hypotheses are tested through the development of a “Minimum Viable Product” (MVP). The process of testing hypotheses with the customers (also called “get out of the building” approach) is the Customer Development. The feedback asked to possible customers enables the entrepreneur to revise the hypotheses and create an offering that satisfies the market. When the adjustments are small they are called iterations, when they deeply change the hypotheses they are called Pivots. Blank defines the Pivot as “*a substantial change to one or more of the nine business model canvas components*” (Blank S., 2013). It is based on the idea that when a tested hypothesis generates some errors, it must be changed, preventing a crisis. The Pivot function is that of changing the erroneous tested hypotheses and this change can be made in whatsoever area of the Business Model Canvas.

The Customer Development has been invented by Steve Blank to reduce risks and uncertainty by continuously testing the hypothesis of the business model with the customers. As said before, during the process the hypothesis of the business model are tested to find out a solution that deliver the desired value to the customers. This process is characterized by four phases: Customer Discovery, Customer Validation, Customer Creation and Company Building. In the Figure 6 it is proposed a revision of Steve Blank’s Customer Development proposed by Brant Cooper.

In the Customer Discovery is found out a specific problem for an identified group of people and are developed hypotheses to solve the problem at hand. To reach the problem/solution fit, the hypotheses are tested through the development of proposed MVPs and funnels. In the Customer Validation phase the validated hypotheses continue the process, while the invalidated ones have to be changed and the process loops back to the Customer Discovery; this learning process is called Pivot. When the hypotheses are validated (product/market fit) and the business is sustainable, it follows the Customer Creation phase. In this phase the customers’ base is enlarged through the development and execution of the business model and the sales & marketing roadmap. The Company Building phase occurs when the strategies applied worked and the organization and operations are scalable.

Figure 6: Customer Development



Source: Cooper, B., Vlaskovits, P. (2010). "The Entrepreneur's Guide to Customer Development", *Lightning Source Inc.*

Agile Development

The MVP development is the result of a learning process and occurs hand-in-hand with the Customer Development. This process, the Agile Development, "eliminates wasted time and resources by developing the product iteratively and incrementally" (Blank S., 2013). MVPs and Pivots enable to quickly and cheaply develop an offering that really satisfies the market. The speed of both the Customer Development and the Agile Development processes increases the startup efficiency by driving down the costs and reducing risks and uncertainty.

2.2.2. Lean Startup: pro and cons

The Lean Startup approach ensures the development of a sustainable and scalable business, reducing startups' uncertainty and risk of failure. The validated learning process ensures the development of innovative products and services that seek and satisfy customers' needs, avoiding the waste of time and resources. Moreover, the customers' engagement till the first stages of the business development allows the identification of the early adopters and the creation of a base of customers, even before the launch of the product or service.

One of the main limits of the Lean Startup approach is that it is customer centric, while a startup should be stakeholders centric. In fact, as the startup goal is to create a sustainable and scalable business, it is important to create value not only for the customers, but also for all the agents that enter in contact with it (customers, suppliers, investors and so on).

2.3. Lean Canvas

Ash Maurya in his book *Running Lean* (2012) proposes a new approach for the building of new businesses; it is the result of an integration and rearrangement of the *Business Model Canvas* of Osterwalder, the *Customer Development* of Steve Blank, and the *Lean Startup* of Eric Ries. According to Maurya, *Running Lean* has been created to minimize the risks to which startups are subjected, and to guide the entrepreneurs in the business development. A startup should start by creating a business model, not a product. Like the Business Model Canvas, the Lean Canvas is a single page business model and it is made up by nine building blocks; its structure helps to visualize and easily and faster build the business.

1) Document your plan A

The entrepreneur, in starting a new business, has to write down an initial vision and share it with other people, his team. The co-participation of a group of people in the creation of the business is one of the main characteristics of the Lean Startup. The BMC enables the team members to refine the initial vision and develop alternative hypotheses. As the main purpose of a startup is not to create a product but to create a business, the BMC helps to create a sustainable and scalable one.

Before writing the Lean Canvas, the entrepreneur and his team have to identify the customer segments. After the brainstorm of possible customers and/or users, the team has to split them into customer segments to find out a specific early adopter. At the beginning every identified segment is put in the same canvas and distinguished by different colours, subsequently it is developed in a different canvas for each customer segment.

It follows the identification of the early adopter's problem that has to be solved. It can be identified through the "Five whys" technique (developed in the Toyota Production System), a root cause analysis that makes the problem more specific by subsequently asking "why". If there is a fit between the early adopter and the problem, the team can proceed with the building of the other building blocks. Although Maurya suggests following the order proposed in Figure 7, it is not mandatory and it can be changed

according of the characteristics of the business. While the team has to formulate possible hypotheses for each building block of the canvas, some blocks can be leaved blank (usually the last ones). This process should last about twenty minutes and the hypotheses should be concise, with a present focus and customer-centric.

Figure 7: The Lean Canvas

<p>PROBLEM List your customer's top 3 problems</p> <p style="font-size: 2em; color: blue; text-align: center;">2</p> <p>EXISTING ALTERNATIVES List how these problems are solved today</p>	<p>SOLUTION Outline a possible solution for each problem</p> <p style="font-size: 2em; color: blue; text-align: center;">4</p>	<p>UNIQUE VALUE PROPOSITION Single, clear, compelling message that turns an unaware visitor into an interested prospect</p> <p style="font-size: 2em; color: blue; text-align: center;">5</p> <p>HIGH-LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)</p>	<p>UNFAIR ADVANTAGE Something that can not be easily copied or bought</p> <p style="font-size: 2em; color: blue; text-align: center;">9</p>	<p>CUSTOMER SEGMENTS List your target customers and users</p> <p style="font-size: 2em; color: blue; text-align: center;">1</p> <p>EARLY ADOPTERS List the characteristics of your ideal customers</p>
<p>COST STRUCTURE List your fixed and variable costs</p> <p style="font-size: 2em; color: blue; text-align: center;">8</p>		<p>REVENUE STREAMS List your sources of revenue</p> <p style="font-size: 2em; color: blue; text-align: center;">3</p>		

Source: <https://leanstack.com>

2) Identify the riskiest parts of your plan

After the creation of the business model, the building blocks hypotheses are tested and, if necessary, pivoted. As a startup is a risky business, building a successful business is about risk mitigation; thus, the riskiest blocks are the ones that have to be tested first. While the riskiest part of a business model varies across businesses, a lot of that risk depends on its stage of development. According to Maurya the building of startup follows three stages: the problem/solution fit, the product/market fit and the scale.

The **problem/solution fit** determines if the problem is worth solving and it can be reached through observation and interviewing techniques. The fit is the result of the process of validated learning through the Pivot. The Pivot is the change of a hypothesis while taking into consideration what has been learned previously. Then, the MVP is tested with the customers and the process is iterated as much as the startup builds something that people actually want and thus the **product/market fit** is reached. The product/market fit can be defined as the degree to which a product satisfies the market. It is the most important stage of a startup and it determines if the business works. After the product/market fit has been reached, the funds can be raised. The **scaling** of the business model is the last stage of a startup and its growth is ensured through the optimization (accelerating the plan). While the Pivot validates the hypotheses of the business plan, the optimization is the refinement of them ensuring an efficient and scaling business.

Figure 8: The three stages of a startup



Source: Maurya, A. (2012). "Running Lean, Second edition", *O'Reilly Media*.

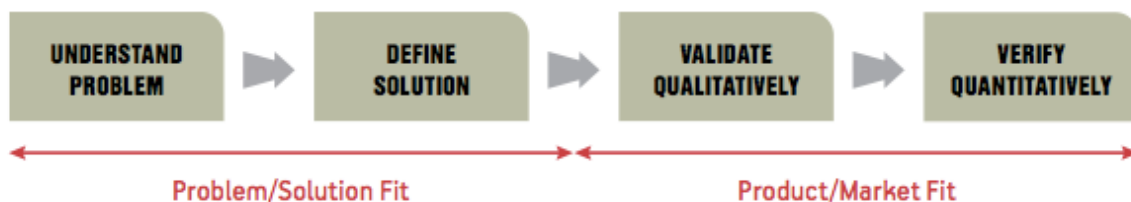
3) Systematically test your plan

After the risks prioritization, the business model hypotheses can be tested. According to the Lean Startup methodology it is made running experiments. An experiment is a validated learning process, called by Eric Ries "Build-Measure-Learn feedback loop". An experiment validates or invalidates a hypothesis and the iteration of multiple experiments allows achieving the product/market fit.

To reach the problem/solution fit the entrepreneur has to understand the problem, through the problem interview technique, and define the solution, through the solution

interview. Then, the solution has to be validated qualitatively, through the MVP interview, and verified quantitatively, measuring if the product/market fit has actually been reached.

Figure 9: Iteration meta-pattern



Source: Maurya, A. (2012). “Running Lean, Second edition”, *O’Reilly Media*.

The nine building blocks

Maurya in his model keeps the Lego structure of the Business Model Canvas, while changing some of his blocks. The startups, being new borne businesses, have not got “key partners”, “key activities”, “key resources” or “customers relationships” on which they can leverage. Thus, Maurya removed these blocks, leaving the space for the riskiest components of a startup.

Given that one of the main objectives of Maurya is to guide the entrepreneur in the business development, the Lean Canvas focus on the identification of the problem. The right problem identification and its fit with the solution is one of the most critical aspects, thus, the creation of the “problem” and “solution” blocks. Moreover, given the importance of measuring the startup’s progress and of a competitive advantage, Maurya adds the “key metrics” and “unfair advantage” blocks in his Lean Canvas.

The nine building blocks of the Lean Canvas (see Figure 7) are:

1. Customer Segments: the target customers. An added part of this block is the “early adopters” section, a subgroup of the customer segment;
2. Problem: it can be identified through the “Five whys” technique, which helps to identify the three main problems to be solved. In the added part “existing activities” are listed the existing solutions to the identified problems;
3. Revenue Streams: it describes how and through which pricing model the business creates earning;

4. Solution: in this block it is identified a possible solution for each problem;
5. Unique Value Proposition (UVP): it is a clear, specific and short statement (a promise) that declares why the offering is different and focus on its “story benefit”. An UVP should have these three characteristics: end result customer wants, specific period of time, address the objections. The “high-level concept” summarizes the UVP, helps customers to understand it and makes it more memorable;
6. Channels: they are the touchpoints between the firm and the customers;
7. Key Metrics: they help to monitor the performance. The “Minimum Success Criteria”: the value of the business in a temporal horizon less than or equal to 3 years (it can be used to test the success of the firm); i.e. \$5M/year revenue in 3 years);
8. Cost Structure: it is based on fixed and variable costs;
9. Unfair Advantage: it is *“something that cannot be easily copied or bought”* (Jason Cohen) (Maurya, 2012).

To conclude... As startups are immersed in a highly changing environment, the Lean Startup approach gives proof of the sustainability of the business. Ash Maurya proposed a rearrangement of the Lean Startup approach, switching the Business Model Canvas with the Lean Canvas, to facilitate its application.

CHAPTER 3: INTEGRATED MARKETING COMMUNICATION FOR STARTUPS

According to Steve Blank's Customer Development model, after the business model development a marketing plan has to be defined. In line with the Lean Startup philosophy, it is important to implement the marketing and communication strategy as soon as possible. Many startups in fact fail as they develop their marketing and communication strategies too late, when the product is yet ready to be launched. The marketing and communication plan is an integral part of the startup building as the contact with the early adopters not only allows firms to receive feedbacks from them, but it can also provide a customer base. Especially for the startups, it is important to turn the early adopters into influencers as they can inspire and influence people through positive Word Of Mouth (WOM).

As stated by Steve Blank, "*start-ups are not smaller versions of large companies*" (Blank S., 2013) thus it is necessary to develop a marketing and communication strategy ad hoc. Moreover, as startups work with a limited budget, they have to develop the most cost-effective marketing and communication strategy that is able to reach the greatest amount of target audience. To do that they have to find the sources, messages and channels that better suits it.

In the past firms mainly relied on advertising and used traditional channels such as the Television, Radio and Newspapers. The Internet and the new digital technologies have given birth to a new marketing approach. In the last years more and more firms rely on the Integrated Marketing Communication (IMC) approach. This approach underlies the importance of integrating both the traditional marketing tools and the new ones provided by the digitalization.

3.1. Evolution of marketing

The marketing approach has deeply changed in the last century. In the XX century the products were standardized (commodities) and the marketing approach was oriented toward the mass-market. The main role of the marketing was to inform people about the products, and the campaigns were mainly conveyed through the use of the mass media. Throughout the years the production has changed, becoming no longer mass-focused but more and more customized. The '60s have characterized the passage from the Product Era to the Consumer Era. The marketing strategies became more consumer-focused and the marketing goal was to persuade people to buy.

In the XXI century the coming of the Internet has changed people lives, tastes and priorities. People care less about the property becoming more and more experience-oriented. Thus, the firm has not only to sell a product but also an experience. Moreover, the Internet has provided a greater amount of information available and, together with globalization, has widened the market. Given the enlargement of the market, firms have not only to persuade people to buy but furthestmost to create strong relationships and retain them. The new Relationship Marketing is interaction focused and leverages on the IMC tools.

The rapidly changing environment and lifestyles, the markets and media fragmentation, and the Internet as a new medium, have forced firms to change their marketing and communication approaches. Firms need an approach that is better able to adapt to the environmental changes and to integrate the different media communication strategies. Moreover, Internet has changed the way in which the firms get in touch with the customers. The Social Media allows the customers to be targeted and to be more directly engaged in the communication process. Finally, given the rising importance of trust, engagement and transparency, the marketing and communication strategies have to be more relationships centric rather than customers centric. Firms, in order to get loyal customers, have to build sustainable relationships and engage them.

Traditional marketing VS digital marketing

In the past the communication between the firms and the customers was one-way and the audience was passive. The traditional media were mainly TV, Radio and Press and the firms communicated their messages, without having an immediate feedback. The spread of Internet has given birth to new media. The rapidly changing media environment has made difficult to reach the target audience and to communicate effectively. Despite the high fragmentation, the digital media have shortened the distances between firms and customers and people are actively engaged in the communication process. Internet and Social Media have changed the way in which firms interact with customers, and the communication has become a two-way communication. The dialogue between firms and customers allows firms to adjust their offering according to the customers' feedbacks. Moreover, thanks to the direct and real-time interactions provided by the Social Media, the firms can rely on real time behavioural information. Moreover, the closeness with the customers helps to create long-term relationships, increasing the retention rate and creating loyal customers.

While the traditional marketing campaigns were mass-market focused, the digital technologies allow targeting the campaigns, enabling firms to reach the target audience, reducing the waste coverage and optimizing the communication effectiveness. Given the greater importance of creating personalized and experiential products, the direct interaction between firms and customers allows the co-production of products and services, satisfying and seeking customers' needs.

One of the main problems of the traditional marketing was the impossibility of measuring the impact of a campaign. Differently, the digital marketing channels generate a large amount of customer behavioural data that allows firm to better create targeted marketing strategies, and to understand the effectiveness of a campaign.

The digital media allow the creation of communities. A community is important for many reasons: the members of a community can help each other in the resolution of problems related to the product or service, they can provide useful information for future customers, and they can increase the brand awareness providing releases and WOM.

Few years ago, the main technological device used to surf the Internet was mainly the computer. The creation and diffusion of digital devices such as the tablets and the mobile phones has increased the Internet diffusion rate, enlarging the base of 'surfers' from a small and young slice of the market to the whole market. As almost everyone is mobile friendly and daily surf the Internet, the digital media has become the new primary communication channel.

However, considering the great amount of information existing on Internet, it is important to create a communication strategy that it is not only digital but also human focused. The dehumanization provided by the digital technologies underlies the importance of mixing both online and offline approaches. The use of both online and offline channels in the development of a campaign enlarges the customers' base and provides a coherent brand image.

3.2. The Integrated Marketing Communication

The IMC is an ongoing strategic business process that provides the added value of a comprehensive plan. It can be defined as *'a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with...internal and external audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value'* (Belch G. E., Belch M. A., 2014).

The IMC enables to create synergies among promotional tools, avoiding costs duplication and creating a more efficient and effective marketing communication program. Moreover, through the use of the digital media, the IMC allows the creation of targeted campaigns and a higher customers' engagement. Finally thanks to the coherence provided by the integration of the promotional mix tools, it builds and sustains brand identity and equity.

As startups have both few time and money, it is important to integrate the marketing and communication tools, in order to create synergies. The creation of a single theme campaign and its development across different channels can allow firms to reduce the production costs ensuring brand image coherence. The Figure 10 illustrates the IMC planning process; in the following paragraphs it would be described its main components.

Figure 10: IMC Planning Model



Source: Belch, G. E., Belch, M. A., (2014). "Advertising and promotion: an integrated marketing communications perspective", McGraw-Hill Education, New York.

3.2.1. Communication process

To better plan, implement and evaluate the marketing and communication program, it is important to investigate the communication process. The communication is the sharing of information, establishing a common thinking between two parties: the sender and the receiver.

The **sender** (or source) is the person or organization that has information to share, and it can be a spokesperson or a nonpersonal entity. The communication process starts with the encoding, the translation of information into a symbolic form. The main source factors are credibility, attractiveness and power. A source is credible if it has relevant knowledge, skills and experience and thus, provides unbiased objective information. The attractiveness of a source is provided by the similarity, familiarity and likability with the receiver. The power is related to the ability of providing rewards and punishments.

The **message** is the result of the encoding process and contains the information the sender has to convey. The main message factors are the structure and the appeal strategies. The message can present the strongest argument at the beginning or at the end, can mention only positive attributes or both positive and negative ones, and can be visual or verbal. As about the message appeal, the firm can use comparative ads, to compare its offerings' attributes with competitors, or fear and humor appeals, to evoke an emotional response.

The **channel** is the mean of communication and it could be nonpersonal (as mass media) or personal. Nonpersonal channels are mainly print and broadcast, while the main personal channels are personal selling and Word Of Mouth (WOM). As the WOM is the result of a direct communication with people that have purchased or used the product, it is one of the most effective channels. The WOM can be spontaneous or intentionally generated by the firm. When there is a systematic and organized effort in the diffusion of a positive WOM, it is called Buzz Marketing or Viral Marketing. The Viral Marketing is the result of a creative ad that triggers conversation between people.

The **receiver** is who receives information from the sender and, when it has been transformed into thoughts, occurs the process of decoding. The mutual ground between the sender and the receiver ensures the effectiveness of the communication. To check the communication effectiveness the marketers rely on the feedback, which is the communicated receiver's reaction about a message.

The type of source, message and channel that startups should use depends on the target audience and the type of product or service provided. The effectiveness of an advertising campaign depends furthest on the level of trust that customers have in the source. Researches found out that, recommendations from acquainted people, and online customers' feedbacks and referrals, greatly impact on customers' trust compared to firm's created advertisement. Moreover, as the importance of reaching the target audience, startups have to find the channels that are better able to get in touch with it. Additionally, as the budget is low, startups should use relative cheap channels such as the Social Media, which have a great impact on customers' behaviour and have a relative low cost.

3.2.2. Touchpoints and response process

To find the right promotional tools for the target audience it is important to investigate the points of contact between the firm and the target audience. Belch et al. define the touchpoints as: *"each and every opportunity the customer has to see or hear about the company and/or its brands or have an encounter or experience with it"* (Belch, Belch, 2014). The promotional tools have a different impact on the target audience depending on the type of touchpoint. They can be company created, intrinsic, unexpected and customer-initiated.

The company created touchpoints are *"planned marketing communication messages created by the company"* (Belch, Belch, 2014). The intrinsic touchpoints occur in the process of buying or using the product or service. The unexpected touchpoints are unanticipated information a person receives about a company; the most influential is the Word Of Mouth. Finally, the customer-initiated touchpoints are *"interactions that occur whenever a customer or prospect contacts a company"* (Belch, Belch, 2014).

While the company created touchpoints are under the company control, they have a low

relative impact. Differently the unexpected touchpoints, despite not being under control, are the ones that mostly impact the customers' purchase decisions. The power of these contacts is due to the higher reliability people has on the information provided by people who has purchased or used a product or service, compared to the one provided by the company.

To better find out the firm's touchpoints it is necessary to analyse the **customer decision journey**. The classical Customer Decision Journey (McKinsey, 2009) was a circular process starting form the initial consideration set of brands, following with brands' evaluation and purchase, and ending with the postpurchase experience. The firms that were able to create loyal customers facilitated the process allowing them to skip the evaluation step. According to McKinsey (2015) the Internet and the Social Media give firms the possibility to accelerate the customer decision journey, skipping the consideration and evaluation phases. The customer can enter the purchase path in various points, and the creative use of the promotional tools among the touch points can provide a competitive advantage. Today, one of the most effective channels are the Social Media, which enables firms to interact with customers in different point of the customer journey. Thus, who better than the 'influencers' can influence the customers' decisions? The opinion leader or influencer is an expert that provides a reliable opinion, who has charisma and a high social visibility and that is able to inspire customers and influence them in their purchases.

3.2.3. Promotional mix tools

1. Advertising:

"any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor" (Belch, Belch, 2014). The advertising can be used to create brand awareness, brand equity and favourable brand associations. Moreover, it can be used to stimulate demand for a product category and reach potential customers.

The advertising can be Above The Line (ATL), Below The Line (BTL) and Trough The Line (TTL). The ATL includes the traditional marketing strategies that use mass

media such as Radio, Television, Print, Outdoor; differently the BTL includes Direct Marketing, Sales Promotions, PR, and so on. The TTL integrates ATL and BTL by leveraging on digital tools and includes Web Marketing, Social Media et al.

The ATL involves the buying space of TV, Radio, and Print channels, which are targeted to the mass market. The use of traditional mass media could provide a 'waste coverage'. As startups' businesses are based on a specific target audience, they need advertising to be more targets focused. Moreover, as startups have a low budget they can't afford the high prices of these spaces. On the contrary the BTL advertising, based on a more direct relationship between the firm and the customers, is able to reach the target audience and to create strong relationships, fostering the creation of loyal customers. Finally, since the Internet is a relative low cost channel, the startups should use websites and Social Media to deliver their messages in a cheap way.

2. Direct Marketing:

"organizations communicate directly with target customers to generate a response and/or a transaction" (Belch, Belch, 2014). It entails database management, direct selling, telemarketing and direct-response ads. The direct-response ads, through mass media, direct mail and Internet, encourages the customers to purchase directly from the manufacturer.

As the startups have to deliver their product or service to a specific target, the direct marketing allows communicating directly with it, obtaining a direct feedback and strengthening the relationship between customers and firm.

3. Sales Promotion:

"marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales" (Belch, Belch, 2014). The sales promotion targeted to the final customer includes coupons, samples, contests, et al.; while the one targeted to the intermediaries includes merchandising, trade shows, et al.

Startups should use especially the customer-oriented sales promotion. Among the others, the contest has the double advantage of creating brand awareness and increasing the sales. Appealing and creative contests increase the willingness to buy a product and service, with a relative low cost. The easiest and more effective way to spread a contest is the use of Internet, which helps to convey the sales promotion to the right target audience.

4. Personal Selling:

“a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company’s product or service or to act on an idea” (Belch, Belch, 2014). The direct contact with the buyer can be face-to-face or through telecommunications and it allows to receive an immediate feedback and to adapt the communication message.

This tool is especially important for the early-stages of a startup since it allows obtaining a feedback from the customers, allowing product/service adjustments according to the customers’ needs and impressions. The face-to-face is the most effective way but it could be expensive, thus the use of telecommunications could be a valuable alternative. As the personal selling requires a customer base, the firm can leverage on the startup’s early adopters.

5. Publicity/ Public Relations (PR):

Their goal is to promote the company image and they are characterized by a high credibility. The publicity is the nonpersonal communications not directly paid for by the company. The main tools are the news story, editorial, press releases, et al.

The PR is the systematic planning and distribution of information *“to establish and maintain a positive image of the company among its various publics”* (Belch, Belch, 2014). The main tools are special publications, sponsorships of special events, participation in community activities, and so on.

As the publicity is the result of news story, press releases et al., it is important to have a tight contact with the journalists and keep them posted on the development of the startup, in order to foster the creation of articles. Fostering publicity could be an

effective strategy for startups, as they can increase the brand awareness with a relative low effort and costs. Also PR is important in increasing brand awareness and fostering purchasing, however the PR tools have to be carefully chosen. Startups should then leverage on the Internet as a vehicle for special publications and articles, the website itself is a PR tool that entails corporate identity materials. Additionally, the creation of a blog section in the website, with articles and videos with coherent topics, can enhance the interest in the firm (Content Marketing). As customers are daily bombed with information, it is important to provide the right information to the right audience. The Content Marketing is able to reach customers that are interested in the firm's field and to engage them. To create curiosity the firm should use the storytelling, the creation of stories around a brand. To increase the visibility, the link of the articles and videos can be shared in the Social Media pages.

6. Digital/Internet Marketing:

The Internet has provided a greater amount of information and has destroyed the physical barriers. It is a multifaceted element that can act both as a medium (banner ads, websites, et al.) and as a promotional tool in the execution of a campaign. The Internet Marketing entails mainly Company Website, Search Engine Marketing, Email Marketing, Mobile Marketing and Social Media. In the last years, thanks to the smartphones and tablets diffusion the Mobile Marketing is becoming increasingly important. It allows delivering targeted messages in a specific purchasing location or situation. Another trend is the use of Social Media, which allows people to create and exchange content. The Internet and the Social Media are interactive media that have revolutionized the way in which the firm communicate with stakeholders, transforming the communication process in a two-way flow. The Internet allows gathering information, enabling firms to adjust their offering and to measure the effectiveness of a campaign.

Startups can use their websites to sell their products and services (e-commerce), to provide information to stakeholders and to interact with them. The Search Engine Optimization (SEO) allows to increase a website visibility enabling people to easily find information about the firms throughout the Web. One of the main pillars of the SEO is the creation of good content (in the website) that can be shared throughout

the social networks. Additionally, firms should use effective key words in titles and captions of their websites in order to be in first pages of the Google Search.

The Email Marketing allows firm to send targeted information to the firm's stakeholders, providing coupons, news about the firm and other info. It allows direct interactions with the customers, strengthening the relationships with them. However it is important not to send too much e-mails, preventing the risk of annoying the readers. As almost everyone has a smartphone the e-mails should work across devices, and firms should provide mobile friendly content.

The Social Media too allows a direct interaction with the stakeholders in real time, with relative low costs. Startups can use the Social Media to gather feedbacks about a product/service or a campaign, to build relationships, to increase the brand awareness and to add credibility to the service.

Other tools are Events, Sponsorships, Guerrilla Marketing and Product Placement. The events are activities useful to create interactions with the target audience. Some of the fields are sports, arts and entertainment. The sponsorship is a promotional tool that seeks to establish a positive association between a brand and an event, a person or an organization. The Guerrilla Marketing is an unconventional promotion based on creative activities to hit the customers' imagination and create a buzz. The Product Placement is the promotion of a product or service within shows, movies, video games and so on.

The Sponsorships and the placement of a product on a movie et al. generally require a consistent amount of money; thus they may not be the best tools to be used by a startup. Differently the creation of an Event and the Guerrilla Marketing can be realized also with a limited amount of money, especially if the customers are involved in their realization. The success of an Event and of a Guerrilla Marketing campaign underpins the startup ability to create curiosity and astonishment.

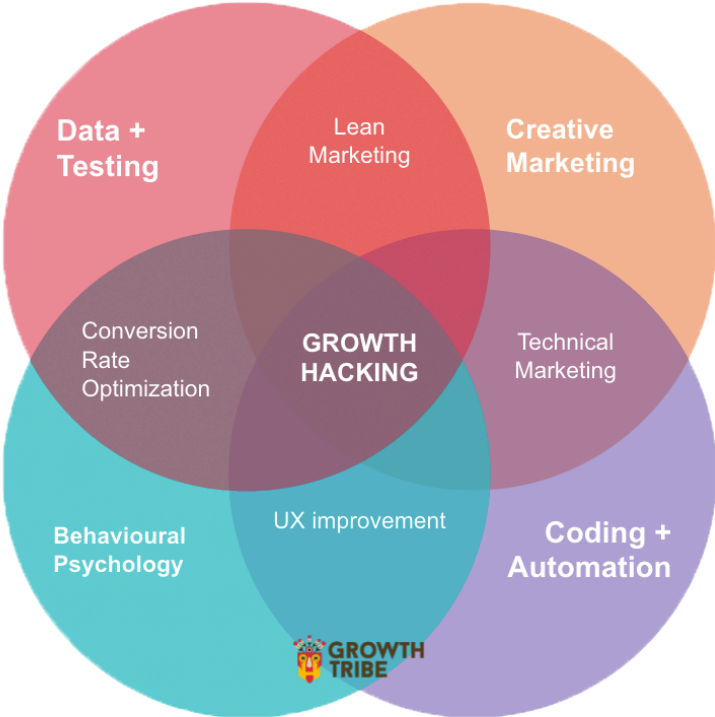
To conclude... Along with the business model, the startups have to develop an effective marketing and communication plan. As the increasing importance of Internet both as a medium and as a marketing tool, startups should apply both on online and offline strategies.

CHAPTER 4: GROWTH HACKING

4.1. Introduction

One of the most critical aspects for a startup is to acquire customers. According to David Arnoux (co-founder of Growth Tribe), the startups have limited resources, the traditional marketing channels are expensive and saturated, the focus is on the product and not the distribution and the ROI is more important than the brand awareness. As the startups have both time and money scarcities, they need a method that is able to minimize costs and maximize results. They should use new strategies and channels to provide the firm growth. Born in the Silicon Valley, in the last years has become popular between startups a new approach, the Growth Hacking. The Growth Hacking is a mindset; it is the ability to find a solution that apparently doesn't exist. Sean Ellis, ex Marketer of Dropbox, coined the term in 2010 when he wrote in his blog the article: "Find a Growth Hacker for your startup" (Sean E., 2010).

Figure 11: What is the Growth Hacking



Source: <http://blog.growthtribe.io/what-is-growth-hacking-back-to-basics/>

Many are the theories underpinning the Growth Hacking: Lean Startup, Experiment Design, Web Analytics, Data Querying, Usability Testing, AB Testing, Web Scraping, Customer Acquisition, Virality, Email Marketing and so on.

Despite the variety, the basic concepts of the Growth Hacking are Customer Development, Lean Startup and Pirate Funnel. According to the previous chapter, the Customer Development main assumption is to validate the business idea based on real problems of the target, before developing the product. In line with the Customer Development, the Lean methodology main assumption is to develop the product starting from MVP and continuous feedback cycles. As the firm has reached the product/market fit it has to replicate the same process to find the right marketing and growth strategy.

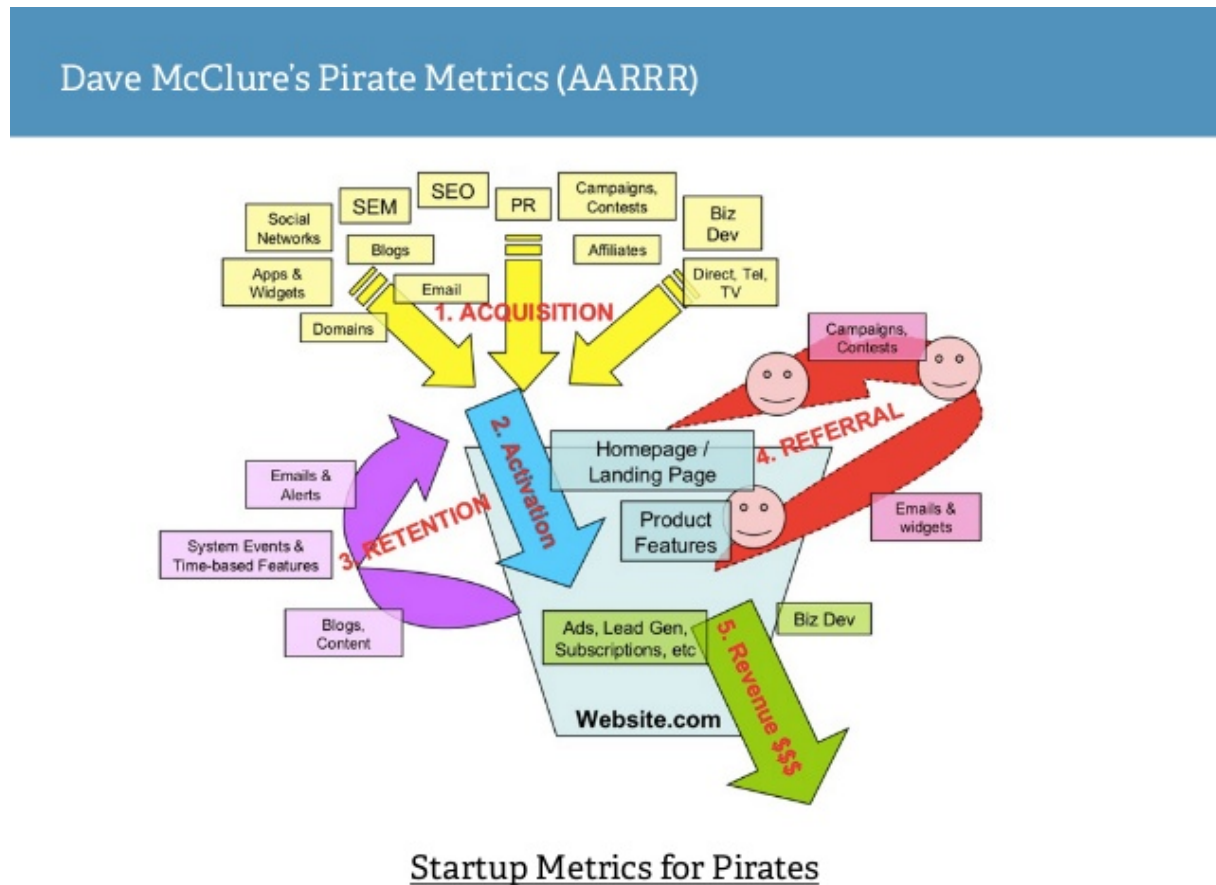
The Pirate Funnel is a framework developed by Dave McClure in 2007. The funnel represents the various steps of the customers' lifecycle. The framework helps to determine the most important metrics for each step in order to optimize the funnel.

The main steps are:

- Acquisition: the user discovers the product and lands on the website;
- Activation: the user leaves the email on the website;
- Revenue: the user pays for the service;
- Retention: the user uses the service constantly;
- Referral: the user invites his friends.

Thus, for each of the five steps of the funnel, are identified specific metrics that can help the firm to create a solid customer base. Both the metrics and the steps' order can vary depending on the product/service and the business model, respectively. Figure 12 graphically summarizes the five steps and their tools/metrics.

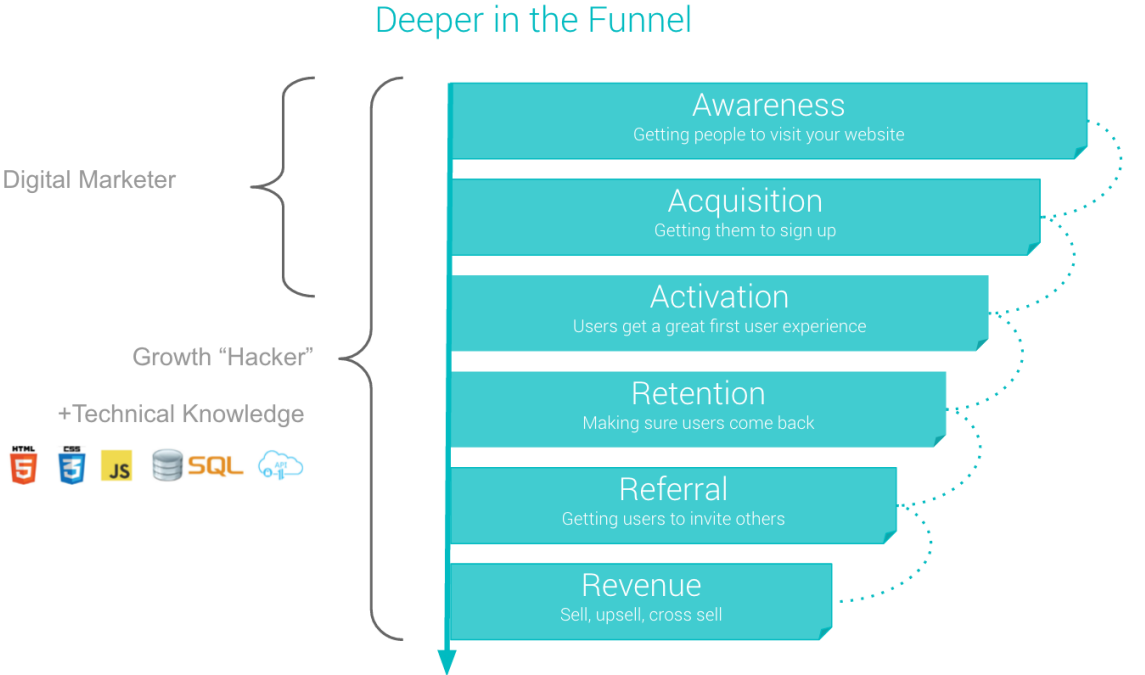
Figure 12: Dave McClure's Pirate Funnel



Source: <http://www.useracquired.com/pirate-metrics-aarr/>

The main difference between the marketing and the Growth Hacking is that the first is Campaign focus while the second is Experiment focus. Additionally, the marketer is able to intervene only in the first two steps of the funnel, while the Growth Hacker is able to intervene in all of them (Figure 13).

Figure 13: Pirate Funnel Growth Hacking



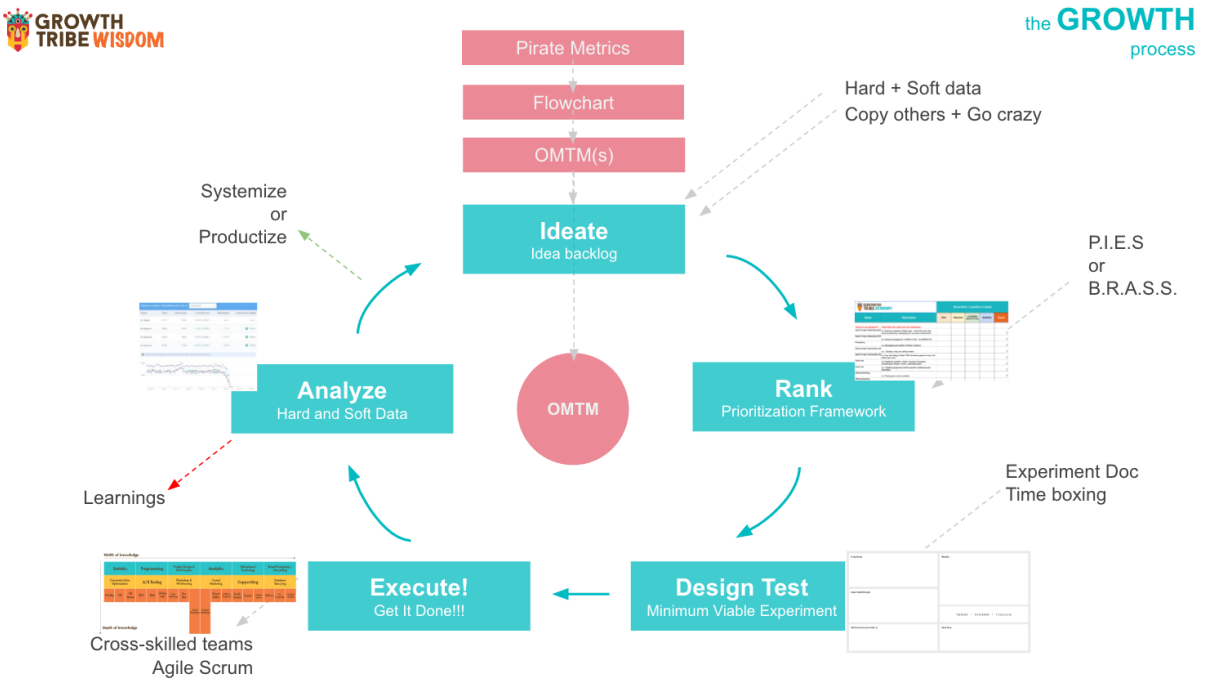
Source: <https://growthtribe.io/what-is-growth-hacking>

After the product/market fit, the scaling is the second most difficult phase for a startup; it is in this phase that comes the marketing contribution. Differently from the traditional marketing, based on the promotion of a product through ad campaigns, the Growth Hacking approach is based on finding new marketing channels (or seeing the existing ones from a different perspective). Despite examples of new channels could be Virtual Reality (VR) and Augmented Reality (AR), it is important to say that everything can potentially be a new channel. The imperative is the approach that must be creative, adaptable and measurable.

The expert on Growth Hacking Raffaele Gaito defined it as a process of rapid experimentation on both the product and the marketing channels to find the most efficient way to scale a business. Different experiments are made in order to find the workable element, the "Growth Hack". *"Since most growth ideas fail, it becomes critical to test a lot of them. The faster you can hack together an idea, the sooner you can start testing it for some signs of life"* (Sean E., 2010). However, it is important the continuity of the process as there is the risk that the competitors would copy the "Growth Hack" or

that the external circumstance would change. As the Growth Hacking is based on experimentations, it provides a scientific method.

Figure 14: Growth Hacking process



Source: <https://growthtribe.io/what-is-growth-hacking>

Despite the Growth Hacking process is not characterized by standardised rules, it can be identified three main principles. The first is the exploitation of Other People’s Network (OPN). OPN is based on discovering who are the firms’ competitors and taking advantage of their community to increase the customer base. A famous example of a startup that has leveraged on OPN is Airbnb. Airbnb has exploited the network of its competitor (Craigslist) by driving (through backlinks) the users to its website.

The second principle is the assumption that the product itself is a marketing channel; thus, the importance of integrating the marketing in the product from the beginning. Some examples are Dropbox and Hotmail. Dropbox has used a Referral Program: if a user invites a friend it would obtain more storage space. It has been able to leverage on the existing customer base, its community, offering something valuable for the user, the space. Another example is Hotmail. One of the greatest problems of a startup is the

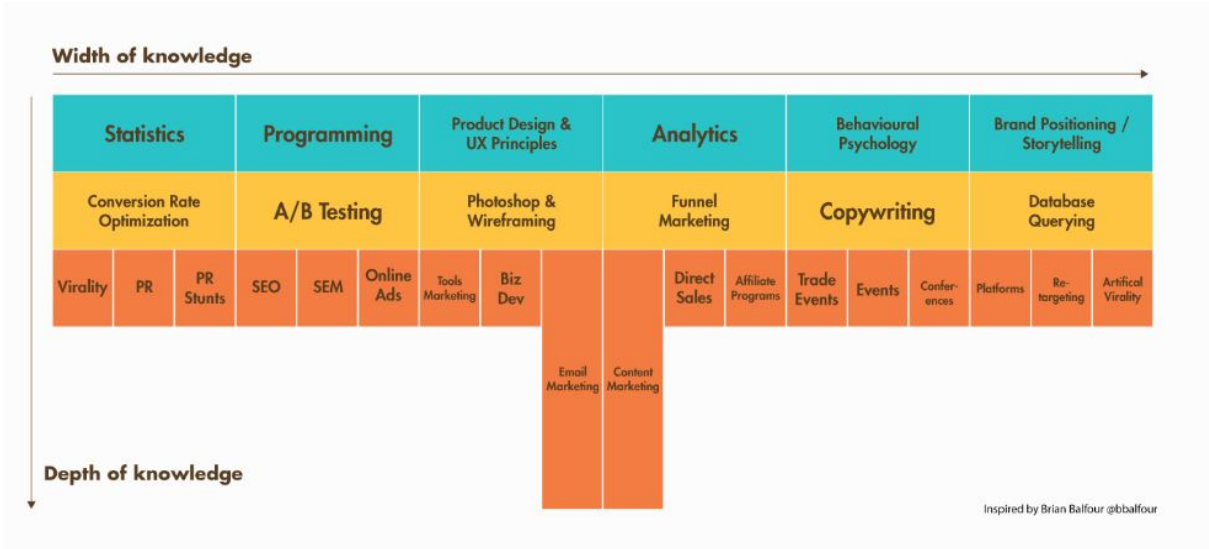
marketing scalability. Hotmail has been able to promote itself by simply adding “Ps: I love You. Get your free e-mail at Hotmail” at the bottom of each user’s email.

The third principle is the process automation: once validated, the process must be repeated to scale the results and to lower costs.

4.2. Growth Hacker & Growth Hacking Team

The Growth Hackers is usually specialized in two or three fields, but he has knowledge on fields related to marketing and product development. This figure is called the T-shaped player, as he is specialised on some topics, but he has a broader knowledge. This openness of mind allows him to see things from different perspectives and thus develop innovative strategies to make the startup grow.

Figure 15: T-shaped player

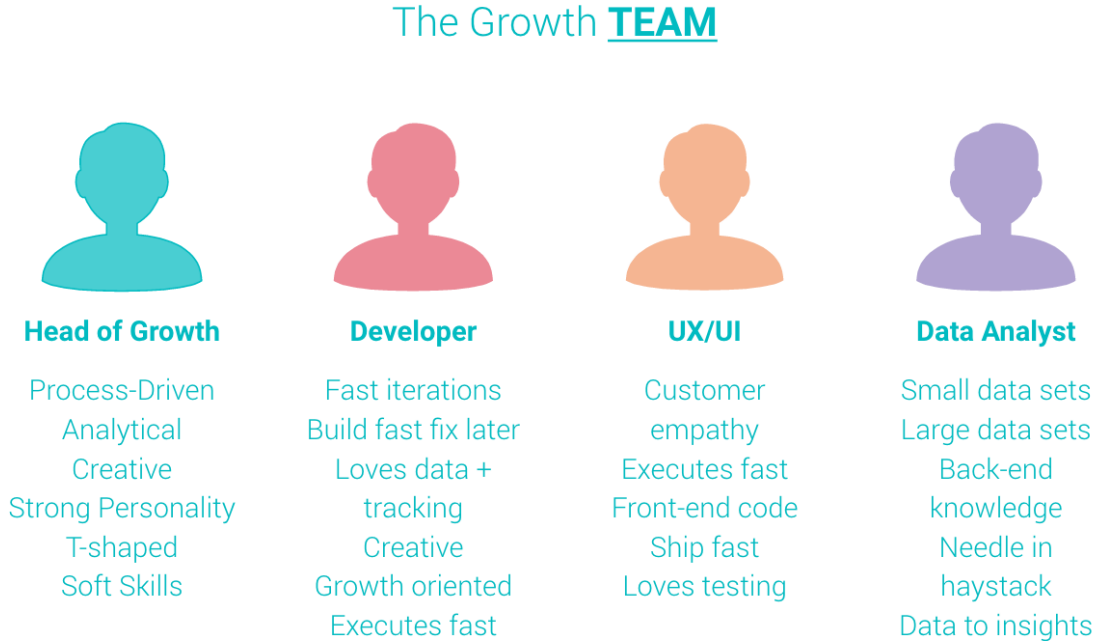


Source: <http://blog.growthtribe.io/wp-content/uploads/2016/04/t-shaped-player.jpg>

Despite the Growth Hacking has born between startups, it can be applied to all types of firm. Given the difficulty for startups in finding a Growth Hacker (as the uniqueness of this figure), and the difficulty for structured firms in radically changing yet existent schemas, it has been developed Growth Teams. These are made of members specialized

in different fields (Figure 16). As the costs of creating Growth Teams, they are present mainly in big companies, which already have the human resources.

Figure 16: The Growth Team



Source: <https://growthtribe.io/what-is-growth-hacking>

Other than hiring a Growth Hacker or creating a Growth Team, there is a third option, 247X. 247X is the first Italian firm specialized in Growth Hacking, which helps firms growing (it would be analysed in the following paragraph).

4.3. Growth Hacking and beyond

I’ve interview Luca Barboni, pioneer of the Growth Hacking in Italy. Luca discovered the Growth Hacking theory while he was working as a marketing specialist in a startup. After an experience as independent consultant in Growth Hacking, he co-founded 247X a consulting firm to make firm grow. 247X is the first Italian firm providing growth hacking consulting services.

As the expertise of the founders in Lean Startup and Growth Hacking, the firm uses a unique approach in dealing with his clients. *"We provide the accesses for every internal communication channel used by the growth team (such as Slack and Trello); but we **communicate with our clients** in remote and we have a call once every two weeks. This allows the team working freely on the project, ensuring the client the total transparency on what the team is doing."* To the question: *"What about the trust created through a face-to-face relationship with the clients?"* Luca replied: *"The client should not trust me, he should trust the numbers"*. This simple answer underlies the scientific methodology underpinning the Growth Hacking. It is not about an inch, it a scientific process based on data.

As about their internal organization, the team replicates the Growth Team model. *"The **team members** don't have defined working hours, everyone is free to manage his time. Additionally, everyone is specialized and responsible for a field and makes decisions freely."* *"Once a week there's a time dedicated to sharing everything you think about the other team members. The sharing of thoughts put everyone on the same level and allows team members to improve themselves and to work better"*.

To conclude... As the speed of changes in the market, the Growth Hacking approach helps firm both developing innovative products, which meets and predicts customers' needs, and adapting to the market changes. Thought a continuous process of learn and validation and the integration of programming the firms are able to both develop and promote the product, enabling the firm grow. Thanks to the variety of theories underpinning the Growth Hacking, this approach provides a powerful tool not only to make startups survive but also to make them become leaders of their market. As startups as Airbnb and Dropbox have been able to find the Growth Hack and to conquer and overturn the market in few years, existing companies too should introduce the Growth Hacking in their firm.

CHAPTER 5: CASE STUDIES - INTERVIEWS

In the following chapter four startups are analyzed. The first two are university spin-offs of the Ca' Foscari University, which have recently been growing as independent firms. The other two startups aren't born in the university environment, even if they have tight contacts with them.

The first startup produces products dedicated to the restoration, the second provides IT services, the third transportation services and the last one computer engineering products and services. Despite the heterogeneity of the products and services provided, we can identify some common elements that have been determinant both for the business and the idea's development.

For all the startups the clients have been fundamental in both the ideas and business development and they have been involved till the initial phases of the business development. Other than the clients, the team members too have played an important role as their expertise and competences have allowed both products and services' improvements.

Given the importance of being fast, the startups quickly built their business model. As the startups made little market analysis they made some errors during the business development. Their success is due to their ability to identify these errors and learning from them; thus, they pivoted several times, maintain a high acceleration rate.

Additionally, the success of these startups is due to the presence and the contribution of conclusive agents. The founders of the startups have been obviously fundamental for the idea's development, but other people too played an important role in the business development. As about Nasiertech and Uqido the clients have been fundamental for the products and services' development. Differently, for both Digitalviews and Busforfun the key for the business's development has been the team. After the interview with the founders, it is provided a detailed analysis of the startups.

5.1 Nasiertech

Nasiertech is a startup founded in 2015 by Irene Scarpa. It produces bio-cleansing products that are able to remove biological and organic patinas from stone, pictorial, textile and paper artefacts. The technology underpinning the products has been patented and in 2017 the startup became a spin-off of the Ca' Foscari University. In February a biomedical firm has acquired the patent and Irene has been hired as head of the project. Being an employee of the firm allows Irene focusing on the offering and not on the economics of the firm. Additionally, the acquisition could allow expanding the business into other sectors other than the restoration. In the future the business would develop on three markets: restoration, domestic detergency and industrial cleaning.

Decisive people for business development

The people who have been fundamental in the idea development are the early adopters/clients, the restorers. As Irene had not got a team she created tight and confidential relationships with the restorers and, given their expertise, she relied greatly on them for the product development.

From Irene point of view being alone can be itself a determinant in the business development. Not having a team pushes toward the acceleration of the learning and validation process, focusing less on the product attributes and more on the clients' needs. Moreover, focusing too much on details may lead to a late entrance in the market with the risk that a bigger firm may produce a similar product conquering the same market.

On the other hand, being acquired by the new firm has allowed having a team (three people that give her advices). As the business is growing having a team is fundamental for the growth and allows expanding to other sectors, as the domestic detergency. One of the team members, graduated in nano and biomedical, gives her scientific advices. The other two people specialized in sales and marketing respectively, help her with the business and communication strategies.

More recently as the products have been used by the Vatican Museums to restore some artefacts, the firms has acquired credibility and it has allowed an increase both in sales and brand awareness.

Crucial resources for business development

The technology developed by Irene allows stabilizing the enzymatic cleaning. The enzymatic cleaning was a technique known in the restoration field, and it is based on proteins that maintain the integrity of the artwork as they act only on what you want to remove. It is not toxic and it allows to better control the action of the cleaning (differently from a chemical agent). The main problem of this technology is to keep constant two parameters (ph and temperature), a difficult task for big and outdoor artworks, such as the Colosseo. Thus, despite the enzymatic cleaning had a great potential it was rarely used. Given the lack of products dedicated for the restoration the restorers were forced to adapt chemical substances, toxic for the body.

Thanks to her competences and the support provided by the university, Irene has been able to solve the problem, being able to stabilize ph and temperature. After various adjustments, it has been developed three product lines, depending on the type of patina to be remove. Additionally the startup produces customized products, according to the specificities of the surfaces and needs. For example, when both the patina and the binder of the under-painting are based of proteins it is necessary to introduce specific enzymes in the product that allow eliminating only the required protein. Thus, it is kept a client card, which can be useful for reorders or for other clients with the same needs.

As about the economic resources, other than the incentives for startups, the firm won the UniCredit Start Lab competition, obtaining funds from the bank.

Distinctive competences for business development

Irene's competences developed during the bachelor and master's degrees have allowed the development of the core technology of the product.

The relationships with the restorers created during the university years and the tight relationships created with them have provided an extra know-how and a base of contacts. The expertise of the restorers has allowed an improvement of the offering and the direct relationship with them has fostered positive Word Of Mouth (sign of guarantee for the other restorers).

Pivot(s)

The first and most important Pivot has been the product's composition. In its early stages the startup developed a Minimum Viable Product (MVP), a tissue for the bio-cleansing. Idealized specifically for the restoration, it was tested with the early adopters, the restorers. Despite its effectiveness in cleaning, it had some limitations. The restorers argued that the tissue couldn't be used for large surfaces. Thus, the product has been pivoted and substituted with a product with the same properties but a different chemical structure, a gel.

The changes occurred not only in the product composition but also in the price. The gel has been launched with a price, which has not been accepted by the market as it was considered too high by the restorers. Thus, the production costs has been reduced and the product priced has been lowered.

The third Pivot has occurred in the communication approach. At the beginning, as Irene had personal contacts with the restorers, the main promotional tools were phone calls and emails. As soon as the business started to growth it has been necessary to enlarge the customers' base. The main difficulty was to make people understand the potentialities of the product. Thus, she changed approach and started PR activities as interviews in TV, Radio (such as Radio Due) and Newspapers (such as ioDonna).

Finally, the acquisition of the patent by the biomedical firm led to changes bot in the team configuration and in the production. Starting as a solo entrepreneur, Irene is now supported by three employees of the new firm. Despite she has the complete autonomy in the management of the project, they give her advices and they help in the definition of both the business model and the marketing and communication strategies. As about the production, which was partially outsourced, thanks to the resources possessed by the acquiring firm, it is now almost completely intern.

Issues

The main issue has always been to produce a great amount of products, as the limited people and resources. Thanks to the acquisition the problem has been partially solved, even if the company has not yet been organized to produce large quantities.

Figure 17: Nasiertech Lean Canvas

<p>PROBLEM</p> <p>To restore antiques</p>	<p>SOLUTION</p> <p>Ecological products for the restoration</p>	<p>UNIQUE VALUE PROPOSITION</p> <p>“The products would quickly and efficiently restore the artefacts, without damaging both the restorers and the artefacts”.</p>	<p>UNFAIR ADVANTAGE</p> <p>The products perfectly removes the dirty form the artefacts’ surfaces, keeping them intact.</p>	<p>CUSTOMER SEGMENTS</p> <p>Restorers, museums, firms</p>
<p>EXISTING ALTERNATIVES</p> <p>Chemical products arranged for the restoration</p>	<p>KEY METRICS</p> <p>Increase the sales</p>	<p>HIGHLEVEL CONCEPT</p> <p>“The products would efficiently restore the artefacts, without damages”.</p>	<p>CHANNELS</p> <p>LinkedIn; TV and Radio (interviews); telephone and e-mails</p>	<p>EARLY ADOPTERS</p> <p>Restorers</p>
<p>COST STRUCTURE</p> <p>Production costs</p>		<p>REVENUES STREAMS</p> <p>Mostly fixed price of the products</p>		

Source: personal elaboration

5.2. Digitalviews

Digital views is a startup founded in 2010 and constituted as spin-off of the Ca' Foscari university in 2011. The main purpose of the firm is to provide consulting services on innovative issues, to develop prototypes and, eventually, to realize ad hoc products. It mainly realizes software that verifies the conformity of the products from an aesthetic and dimensional point of view. The software checks if the products have scratches, splits, non-conforming colors, and if the dimensions are within the tolerances declared. The main competitive advantage is that in the market there are serialized solutions that allow only partial checks, not comparable to human ones. The visual control done by the human eye is replaced by automatic image acquisition systems that process computer images. The idea comes after a research project on computer vision in which were involved university professors and researchers. As the publications on computer vision solutions applicable to the industries written by them had been successful, they decided to found the startup.

Decisive people for business development

The team, consisting of professors and researchers from multiple fields, has been fundamental for the idea's development. The heterogeneity of the team members and their expertise has allowed the development of innovative solutions.

As about the business development, the early adopters played an important role. Especially in this field, the need of customization is very high thus it was necessary to develop ad hoc projects for each client. After the prototypes' realization lot of clients refused to go ahead with the project due to the realization costs. The situation was unblocked till some clients decided to proceed with the realization of the software. Especially for firms providing innovative solutions, it is important to hook an important client, who allows developing branded new solutions. This allows serializing the solution, with a consequent decrease in development costs obtaining greater margins to recover the previous losses.

Crucial resources for business development

As about the technical resources, almost all the know-how has been transferred from the University to the startup. The knowledge developed in the University's Computer Vision Team is the core of the business.

Pivot(s)

One of the most impactful changes has been the team organization. The group of computer vision that was rooted in the company had its own structure within the university. In time, the leadership moved from the chief of the University's computer vision department to a team member. The direction passed to the one who proved to be more ready to sacrifice to the correctness given by the mathematics for the uncertainty of the functioning given by the hardware. He has been able to mediate between the needs of the scientific approach with the needs of the clients (both in terms of functionality and speed). The emergence of this leader is now becoming the factor of greater cohesion between the team members, fostering trust in the project.

The following Pivot occurred in the sales and communication department. At the beginning the firm's clients were mainly personal contacts and there was a direct relationship with them. The CEO had twenty years of experience in the field of "advanced" IT solutions and therefore he tried to exploit these contacts. To enlarge the base of contacts, the team decided to create commercial figures, able to promote the services within the companies. They have direct contact with the quality control departments as they already offer products to medium and large companies or provide consulting services such as planning, improvement, control, and organization. As they know the client's realities, they are able to identify their needs, enabling the firm to solve their specific problems. Additionally, they are able to describe the solution proposed in an easier way and to envisage a natural and easy introduction of these solutions within the company processes.

Issues

The lack in the market of a similar solution was both an advantage and a disadvantage. The market was not ready and not well informed, thus it was necessary to inform the companies on which were the possible applications of the computer vision technologies in the production process and at the same time to build trust on these solutions.

5.3. Busforfun

Busforfun is a mobility startup that offers bus transportation services to sport events, fairs, concerts and amusement parks. The main pillars are saving, safety and sustainability: going to an event by bus rather than by car allows saving money, it is safer and it is environmental sustainable. Targeted at Millennials, the service can be used by everyone (adults, families...). Davide Buscato and Luca Campanile, former colleagues in a transport company, founded the startup in September 2015. After the funds collection and the team building it has been created the website and the e-commerce platform, which went online in January 2016. The firm is constantly growing, closing the 2017 with a turnover of 1.2 million euros.

Decisive people for business development

The expertise of the founders has been fundamental for the success of the startup. Luca has worked for about 20 years in the transport sector and Davide worked as sales manager. Luca found out a market vacuum: transport services for individuals to go and come back from concerts and big events. Luca's experience in the transport sector (such as the bus regulation) has been fundamental both for the logistic and operation part. On the other hand, Davide's know-how on the sales techniques has been fundamental for the creation of a sales network.

Other than the entrepreneurs, the team members too have been determinant for the business growth. The team has been created since the beginning and the two entrepreneurs always listen to the team's advices, especially for the topics in which they are less competent. The team is heterogeneous and the main areas of competence are web, communication, operation and sales. The diversity of the team members' competences and ages allowed to develop new ideas and to experiment new paths. As the fundamental role of the team, the entrepreneurs give to the team members all the information necessary to accomplish their tasks and to understand in which direction the firm is heading. Despite the openness of the communication, it is not shared all the information to avoid stressing the team members with too much information and losing critical know-how when an employee leaves the firm.

Crucial resources for business development

To realize the idea another crucial element has been the collection of the funds. As the severance pay of the founders (resulting from the previous job) was not enough to cover the startup costs, they find alternative ways to collect money. They obtained two loans from the Guarantee Fund, a funding thanks to Start&Smart Italia and they won an announcement of the Veneto Region for the innovative startups.

Pivot(s)

The first Pivot has been in the way they book the buses. The firm does not have personal buses and it relies on local suppliers, depending on the starting points of the journey.

The size of the bus is calibrated according to the number of people that have bought the ticket and the routes are modified according to the tickets sold. For example, if the decided path goes from Lecce to Milan and the tickets are sold after Lecce, this route is deleted. At the beginning they never booked a bus under 16 people. Having invested a lot in communication, they decided to travel anyway but with a smaller bus, maybe even with some empty seats, thus travelling below-cost and attribute that cost to the communication.

Moreover, the first times the suppliers didn't make discounts and they wanted the payments in advance. In time, as the suppliers trust the firm they grant 30/60 days payments. The translation of the payments in advance allows the firm to pay the employees and furthestmost to invest in communication.

Another change occurred in the promotional tools. Despite at the beginning they used to promote their offering only through the website, they use social networks (mainly Facebook) and they create partnerships with the event organizers, which usually cite Busforfun in the "how to arrive" section of their website. They make partnerships with the event organizers to align their communication, and to not compete on Internet in buying the same key words and hit the same users with the ads. Recently, they are introducing CRM and Business Intelligence to send targeted emails and to adjust prices according to the customers.

As about the social networks, the firm used to buy "Like(s)" on Facebook to create a base of customers and credibility; but as soon as they realized they were "fake" profiles they stopped it. Then they changed approach and gave to Facebook their own clients, to send them sponsored campaigns. It wasn't an effective strategy as the pay-per-click costs

were very high and they understood that it is better to create personalized communication strategies.

They used to promote the offering through influencers and there was a space on the Busforfun's website dedicated to their photos. In time they realized that the influencers, especially the most famous ones, use to promote a lot of products, overshadowing the firm's ones. Thus they decided to use different ways to promote the products for example using coupons and discount codes, both online and offline.

As about the points of sale, the firm used to sell only through the e-commerce's website. Now the tickets are sold also in e-commerce marketplaces such as Amazon and Groupon and in physical point of sales, thanks to the partnerships with travel agencies, cigarette stores, TicketOne stores etc.

Issues

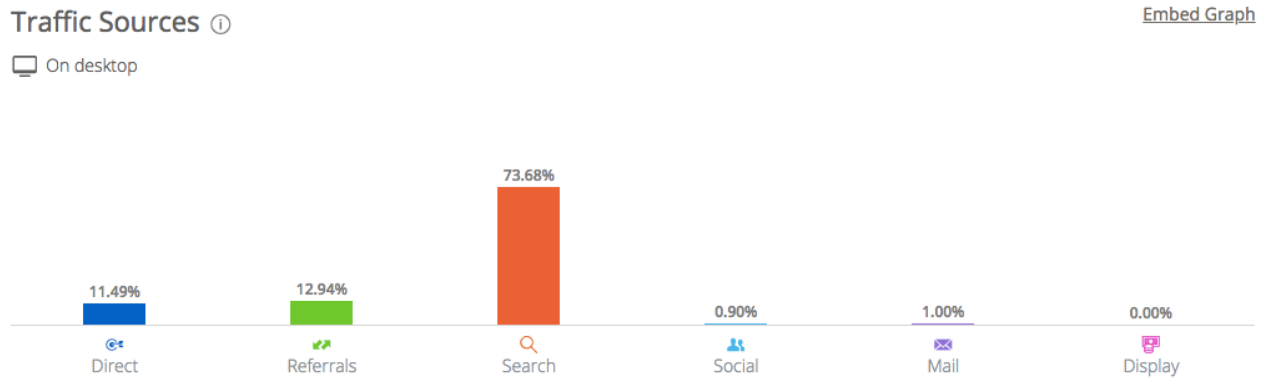
The main issue is related to the growth of the business. One of the issues is the relationship between the suppliers. Especially in outside-firm structures, when there are a lot of suppliers working on the same project, it is difficult to provide the information sharing between them. Additionally, exceeded a certain threshold, it is important to have a good structure to scale. As the importance of having a direct contact with the suppliers, a consequence of the growth could be the creation of spin-offs. As the interconnections would occur not only between team members but also between different teams, it is important to create a defined structure. This is linked to another issue, the internationalization. Despite the firm operates in Italy, Austria, Slovenia and Croatia, the internationalization is a critical issue. This as the service provided is strictly related to local events clients and suppliers. Thus, the necessity of having local quarters with teams dedicated to specific markets.

Figure 19: Busforfun Lean Canvas

<p>PROBLEM</p> <p>Transportation at late hours; driving safety</p>	<p>SOLUTION</p> <p>Bus transportation to go and return from events (from different cities)</p>	<p>UNIQUE VALUE PROPOSITION</p> <p>“It is a low cost transport service that brings people from home to the event and</p>	<p>UNFAIR ADVANTAGE</p> <p>Network and safety</p>	<p>CUSTOMER SEGMENTS</p> <p>Millennials, adults</p>
<p>EXISTING ALTERNATIVES</p> <p>Car, train, taxi</p>	<p>KEY METRICS</p> <p>Tickets sold</p>	<p>backwards, safely”.</p> <p>HIGHLEVEL CONCEPT</p> <p>“A bus transportation to go and return from events”.</p>	<p>CHANNELS</p> <p>Website, social networks (mainly FB)</p>	<p>EARLY ADOPTERS</p> <p>Millennials</p>
<p>COST STRUCTURE</p> <ul style="list-style-type: none"> - Sales and communication costs - Employees costs - Suppliers costs 		<p>REVENUES STREAMS</p> <p>Tickets price</p>		

Source: personal elaboration

Figure 20: Traffic Sources – busforfun.com

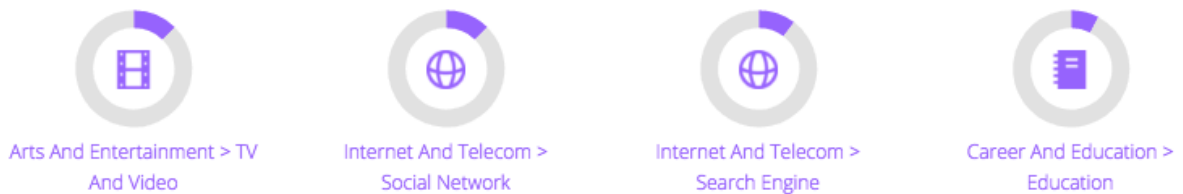


Source: <https://www.similarweb.com/website/busforfun.com#overview>

Figure 21: Audience Interests – busforfun.com

Audience Interests ⓘ

Categories ⓘ



Also visited websites ⓘ

- w3schools.com
- paypal.com
- it.pornhub.com
- twitter.com
- outlook.live.com

Topics ⓘ

social search video
utilità web live html css
tutorials internet tools

Source: <https://www.similarweb.com/website/busforfun.com#alsoVisited>

5.4. Uqido

Uqido is a B2B firm operating in the ICT sector, founded in 2010 by Pier Mattia Avesani (CEO) and Alberto Silletti (CTO). The firm provides consulting services to companies and it offers technological solutions to solve their specific needs. Starting from the problem identification the firm develops with the client innovative IT solutions.

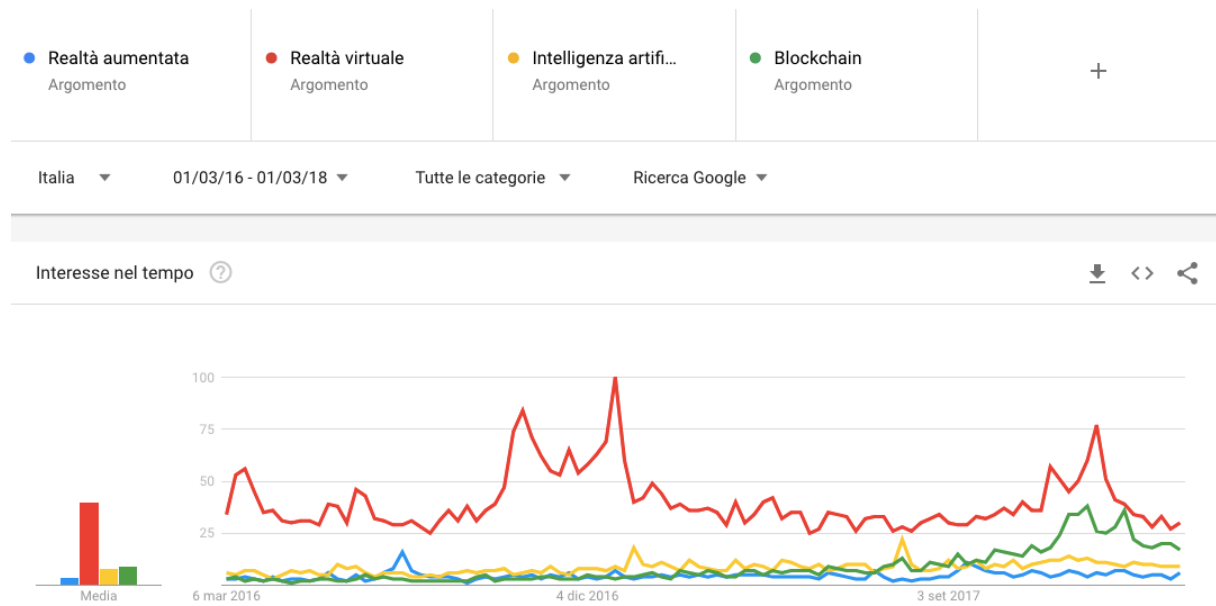
The first product was Simon, software whose objective was to eliminate the queue issue and the long waiting times allowing to better manage the queues. The idea came to Pier Mattia when he was in queue for blood tests. The software, dedicated to the PA, allows people to reserve their seats for their smartphones. Thus, the name of the firm, Uqido: "You queue, I do".

Subsequently Simon evolved in Enbage, software whose aim was not to reduce the queues but to attract people in store. The service is dedicated to the commercial activities to reach, attract and acquire new customers.

Nowadays the firm mainly provides software development and immersive computing services. The first is the result of a consulting service focused on the finding innovative solutions to solve the clients' problems, through the development of dedicated software. The immersive computing is more focused on the use of Augmented Reality and Virtual Reality in order to promote companies' products or events, to increase the brand awareness and in general to provide an emotional content for their clients. Virtual Reality (VR) is usually used to provide a brand experience, to train somebody or to astonish the audience. Augmented Reality (AR) is used to give a product experience or to show something. The two Realities provide different types of experience as the VR involve just one player at a time, while the AR is able to reach the mass audience (mainly through the use of the smartphones).

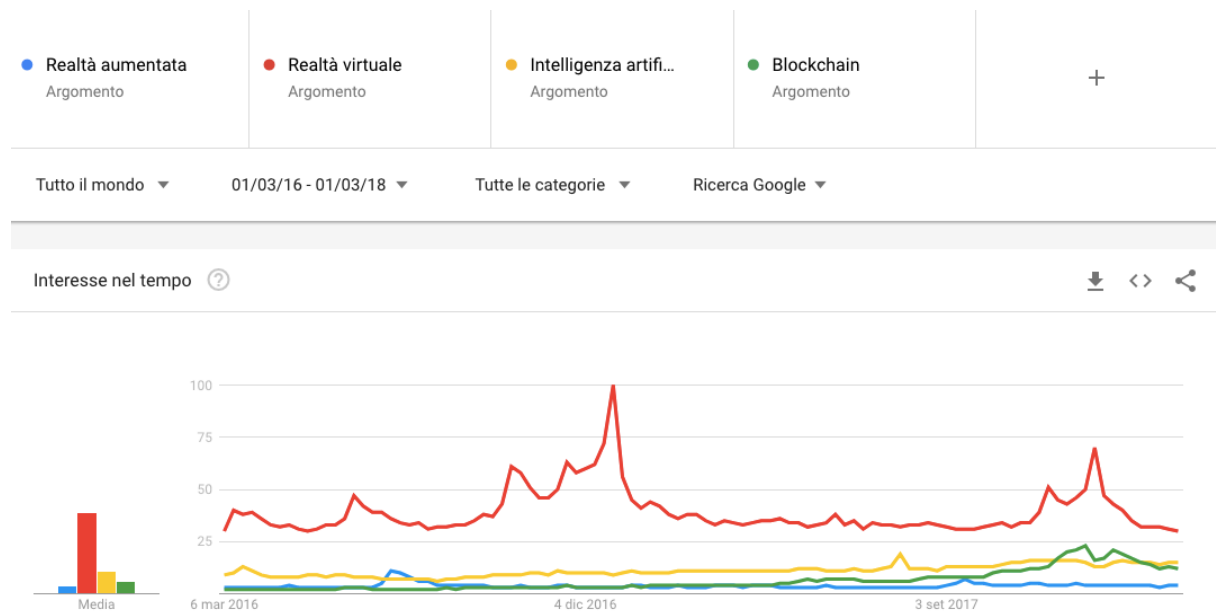
Other than Augmented and Virtual Reality, the firm is investing in Machine Learning and Blockchain in order to provide a greater variety of innovative solutions for their clients. The firm's investments in these innovative technologies depend on the market's interest and demand. The figures below show the search trends on Google from March 2016 to March 2018 for both Italia market and global market.

Figure 22: Google Trends VR, AR, Machine Learning, Blockchain - Italy



Source: https://trends.google.it/trends/explore?date=2016-03-01%202018-03-01&geo=IT&q=%2Fm%2F0lqtr,%2Fm%2F07_ny,%2Fm%2F0mkz,%2Fm%2F0138n0j1

Figure 23: Google Trends VR, AR, Machine Learning, Blockchain - world



Source: https://trends.google.it/trends/explore?date=2016-03-01%202018-03-01&q=%2Fm%2F0lqtr,%2Fm%2F07_ny,%2Fm%2F0mkz,%2Fm%2F0138n0j1

In 2018 a parallel business has been created, the Academy. It is a training academy in the field of immersive computing. The project based teaching approach allows developing competences and work on practical cases. The courses would start in September and the top three resources would join the Uqido team.

Distinctive people for business development

As Uqido is a B2B firm, the clients are the core of the business and have been determinant for the business's definition. The specificity of the problems of the different clients has pushed the firm toward searching for new technologies and new solutions. Recently the firm is investing in Machine Learning, but its development depends on the client's requests.

Other than the clients, the team too has been fundamental for the business development. The team is heterogeneous as each team member is specialized in a specific IT field. The team members are young, curious and updated on the new trends.

Crucial resources for the business development

Uqido obtained the initial resources from M31 Italia. M31 Italia is a technology transfer firm founded by Ruggero Frezza, ex professor of Padua University. The private company invests in innovative startups, with the aim of supporting them in their growth. The incubator provided to Uqido not only a financial support, but also competences and know-how, which has been critical for the start of the business.

Pivot(s)

The firm pivoted many times and the offering has deeply changed over the years. The initial offering was a software (Simon) able to organize the bookings in the public offices and thus, to reduce the queues. Its evolution has been Enbage, software that enables to attract new customers in store. Subsequently, the business has moved its focus toward the consulting services, specializing in software engineering and immersive computing.

The second Pivot has been in the communication approach. The cold calls used at the beginning have been substituted by the promotion via Facebook and LinkedIn. The CEO uses his personal Facebook profile to promote firm's services and events. The posts on Facebook are an effective reminder, attracting the clients' attention, without annoying

them. Other effective ways to promote the firm is fostering positive Word Of Mouth, building business contacts (people who receive a percentage per clients brought to the firm) and personalizing the emails. Sending personalized emails through dedicated software provides a high rate of response compared to the mass ones.

Moreover, the firm organizes events to increase the brand awareness. For example, in spring 2018 the firm has organized the European Immersive Computing Summit (EICS) that has brought many advantages to the firm. First of all, it has led brand positioning and awareness; secondly, it brought to the firm potential clients as some guests of the event (mainly consultants of big companies) asked for a meeting. Additionally it enabled the firm to know its competitors and it has allowed speaking with foreign clients and partners.

Another important change has been the separation between the consulting phase entailing the project idealization, and the realization phase entailing the project development. The firm invented a method for the service development made of 5 phases in which the client is always involved: kick-off (cognitive meeting), sprint (client's mentorship), visual development (graphic mockups), software development (micro-delivery of the product that is periodically tested) and product delivery. The meeting with the client is usually about one hour and the project idealization is about 4k euros. The client would receive an ad hoc project, independently if he wants to develop the software or not. The main reason for the separation between the consulting and the realization steps is due to the fact that a lot of clients, after the project development decided not to develop the software. As the project development is time consuming and the number of clients started to rise, they decided to change approach, separating the consulting service from the product realization.

Issues

The main issues are the not well-defined business model and the ability to sustain a possible expansion. The most uncertain block of the Business Model is related to the solutions provided. The offering is highly changeable as it follows the market trends. Due to this problem the Business Model is subjected to frequent Pivots. The second issue is related to the growth of the business: *"In the future, if the firm grows there will be different spin-offs of the firm, diversified by sectors"* (Pier Mattia Avesani). Despite the

firm is investing in improving and enlarging the team, there's the lack of a well-defined team structure that can be easily reproduced in other possible spin-offs of the firm.

Figure 24: Uqido Lean Canvas

<p>PROBLEM</p> <ul style="list-style-type: none"> - long waiting times for university registration and in public offices - difficulty for companies to provide experiential content <p>EXISTING ALTERNATIVES</p> <p>IT solutions</p>	<p>SOLUTION</p> <ul style="list-style-type: none"> - software able to manage the queues - innovative IT solutions 	<p>UNIQUE VALUE PROPOSITION</p> <p>“We provide simple, innovative and experiential solutions for your company”</p>	<p>UNFAIR ADVANTAGE</p> <p>Expertise in both software and computer engineering</p>	<p>CUSTOMER SEGMENTS</p> <p>Companies and PA</p>
<p>COST STRUCTURE</p> <p>Employees' costs, software costs</p>	<p>KEY METRICS</p> <p>Number of developed projects</p>	<p>HIGHLEVEL CONCEPT</p> <p>“Simple, innovative and customized solutions for your company”</p>	<p>CHANNELS</p> <p>Website, social (mainly FB), events</p>	<p>EARLY ADOPTERS</p> <p>University and PA</p>
<p>COST STRUCTURE</p> <p>Employees' costs, software costs</p>		<p>REVENUES STREAMS</p> <ul style="list-style-type: none"> - price of the software development - price of the software realization and implementation 		

Source: personal elaboration

Figure 25: startups' Business Model

	Who	How	Pivot(s)	Issues
	Early adopters	Competences and support provided by the university	<ul style="list-style-type: none"> - Product (from tissue to gel) - Product price - Communication approach - Production (form external to internal) 	Business expansion (both in terms of production and business)
	<ul style="list-style-type: none"> - Early adopters - Salespeople 	Software co-development	<ul style="list-style-type: none"> - Team organization - Creation of the sales department 	<ul style="list-style-type: none"> - Market not well informed - Communication difficulties
	<ul style="list-style-type: none"> - Founders' experience and network - Team 	<ul style="list-style-type: none"> - Know-how - Incentives for startups 	<ul style="list-style-type: none"> - Adaptation of the buses size - Suppliers payments - Marketing & communication strategies - Distribution strategy 	Internationalization
	<ul style="list-style-type: none"> - Incubator - Clients - Team 	<ul style="list-style-type: none"> - Project co-development - Expertise 	<ul style="list-style-type: none"> - Offering - Communication approach - Separation btw consulting phase and project realization 	<ul style="list-style-type: none"> - Not-well-defined business model - Ability to sustain the expansion

Source: personal elaboration

CHAPTER 6: DISCUSSION AND CONCLUSION

6.1. Discussion and conclusion

From the startups' analysis it can be identified some common elements. Three out of four startups are founded by a team; this confirms the percentage of 77% proposed by the European Startup Monitor, proposed at the beginning of the thesis. Secondly, the heterogeneity of the team members allows developing innovative ideas and products. Additionally, the openness of communication and the sharing of information have been crucial for the development of the firms, providing both the speed of decision-making and the growth of the firm. Finally, trust between team member and the figure of the leader are fundamental for the creation of a positive working climate and thus the improvement of the performance.

As about the Business Model, despite the startups analysed didn't declare the use of the Lean Startup approach, from a deeper analysis we can notice that they pivoted many times. The Pivots are the result of feedbacks provided by the early adopters after using the product or service. From the analysis of the different Lean Canvas proposed in the figures above, all startups leveraged on existing competences to provide unique solutions, obtaining the "unfair advantage".

Another common element is the use of an integrated approach in promoting their products and services: they use both online and offline channels in order to optimize the coverage.

Other than the products, the firms pivoted both communication approach and marketing strategies. This can be recollected to the Growth Hacking approach. Despite the startups analysed didn't use programming and coding in the identification of the marketing strategy, they surely devoted times in testing and validating the different marketing channels.

6.2. Reflections and further research

Why investing in TV is not a paradox for a startup

Working for the media agency Mindshare I've realized that, despite the TV watchers are declining year by year, the TV is still the channel that brings the highest Reach for a firm. According to the company's experience, to reach the highest number of people in target, a strategy that integrates both TV and Digital campaigns is necessary. Additionally, it came to light that to reach the highest number of potential targeted customers it is necessary to mix both TV and Digital campaigns, with a proportion of 70 to 30.

As one of the trickiest steps for startups is to build the brand awareness and increase the customers' base it could be interesting to think about a TV campaign. Despite it can be argued that ads on TV are very expensive and that startups usually have not enough budget to run a TV campaign, a few weeks campaign on a TV Channel would surely bring more money than what is spent. Additionally, given the recent decline in TV investments, the startups can turn this trend to their advantage. Lower costs, greatest availability of ad spaces on TV, and lower production costs allow startups to invest on TV, even with a limited budget. Additionally the video is rooted in most startups. A cheaper way to be present in TV is to be invited as a guest in TV shows dedicated to startups.

In running a TV campaign it is extremely important to define the target audience and select the channels accordingly. As most of the startups have a Facebook presence, which is able to precisely identify the customers' interests, this is not that difficult.

As the new trend is to use an integrated approach using both online and offline channels and almost all historical companies are heavily focusing on digital, it could be effective for startups to reverse the new paradigm.

An example of a startup that has successfully invested in TV campaigns is Foodora. The startup of food delivery has been founded in Germany in 2014 and it has started to deliver in Italy in 2015. It launched its first TV commercial in February 2018 in Sky.

Integrate DOOH to your Marketing and Communication Strategy

Another interesting media channel is the OOH (Out Of Home). It allows reaching potential customers while they are outside home, in public places. A declination of the Guerrilla Marketing described before, the OOH is able to reach a huge amount of people, while they are “on the go” or they are waiting for example in bus and train stations.

In the last years it has evolved in DOOH (Digital Out Of Home). It mainly entails displays located both in private places with a high influx of people and in public places. The DOOH is able to reach people even when they are not at home and when they are bored (as waiting for the bus). Its greatest advantage is that the firm is able to reach a large amount of people, without spending a fortune. In fact it is definitely less expensive than TV, Radio or Newspapers.

Recently the DOOH has been linked to the Programmatic, which is able to show the right ad to the right public. As the low budget of the startups, they may develop a single ad campaign, showing it in time and places accurately chosen.

The strategic importance of the press office for a startup

I’ve interviewed a Press Office and PR Manager of a famous clothing company. According to her the press office is a powerful information vehicle between media and firms. It deals with:

- promotion: as it encourages the journalists to write positively about the new activity of the firm;
- containment: as it contains and redirect the news.

Differently from advertising, the press office is a low cost and powerful mean through which new “reality” as startups can obtain visibility on media. Obviously, differently from advertising, it is an “induced” visibility as the journalist redrafts the news. The journalist checks and filters the news and liberally decides if it could be interesting for the public. Thus, it is thanks to the authoritative figure of the journalist that the news acquires credibility.

It is essential for the firms to focus on the immediate recognisability of the contents, which have to be aligned with the brand values. Thus, the direct link with the “content marketing”: the creation of contents that has to be aligned with the brand values and

which should have an “informative” allure, in order to be appealing to the public. The contents can be conveyed through Website, Blog, Social networks. Among them the press area on the official website, has to be the nodal reference point for journalists, who want to rapidly read the main news.

The main activities that a press office performs are to draw up a mailing list in which are selected the journalists (both online and offline writers), the desired target, the press releases (to involve the press in the firm’s activities), to organize press conferences, press days, and events. The more the journalists is positively involved in the startup reality, the more he will be willing to grant space in his publications.

The main objective of the press office is the brand awareness, rendering the product or the activity that you want to promote known and appreciated. According to David Aaker a firm can identify its level of brand awareness. The press office is an example of long-term quality communication and it can make the difference only if it is based on planning and attention to details, nodal steps to ensure that the relations with the media are functional to the brand image.

As the press office is low cost, it provides credible information and it ensures continuity of the information, the startup should leverage on this tool.

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