Start-ups through the Lens of Marketing: The importance of Branding for Start-ups and Brand Awareness

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Start-ups through the Lens of Marketing: The importance of Branding for Start-ups and Brand Awareness

An Honors Society Project

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Abstract

The purpose of this study is to examine the importance of branding among start-ups, with a specific focus on start-ups in Kosovo. The role of branding has been drastically increasing in the last decades, as branding is becoming one of the most valuable intangible assets that a company owns regardless of whether it is a matured company or a start-up, the high growth potential newly established companies. In an effort to better understand the role of branding for Kosovo’s start-ups, this study provides qualitative insight obtained directly from start-ups’ representatives to identify whether start-ups in Kosovo recognize branding as an important component of their development process. This study identifies branding efforts utilized by the start-ups and analyzes the correlation between these efforts and the brand awareness of their brand. The data for this study were collected through in-depth interviews, a survey, and the review of exiting literature.
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I. Chapter 1: Problem Statement

Every year more than 100 million start-ups are being founded, which is the equivalent of an average of three start-ups per second (Pride, 2018). Start-ups are newly born companies that struggle to survive while attempting to deliver new services and products under extremely uncertain circumstances. Yet, they keep rising and so does their role in the economy. Start-ups “offer the highest potential for job growth, creating jobs at faster rates than older companies” (Mandel, 2017, p.1). They have provided 1.7 million job growth in the U.S. within a one-year period, from March 2016 to March 2017, in comparison with only 336,000 jobs created by companies older than one year (“Job Gains among Startup Firms in 2017”, 2017).

To preserve this economic flow of job creation, start-ups need to ensure their visibility among their customers and build customer loyalty. One way of achieving this is through marketing, with a particular emphasis on branding. World-wide known companies such as Apple, Coca-Cola, Nike, and many more, place considerable emphasis on branding and integrate strategic design for more substantial achievement and effectiveness. Research has shown that brand-oriented companies outperform non-brand-oriented companies with the former recording 228% greater returns over a period of ten years (Rae, 2014).

Although 100 million start-ups are founded yearly, around 92% of them fail in the first three years. The reasons behind these failures vary between start-ups; yet, a pattern of causes for failures can be identified and inadequate marketing accounts for 14% of the failures (“The Top 20 Reasons Startups Fail”, 2018). A marketing tool used to make the first impact on the clients is branding which turned into a significant component for the successful start-up foundation, survival, and value increase in the eyes of its target audience (Rus et al., 2018). Considering Kosovo as one of the youngest countries in the world, in the recent years numerous start-ups have emerged from its young, motivated, eager to learn, and full of potential population. While acknowledging that the topic needs a more extensive research, this study will attempt to shed light on the significance of branding for start-ups and examine its impact on their brand awareness. Further, the study takes a closer look at Kosovo’s start-ups by analyzing whether they acknowledge branding as a significant activity in their growth and development strategies, and examining the extent to what their branding efforts impact on their brand awareness.
II. Chapter 2: Literature Review

While the literature on branding and corporate communication is comprehensive and there are numerous studies on start-ups and entrepreneurship, the intersection of these two fields remains an under-explored field. To understand what components are necessary to make start-ups successful, this research will critically review the literature on the definition of start-ups and branding, and what areas branding covers.

A. What are Start-ups?

Despite the growing role of start-ups in the economy, there is no single or commonly accepted start-up definition. According to Eric Ries (2011, p.37), a start-up is defined as “a human institution designed to create a new product or service under conditions of extreme uncertainty”. Rode and Vallaster (2015) on the other hand, define start-ups as a pure enterprise with no organizational structure, operating in the market for a short period economically and lawfully. Further, Steve Blanks (2010, p.1), the father of modern entrepreneurship, defines start-up as “an organization formed to search for a repeatable and scalable business model”. To summarize, startups are organizational structures that aim to identify the most appropriate methods for creating, delivering, and capturing value and creating a significant impact quickly in the market.

These definitions omit information regarding, size, industry, or economic sector. Hence, the question arises whether small businesses are start-ups as well. A small business is defined as an “independently owned and operated for-profit business of any legal structure” and its size can be calculated based on the average sales volume over a period of three years or the average number of employees in the last twelve months (“Size Standard”, n.d., par. 5 & 10). This means that starting a new small business that builds upon an existing model including the target customers, pricing strategy, and even an existing product would not be considered a start-up since its success depends solely on the execution part. As such, start-ups might be considered small businesses, but small businesses cannot be start-ups due to the absence of a repeatable and scalable business model or extreme uncertainty.

In this study, start-ups are referred to as newly born companies attempting to deliver new services and products under extremely uncertain circumstances and searching for scalable and
repeatable business models, and this definition of start-ups will guide which start-ups are to be interviewed

B. The importance of Start-ups

Start-ups have shown to have a tremendous significance for the people and the cities where they operate. Start-ups bring innovation and job creation, which will be discussed separately in the remained of the section. The impact of exponential technology is faster and greater than it might have been expected and according to Singularity University and Peter Diamandis, “humans are not cognitively wired to comprehend exponential changes in the environment” (Weiblen and Chesbrough, 2015, p.67). A solution for successfully competing in today’s globalized economy is often presented through innovation, considered to be a driving force of the economy. Innovation is usually performed through start-ups, given the high risk and uncertainty that bringing a new product/service to the market encompasses (Weiblen and Chesbrough, 2015).

1. Innovation

Considering the statistics, which show that more than 100 million start-ups are founded every year, start-ups need to innovate in order to survive the tremendous competition they face. Innovation is “the main driving force behind economic development and the increase of productiveness in a knowledge-based society” and start-ups are considered the most appropriate type for implementing innovation (Shabangu, 2014, par. 8). Although established companies have structural and managerial advantages over start-ups, these same advantages may become disadvantages when it comes to innovation. The reason behind this being immobile resources and misaligned incentives between innovators and financial supporters (Freeman and Engel, 2007). There are different attitudes towards innovation between large companies and start-ups. While large companies focus on investing in incremental technology innovation, start-ups invest in radical or breakthrough innovations (Cohan, 2011). Incremental innovation refers to “minor changes and improvements of existing products and services”, while radical innovation refers to “breakthrough novelties that change the market fundamentally” (Pham, 2011, p.17). In other words, incremental innovation is about small changes and processes that lead to improvement of existing products and services in terms of cost, performance, and features. Whereas radical innovation is a major innovation emphasizing new business models, technologies, and markets.
Therefore, because of the high risks involved when new products and services are launched, start-ups are considered a better fit to host innovation.

2. Job Creation

Start-ups contribute significantly to the creation of employment opportunities as well as to a nation’s economic growth. Global data show that more jobs are created by start-up companies than by larger companies and around two to three million jobs have been created yearly from start-ups during the 1977-2009 period (Cohan, 2011). The so-called “engines of job creation” have shown to even increase job creation during the Great Recession (Calvino et al, 2015, p.6). Despite the fact that not all start-ups survive, those that do survive and grow have demonstrated significant total net job creation ranging from 21% in the Netherlands to 52% in Sweden (Calvino et al, 2015). As every other company, start-ups can lead to job destruction as well in the event of failure, especially since they are at a higher risk than older companies due to uncertainty and the business turbulences. However, the net jobs created by start-ups are capable of compensating the job destruction resulting from start-ups that exit (Fig. 1) (Calvino et al, 2015). In 2005, start-ups created 3.5 million jobs, whereas only 355,000 jobs were created by older companies founded in 1995 (Kane, 2010).

Figure 1: Start-ups and Employment
C. What is Branding?

Branding is a marketing term that is somewhat ambiguous and can easily be confusing. Branding is often associated with a name, logo, sign, or trademark. Even though these are branding components, branding encompasses a much wider scope. “Each expert comes up with his or her own definition of brand or nuances of definition” and as with start-ups, defining branding yields more than one definition (Maurya, 2012, p.122). Branding in marketing is adding value beyond the retail price of a product and/or service and it is achieved “using a variety of strategies, such as creating a psychological and physical relationship between the consumer and the product, shaping a brand identity, and generating brand values” (“Branding”, 2018, p.1). In other words, branding is the basis for marketing and it can have an overall impact on the company from brand perception to brand awareness. The root of the word branding is brand and dates back from 350 A.D. and derives from the Ancient Norse word brandr meaning to burn. Brands were and still are the methods used by livestock owners to identify their cattle and signify ownership by marking them typically done using a heated iron to burn a mark on the animals (Maurya, 2012).

Brand is defined as “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (Marion, 2015, par. 8). That is, brands are the perception and thoughts that a customer internalizes as he/she thinks about a certain service or product. These perceptions are shaped not only by the company’s logo or website, but also through the staff’s interaction with customers, social media involvement, and even a customer’s phone call response. This set of actions utilized to build a brand is part of the branding process. As such, a brand is not created by only the physical characteristics of the product it offers, but it also emphasizes the emotional aspect that customers develop towards the product/service and the business. The former chairman of Quaker Oats, John Stuart clearly points out on the importance of brand by stating “[I]f this business were to be split up, I would be glad to take the brands, trademarks and goodwill and you could have all the bricks and mortar — and I would fare better than you” (De Chernatony, 2006, p.2). This demonstrates the high value of brand as an asset and the financial benefits it can provide if managed properly. Therefore,
branding is a promise made to the target audience about the brand's purpose, its distinction from the competition and the experience provided by the brand (Moorthy et al, 2015). So, the purpose of branding is essentially the creation of the company’s/product’s image among the audience (Singh, 2012).

1. Branding Components

Branding consists of a considerable number of components that are used as features to create a specific identity in the minds of consumers. Through these components, a good brand can reveal, connect and provide clients, associates, and owners with the value of the product and business in particular. Following is a description of the main components of branding.

**Brand Name:** The most noticeable element of branding is the brand name and it must be in line with the branding value of the company and value positioning. When it comes to brand name selection, there are several basic rules or guidelines. The name should be easy to pronounce, remember and recognize; it should be distinctive, extendable, and translatable in foreign languages; and the brand name should be capable of registration and legal protection. Moreover, in a name creation process, businesses can choose a “person’s name, a place, a life style, create a name, which did not exist before, a commonly used word, hybrid words, or acronym words” to create a brand name (Ragēvičiusa, 2014, p.14).

**Slogan:** Nowadays, slogans have become part of almost every brand and it is constantly integrated in the communication tools, advertisements, and promotional materials. A slogan is considered to have a significant impact on building a stronger connection between a customer and a brand. To enhance this bond, the slogan should “apply on every day’s life and touch people’s emotions, be catchy and relate to the product” (Ragēvičiusa, 2014, p.15). For instance, one of the most successful start-ups, Snapchat has a slogan that contains all the previously mentioned attributes and it states: “Life's more fun when you live in the moment”.

**Positioning:** This component is defined as the view a customer has in his/her mind regarding the brand in comparison to other brands. Therefore, businesses pay close attention to customers’ responses to the brand. A brand primarily requires a clear positioning in the market through “a product differentiation, a price leader, or a niche” (Ragēvičiusa, 2014, p.16). Secondly, the brand establishes specific product positioning such as “to be the fastest, the strongest, the
brightest, the most trustworthy” and the business may choose to emphasize some features, benefits, product quality or price (Ragēvičiusa, 2014, p.17).

**Storyline and emotional bound:** Customers might not make their decisions regarding products based on product differences. Their decisions can also be based on the story behind the brand and the emotions it conveys and the customers, who perceive they are part of the story, create a bond with the brand and remember it for longer. The story and emotions create a brand association in the customers’ minds and serve as the heart of the brand, tying all other components together and bringing the brand in life (Ragēvičiusa, 2014, p.18).

**Design:** The above-mentioned elements revolve around the brand’s meaning, while design is the component used to execute this meaning and present it to customers. Design includes the logo, symbols, and color and it has to be related to the product, as well as reflected on the product through the same level of value and quality. Colors have a significant impact on brands reconcilability and they should be chosen to complement the whole brand experience and other brand components, leading to color association with the brand itself (Ragēvičiusa, 2014, p.19).

**Price:** From an economic perspective, price has a significant role; its significance is prevalent in branding too, and it aids in the image creation of the product/service and of the brand overall. For instance, higher prices are associated with luxury brands and products with the highest quality, novel design, and latest features. On the other hand, lower prices can be associated with basic products, products that offer fewer features, or companies that offer a wide range of low-price assortments (Ragēvičiusa, 2014, p.21).

**Internal Branding:** This element refers to employees’ management and inspiration for better performance at every phase of the company’s activities and it provides an advantage to the business over its competitors. Customers have always been and still are the main focus of marketing practices. However, the emphasis is turning to employees as they improve and destroy the company. A brand cannot succeed in building customer’s loyalty and trust if its employees do not believe, understand, and live for the brand in the first place (Ragēvičiusa, 2014, p.22).

2. **Start-up Branding Process**

While in the past branding was mainly associated with large organizations, Ruizzer and Ruizzer (2015) acknowledge that the strategic approach of branding nowadays is becoming an
important factor among successful start-ups as well. These two researchers proposed a branding process called the Startup Branding Funnel which incorporates the current market dynamics four phases and five building blocks. The branding phases and building blocks will be further elaborated in the following sections.

2.1. Branding Phases

The first phase of the branding process is the investigation phase. During this phase, the entrepreneurs have to perform investigation within the start-up; they investigate the market, customers, competitors, as well as the main resources to be used. The second phase or the development phase marks the beginning of the “minimum viable brand” development, including visual elements and a story. Implementation is the third branding phase, which includes the development of internal branding, channels of marketing, and the communication strategy. The final phase is the validation and evaluation phase. This phase, as the name suggests, involves the validation and evaluation of the brand which is performed by the brand’s customers, while the entrepreneurs have it under their control (Rus et al, 2018).

2.2. Building Block Zero - Vision

“Vision is the starting point of each entrepreneurs journey” and as such constitutes the first building block, namely building block zero (Ruzzier and Ruzzier, 2015, p.4). A key characteristic of successful brands is having visionary leaders with a clear brand vision. For instance, Steve Jobs and Jeff Bezos are two visionaries who established Apple and Amazon respectively, and their visionary roles were crucial blocks in the process of their brand development (Rus et al, 2018).

2.3. Context Building Blocks

A clear and broad vision is the first step of analyzing the market where the brand will operate, the potential competitors in that area, and the primary target customers. One of the first strategic decisions made by an entrepreneur is choosing the industry in which the start-up will operate. The start-up’s industry can have a significant impact on the start-up’s success. Therefore, a careful industry analysis should be performed focusing on the following aspects: “estimated future industry growth; main trends; industry size; maturity of the industry; industry structure in terms of competition; entry barriers; capital intensity; and industry dynamics” (Rus et al, 2018, p.16). Target customer groups and start-up success are highly related. A particular
emphasis is placed on innovative methods used to solve the perceived problems of the target customer groups as they are going to be affected by the brand and potentially convert into future customers. In addition to target customer’s awareness, start-ups need to monitor their competitors’ actions. This includes focusing on both direct and indirect competitors, namely competitors that sell similar brands and those who meet the same customer needs with different brands (Rus et al, 2018).

2.4. Development Building Blocks

Within these blocks, entrepreneurs develop the minimum viable brand through the combination of “appropriate elements to form the unique story that will be presented with different visual elements”, such as name, logo, slogan, and domain (Ruzzier and Ruzzier, 2015, p.4). The brand story is the invisible block of the brand; yet, its presence can be felt when properly cultivated not only through the brand’s vision, but also through “attributes, benefits, values, culture, personality, relationships and/or community” (Rus et al, 2018, p.17). The visible block, on the other hand, includes the visuals, which aim at expanding the customer’s knowledge about the brand, and ensuring a better understanding of the brand. The visual elements include among others the “name, symbol (logo, packaging), slogan and domain” with the following characteristics: memorability, significance, relevance, flexibility, distinctiveness, and protection from competition and law (Rus et al, 2018, p.17).

2.5. Implementation Building Blocks

The implementation of Startup Branding Funnel building blocks includes internal branding, communication, and channels. The main idea of internal branding is spreading brand awareness within the business, which can be accomplished through training, internal communication, and qualification. Many practices are conducted very informally in start-ups in the beginning, on a personal basis. And while the founders are certainly the best brand ambassadors for the start-ups, including team members as brand ambassadors is considered a crucial step for the start-up and its branding journey. Marketing communication is significant for start-ups and Ruizzer and Ruizzer suggest the following start-up communication tools: “word-of-mouth marketing, interactive marketing, public relations, advertising, personal selling and direct marketing” (Rus et al, 2018, p.18). The right combination of these tools, when cost-effective and suitable, will enable targeting the customers through an innovative and appealing brand
marketing. Channels are used for delivering the brand idea and reaching the target customers by utilizing either direct marketing channel or indirect marketing channel (intermediaries) (Rus et al, 2018).

2.6. Validation and Evaluation Building Blocks

The building block of validation and evaluation ultimately results in brand equity. Brand equity is defined as “the sum total of all different values people attach to the brand, or the holistic value of the brand to its owner as a corporate asset” (Mohsin, 2009, p.7). So, brand equity stands for the brand’s value and how customers perceive it. Brand equity consists of three components that is brand valuation - the financial aspect of a brand, brand loyalty - customers’ attachment to the brand, and brand description - a description of beliefs and associations of a customer in relation to the brand (Brand Equity, 2018). Customers’ brand evaluation can be measured in terms of brand awareness, loyalty, perceived quality, and image (Rus et al, 2018).

3. How does Branding Impact on Start-ups?

One of the most significant parts of a business strategy is considered to be branding. Back in the 90s, a prominent professional in advertising research Larry Light shared his perspective on marketing for the next 30 years and stated that “the marketing battle will be a battle of brands, a competition for brand dominance” (Aaker, 2007, p.12). Considering that advertisement campaigns encompassing users, guide them what to purchase, devour and even how to live, branding and placing themselves in the mind of consumers as a guarantee of quality and experience is critical for businesses. Successful branding builds customers’ faith in the company and as such the company can charge a premium price for its products and services. Having established a strong position in the customers’ minds and their positive perceptions of values and quality for the products of the business, gives the company the opportunity for line extension. Moreover, the company creates brand loyalty by providing consumers with satisfaction, belief, and value for what they pay (Ahmed, 2016). A well-established reputation is ensured through branding and brand’s reputation can be viewed as an analogy to people’s reputation. For instance, people most likely will not start a relationship with someone who has a bad reputation. The equivalent identifies with brands. If a company or its product/service have a bad reputation, the customer will abstain from purchasing the product/service. Branding is also significant when it comes to attracting the highest-quality workforce, ensuring good relationships with the
financial world, partners, and the society wherein the business operates (Ragēvičiusa, 2014). James Hammond (2011) lists similar branding benefits. According to him, the benefits include among others increase in sales, brand awareness, customer loyalty, premium pricing, and dedicated employees.

The following sections will elaborate on some of the above-mentioned benefits of branding, that is, brand awareness, increase in sales, increase in business value, differentiation and belonging, and innovation branding. When combined with a successful branding strategy, these elements lead to brand loyalty, defined as “a measure of the attachment that a customer has to a brand” (Aaker, 2007, p.44). In other words, it represents the likelihood of a consumer switching to a different brand when changes are encountered either in product price or its features.

3.1. Brand Awareness

“The first step toward loyalty begins with the customer’s becoming aware of the product” (Singh, 2012, p.47). It is important to have a distinct message and an audience with a vast amount of product choices that can separate the brand of a business from its rivals. It may mean the difference between a company's success and failure. Comprehensive marketing campaigns can be designed around a brand awareness promotion. It is especially important to spread brand awareness during the first few years of a business as they try to make a name for themselves.

Brand awareness is defined as the “consumers’ ability to identify and remember a brand” (Al and Alvandi, 2015, p.2). Thus, brand awareness refers to the presence of a brand in the consumers’ mind and the strength of this presence. Brand awareness ranges from an uncertain sense of acceptance of the brand to a conviction that it is the only one in the category of the products.

Various ways by which customers might remember a brand are used when estimating brand awareness, and they consist of brand recognition, brand recall, top of the mind, and dominant brand (Aaker, 2007).

**Brand Recognition** depends on an aided test and is the lowest brand awareness level. It is related to the clients' capacity to affirm earlier introduction to that brand when given the brand indication. Customers must be able to discriminate correctly against the brand as previously seen or heard (Aaker, 2007).

**Brand Recall** is based on an unaided test which is substantially more difficult in comparison to
brand recognition and has a stronger association with the brand position. It involves the ability of the customer to recover the brand from the memory provided the category of the service/product, needs satisfied by the category or the circumstance of purchase or use as a hint. Given the relevant cue, the customers need to correctly retrieve the brand from memory (Aaker, 2007).

**Top-of-mind Awareness** refers to the first-named brand that comes to mind in an unaided test when a customer is given the product category name. It is considered a special position, although other brands might be close behind (Aaker, 2007).

**Dominant Brand** is the ultimate level of awareness, it is the hegemony of the brand name, where most customers can only name a single brand in a recall task. A strong competitive edge is ensured when a company has a dominant brand and it implies that other brands will not even be considered in many purchasing circumstances (Aaker, 2007).

Brand awareness allows a potential customer to have the knowledge of brand existence, but the consumer-to-product connection is weak. Brand name offers product awareness, because it provides value to customers by allowing them to identify, process, store, and collect large amounts of product information (Singh, 2012). Awareness of a brand can be enhanced in an assortment of ways including “advertising, direct mail, trade press, word-of-mouth communication, and promotion activities”; the more aware a customer is about a brand, the more prominent the likelihood that s/he will perceive, review, and buy the items of that brand (Singh, 2012, p.47). A company’s name and logo serve as implicit proof of the success of the brand to the customers. Therefore, brand signature, described as “a halo that consumers use to infer an evaluation of products and services with which they are familiar”, can strongly contribute to brand awareness and acceptance increase (Foroudi, 2018, p.273). A brand signature, namely a name and a logo, “that readily cues the product is a big advantage” as customers have a propensity to trust products/services offered by a familiar brand (Foroudi, 2018, p.273). Visual identity of a company is an important aspect of branding, and brand signature is the foremost element of it. Having a consistent and standardized brand signature helps a business in building reputation and reliable image which leads to increased sales (discussed in the following section). Brand awareness is positively influenced by consistent branding and visual identity through familiarity and identification with the “company and its products, services, and the receptiveness of the local community to company operations” (Foroudi, 2018, p.273). Recognizable logos and names are more likely to be viewed and processed more easily. Therefore, an easily interpreted
brand signature leads to a higher level of familiarity to the customers, evoking positive familiarity feelings and eventually leading to sales. Brand awareness has a positive influence on individuals' perceptions of the organization. As such, familiarity is influenced by reliability and benevolence in the formation of corporate reputation (Foroudi, 2018).

3.2. Increase in sales

Branding and brand awareness are directly related to product purchases, that is increases in sales. Brand awareness has a significant role in product comparisons and subsequent purchases. Customers’ assess a product’s performance based on brand name and logo and may purchase the product even in the case when they lack knowledge of the item itself (Foroudi, 2018).

When it comes to purchasing, customers are more likely to buy familiar brands due to comfort with familiarity or the perception that familiar brands are more reliable, more likely to stay longer in business, and/or have a sensible quality (Aaker, 2007). Therefore, often times a recognized brand is chosen over an unknown brand. Moreover, brands create a sense of status and recognition to customers, and thus customers feel satisfaction as they are recognized in their social circles which associate them with a certain brand (Sarwar et al., 2014). A research conducted by Sarwar (2014) showed that consumer’s behavior is significantly impacted by brand awareness. The more brand awareness the customer has, the more loyal s/he will be to the brand, and thus will purchase the same branded product over and over again.

In 2014, the Motiv Strategies and Design Management Institute cooperated to create a new tool, called the Design Value Index, to better understand how design and branding contribute to returns. The Design Value Index measures design-centered companies’ outcomes against those of companies that are not. The results showed that returns in design-oriented companies outperformed returns in non-design-oriented companies by 228% over a period of ten years (Rae,
Rae, one of the founders of this tool, points out that companies strategically using design have higher margins and faster growth rates, making them “very attractive to shareholders, increasing competition for ownership” (Rae, 2014, p.1).

3.3. Increase in business value

When a company is attempting to generate future business, branding has a significant role in increasing the value of the business by offering to it more influence in the industry. Once the brand is solid, its importance is undeniable, as it appears on the balance sheet together with the rest of the intellectual property. Shareholders and investors are becoming increasingly more interested in brand valuation as an intangible asset (Hammond, 2011). Therefore, building a strong brand, which leads to increased business value, establishes a firm marketplace position, making the company a more attractive investment opportunity. For instance, in 2009 Google was valued at over $100 billion; Apple, IBM, and Microsoft had brand worth above $80 million; and Coca-Cola brand worth was approximately $70 million (Hammond, 2011).

3.4. Differentiation and Belonging

Standing apart from the crowd is crucial in today’s stiflingly competitive market, and branding aids companies achieve that. Positioning is the strategic function of branding, that is, the role the brand occupies in the customer's minds and how it is separated from that of the competitors (Hatch and Majken, 2008). Branding also creates a sense of belonging which attracts customers by reminding them why they belong to that brand or why they should become part of it. Hatch and Majken (2008) use the case of Apple to point out the correlation between differentiation and belonging. For instance, Apple's emotional tone attracts people who feel that what they share is unique, and that, in turn, promotes a sense of belonging to a common culture. The sociological theory can be used to explain the fact that “differentiation and belonging represent two sides of the same coin when it comes to branding” (Hatch and Majken, 2008, p.22). Human distinction drives individuals to look for comparative others and maintain a strategic distance from the individuals who do not share their inclinations. Therefore, brands encourage individuals to recognize others with similar interests and separate them from individuals with differing interests at the same time. This differentiation and belonging is referred to as “marking and claiming of territories” which enable style and value expression.
alongside the brand involvement in the daily life of the individuals (Hatch and Majken, 2008, p.26). The brand involvement leads to brand meaning creation by the people it affects and distribution among them which eventually leads to the enhancement of the company’s market value through the power it gains.

3.5. Branding an Innovation

Throughout the study, it has been stated that start-ups are home to innovation. Therefore, it is important to take a look at the branding value for innovations. A brand offers a number of powerful functions for innovation regardless of whether it has its own brand, it’s an endorsed brand or sub-brand. Branding an innovation “allows ownership of the innovation, adds credibility and legitimacy, enhances visibility, and helps communicate facts” (Aaker, 2007, p.10). Following is a discussion of the value that branding adds to innovation through ownership of innovation, credibility and legitimacy, visibility, and communication.

Ownership of innovation By being a unique pointer of the source of the offering, brand enables ownership of the innovation which can be extended indefinitely in the future through proper brand and innovation management. Brand, in this case, serves as a protection tool as well. Although competitors might attempt to copy the innovation or the new features it has, there can be only one authentic product and if branded. So, the competitor will need to deal with overcoming the “power of the brand” (Aaker, 2007, p.11).

Credibility and legitimacy Having a branded innovation ensures that it is not just another example of “puffery, a better fabric, or more reliable engine” (Aaker, 2007, p.11). It adds credibility by demonstrating that the innovation has benefits for which it was worth branding. Moreover, branding directly impacts on customers’ preferences when it comes to choosing premium products, whose price customers could justify based on brand attributes (Aaker, 2007).

Visibility Branding ensures an innovation to become visible by providing a label for the innovation. The label provides higher recall and recognition for the new offering, feature, or service, as customers find it easier to remember the brand name of the innovation instead of the details of its new features (Aaker, 2007).

Communication Branding impacts on the communication of the innovation by making it more feasible and efficient. Regardless of how innovative the new product or feature is, without a
brand name it might be perceived as too complex by the target audience resulting in the lack of interest among them. Therefore, branding the innovation in this case serves as “a vehicle to summarize a lot of information” and make the communication with the audience more efficient and effective (Aaker, 2007, p.12).
III. Chapter 3: Methodology

To obtain a better understanding of the importance of branding among start-ups with special reference to Kosovan start-ups, and to examine whether they recognize branding as an important activity and how it impacts on their target audience in terms of brand awareness, a blended research method was utilized. The research consists of a qualitative and a quantitative analysis. Namely, secondary data from existing literature was reviewed, in-depth interviews with Kosovan start-up representatives were conducted, and an online survey with potential customers have been combined.

The study started by examining the existing literature on the importance of branding for start-ups. For this purpose, the two concepts have been reviewed individually through the analysis of start-ups and their importance for the national economy, and the analysis of branding, branding components, the branding process, as well as the importance of branding has been reviewed. Due to lack of literature that analyzes the importance of branding in the context of start-ups, the available literature on the general importance of branding has been used. As this area of study is not researched in Kosovo, only international secondary data have been used.

The primary data was obtained through in-depth interviews with the representatives of 13 Kosovan start-ups. These interviews were conducted with 10 existing start-ups and 3 graduated start-ups. The current start-ups interviewed are part of the Innovation Center Kosovo incubator, one of the largest incubators in Kosovo, which has been a home to more than 230 start-ups, both virtually and through physical on-site incubation. The graduated start-ups, which are now fully operating successful companies, have once been part of the ICK start-up ecosystem. The aim of the research was to interview start-ups that are at different stages of development, which are at different lifespan points in order to get insight on how these factors impact their attitudes towards branding. Moreover, having in mind that the current start-ups are still in their development phase, interviewing the graduated start-ups is useful to examine how they considered branding, while they were start-ups compared to their present state, and how these stances have impacted on brand awareness. The interviews were conducted in-person within a two-week period. The interview questions were drafted to get qualitative data on the importance of branding for these start-ups, such as the role of branding, branding activities utilized,
education received with regards to brand building and management, measurement of ROI from branding, and viewpoints on the future of branding (Appendix B).

The quantitative data collection comprises the final step of this research. This was performed through an online survey that was designed to measure brand awareness of the respective interviewed start-ups among their target audience (Appendix C). The survey was implemented using Facebook, considering that social media is one of the major platforms through which the interviewed start-ups promote their brand to reach their audience.

It is important to point out that this research methodology has its limitations as well. To begin with, there was insufficient secondary data in terms of the relationship between branding and start-ups. The existing literature provided insight into this relationship in the context of larger corporations, which have different business dynamics in comparison to start-ups. Nevertheless, this literature served as a fundamental framework for building this research on it. On the other hand, qualitative and quantitative data received from interviews and surveys are based on small samples (13 and 70) which do not account for the entire representation of the population. Yet, the data from this study are the first to provide insight into the importance of branding among Kosovan start-ups, an area that is neglected in Kosovo. Thus, the research findings may serve as the basis for further research in this area.
IV. Chapter 4: Results

The sections below will discuss the results from both the qualitative and quantitative research, namely, from in-depth interviews and surveys. The in-depth interviews were conducted with current and graduated start-ups in Kosovo, whereas the surveys were conducted with the general public through social media.

A. Results from In-depth Interviews

The in-depth interviews conducted with start-ups representatives provided significant insight into the importance of branding for start-ups. Given that the interviewed start-ups varied in terms of their lifespan and the product or service they offered, the analysis of these results enables a comparison of how these differing factors impact on the way selected start-ups think about branding and the role branding has for their company. The findings of how the interviewed start-ups perceive the importance of branding are discussed below.

1. Business Strategy

One of the first questions, after receiving the background information regarding the start-up, was to identify which business strategy the selected start-ups consider as the most important for them. The aim of this question was to identify whether they acknowledge branding and brand building as an important strategy before the interview actually proceed with the brand-related questions. The results of this question are presented in the table below.
Table 4.1 Type of business strategies by start-up development stage

<table>
<thead>
<tr>
<th>Business Strategy</th>
<th>Product/Service Development</th>
<th>Branding</th>
<th>Growth of HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>7</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Graduated</td>
<td>2</td>
<td>1</td>
<td>/</td>
</tr>
</tbody>
</table>

Source: Interview with Start-ups

As shown in Table 4.1, only one start-up had a completely different response which included the growth of human resources as the main business strategy. The reasoning behind this could be due to the maturity of the start-up. It has been operating in the market around two and a half years and is coming closer to the end of being a start-up and slowly developing into a growing company. They have a fully functional service, with professionals on their team, and their services were being provided to both national and international clients. Therefore, with a developed service and a positioned brand, this start-up was aiming at increasing its human resources in order to have the capacity to reach out more clients and provide faster service for them.

According to the interviewees, product/service development is the most important strategy for a large part of start-ups. Therefore, it is worth mentioning why these start-ups choose this as their primary strategy. As discussed in the literature review, start-ups operate under extremely uncertain conditions, and the pace and business dynamics that they operate in are different from businesses that are built upon an existing framework. The majority of respondents confirmed that the performance of their start-ups depends on research and development and any capital they earn is invested in R&D. By investing in R&D the start-ups are able to deliver their product or service faster, and, in turn, the sooner the product/service is delivered, the higher the chance for these start-ups to survive the fierce competition, penetrate the unpredictable market and eventually earn profit. Moreover, one respondent pointed out the importance of remaining relevant with the product/service they offer. In this era of rapid technological developments, the
start-ups have to focus their capacities on developing and improving their product/service at a faster rate in order for it to not be deemed obsolete, less necessary or an irrelevant innovation.

Brand building was only selected three times as the most important strategy for the start-up. The interesting finding is how different these three start-ups were. One was a six months old consumer-oriented start-up (the youngest start-up interviewed), the other one was a two years old business-oriented start-up, and the third one was a graduated start-up that is successfully operating in the market. They acknowledged brand building as an important strategy as they perceived it to be their means of making a long-lasting impression on their customers through knowing what to expect from the product/service they offer and through building credibility, authority, and trustworthiness respectively. The graduated start-up acknowledged the importance of branding as a tool for creating competitive advantage as well. In an industry where similar or same products/services are provided, it is important to differentiate the product/service from those of the competitors, in order to attract new customers and maintain their loyalty. This start-up used branding to reach this goal. Another aspect of the visual brand building emphasized by a graduated start-up was the attempt to increase the awareness of the brand name in the first place instead of the icon that accompanies it. This is because, according to them, the icon can always change, but the name stays the same and needs to be unique.

Brand building was chosen as the second most important strategy by four other start-ups. They admitted that after having a clear idea of the product/service that is to be developed and enough capacity and effort is put into that development, building a brand comes in handy as it enables them to differentiate themselves from the competition. Further, and the brand helps them clarify why their offerings stand out from the crowd which makes the customers accept their brand. These two areas are highly related to the differentiation and belonging factors discussed in the literature review.

One of the graduated start-ups had a very specific business strategy which was “being three steps ahead”. Since they deal with different future-oriented projects, a great amount of their work is based on research and development that they constantly perform and it enables them to have all the necessary material prepared once the partners come. Also, this enables them to adopt a “we are leaving” attitude toward their partners meaning that the project will be carried on regardless of whether the partner joins or not. They create the impression that the project can be
performed even without that partner. This in turn builds the fear of missing out (FOMO) for the partners who realize that the company has the potential to perform on its own and they want to be part of the project before it is gone. Another strategy used is the “I told you so” strategy through which the company primarily provides consultancy services to their respective partners, who then decide to avoid the advice received. Once they fail, they return to the company claiming their proposed strategy would have worked better, only to hear an “I told you so” phrase from the consultants. This way, the clients/partners see the added value of the company which intrigues them to come back to them again for the next project.

It is worth mentioning that none of the respondents chose profitability as their priority. Profitability, was not even among the top three strategies for those start-ups that chose to include more than one strategy in their responses. The sampled start-ups prioritize growth over profitability, and one start-up in particular pointed out that for them profitability comes at play some time after six years of operations, that is, after the product is developed, the brand is established, and access to the market is gained.

2. The Role of Branding

The literature review provided insight into the growing role of branding for companies in general and for emerging start-ups as well. Although brand building was not the top priority of the majority of start-ups, all of the interviewed start-ups reported that branding plays an important role in their start-up. The majority of them emphasized the crucial role branding has in the overall impact of the company. Below are the major themes extracted from their responses regarding the role of branding.

**Recognition:** The respondents considered branding as a mean through which the start-up is recognized and made known to the customer. The respondents argued that branding is everything when it comes to business recognition. Once a brand is created and well-managed, the recognition of the brand increases, and eventually leads to increased sales, since customers nowadays buy on the basis of the company’s name, which in turn is based on the company’s brand. Further, branding does not only promote recognition among customers, but it also promotes recognition among job-seekers. For instance, one of the employees of a start-up admitted that the first thing which intrigued her was the company’s name and logo, and upon learning the meaning behind it, she saw the value in the start-up and applied for a job.
Trust is the second most referenced attribute by the interviewees. They acknowledge that purchasing or business making decisions highly depend on the trustworthiness that the brand reflects, and that a professional presentation of the brand builds this trust with current and potential future customers. One respondent in particular emphasized the importance of the brand in building trust by claiming that:

“branding is synonymous for trust in our industry, because in real estate people operate mostly still on a trust basis; trust is a big component for us. So, our brand is a means to communicate trust and authority in the space by having all the data on the real estate.”

Adequate branding displays an impression of being an industry specialist which makes people in general trust the business, its offered product/service, and the way it is managed. One graduated start-up explained that the role of branding was never valued enough by their partners, but it always had a great impact on trust-building through the different activities they were engaged in. This provides support to the belief that many people perceive branding as a default state of a business, not noticing the effort and sleepless nights that stand behind it. Yet, even for a simple slideshow in front of an audience, the logo, the colors, the organization, the attitude of the presenter if aligned with the overall brand identity will be noticed, and thus people will approach you differently and with greater respect because you are real, you are consistent, and reliable. This all can be summarized by a quote provided by the founder: “The company can be like a big cake, but branding is that cherry on the top that completes everything.”

New Customers: Once a decent amount of trust is gained by the general public, the number of customers increases as well. A strong brand portrays a positive impression on the target audience, be it customers or businesses, and it was pointed out that because of this familiarity numerous individuals will do business with you and with a name/brand that they trust. Moreover, as start-ups, both current and graduated, establish their brand, the most effective advertising practice turns out to be word of mouth. This was confirmed by all current start-ups, and the graduated start-ups reinforced this answer several times during the interview, for when they started word of mouth was the ‘cheapest’ advertising tool which kept bringing new customers.
3. Branding Person

When it comes to having a specific person who handles branding and brand management, the majority of start-ups do have someone responsible for branding, although not as a full-time job. Only two start-ups have a member who has been educated or trained in this area, while the rest have been operating on a learning-by-doing basis. The start-ups, who currently do not have a branding-specific employee, have outsourced designers with a design background in the early phase of the start-up development to help them build the visual identity of their brand. Considering their acknowledgment of the importance of branding, these start-ups have claimed that they are either currently contracting potential staff for branding or they plan to do so in the near future.

The graduated start-ups, however, claim to have a dedicated member/team for branding and brand management. Two of them have contracted marketing agencies that take care of their branding, while one start-up has the founder serve as a brand manager among other responsibilities. It is worth pointing out that the founder has been managing the brand through his learning-by-doing experience rather than obtaining a degree or other relevant education.

4. Branding Activities

Although the majority of start-ups have acknowledged branding as a significant practice, when it comes to the brand-building activities that they have undertaken until now, the current start-ups claim to have just begun building their brand. In contrast, the graduated start-ups have a much more developed branding strategy and have performed more brand-building activities; some of them have also begun the process of rebranding. This section will discuss the major brand building activities that have been undertaken by the start-ups.

**Logo** was the first branding activity that all current start-ups identified when they were asked about the branding activities they have performed until now. Eight of the interviewed current start-ups have had their logos designed by an experienced member in this field, while the other two were developed by individuals who have learned logo design by themselves. Similarly, two of the graduated start-ups had a professional develop their logos, while one was developed through learning-by-doing. When asked about the meaning behind the logo or even the name of the start-up, all start-ups had put effort in choosing a meaningful name for their start-up. The
majority of them conveyed this meaning either in the design of the logo symbol or in the chosen color palette for the logo and brand in general.

**Brand concept:** All of the interviewed start-ups have a clearly defined brand concept they want to develop, although some of them have not been aware of this in the first place. When asked about their vision, all start-ups had a clear vision of their business idea and they had a defined brand concept. This leads to the conclusion that all start-ups have finished the first building block of the Startup Branding Funnel, namely Building Block Zero – Vision, which was elaborated in the literature review. Although some of the start-ups might have not performed that much of branding activities, having a clearly defined brand concept will enable them to maintain consistency throughout all the branding activities they will pursue which eventually strengthens the overall brand identity. The brand concept followed by a brand mission statement displays the values provided by the company and serves as a reference point, which is to be reflected on the logo, the voice of the brand, the slogan, the message, and the brand’s personality.

**Target audience** includes the people that the start-up is trying to reach and all of the interviewees had a clearly defined target audience. Defining the target audience puts start-ups in the Context Building Block of the Startup Branding Funnel process. They were all aware of the fact that different groups of the audience will respond differently to the message they want to spread with their brand; therefore, each message needs to be tailored for the particular group. One start-up representative in particular made the following remark on the issue of having a target audience:

“Yes, we have a target audience. If you do not have a target audience from the start, it’s hard to sell anything”

Some start-ups that have multiple products have a unique target audience for each respective product, ensuring that the intended recipient is clear about the brand message. The clearly defined target audience is seen of particular benefit for the start-ups, both current and graduated, especially when it comes to the advertising efforts of the brand-building process.

**Product packaging** is another activity that the start-ups have performed or are currently working on. Regardless of whether the start-up offers a product or service, there is a well-developed packaging through which it is presented. For instance, one start-up has developed a working
prototype of their first product which carries the attributes of the brand including simplicity, functionality, and understandability. The external design of the product is consistent with the brand look and this consistency is conveyed in the functional aspect of the product making it easy to understand and operate with. Another start-up that provides services is currently developing the packaging for the service, namely all the related materials through which the service will be presented where among others it includes the visual presentation of results, a folder which will contain the results, a flyer describing the service, social media post calling for free testing, a banner which stands for the particular service, and a user-friendly application interface through which the users will be able to view their results as well. All of these materials have been developed in such a way to display consistency within the brand, while being customized for their target audience.

**Employee branding** efforts have been noticed in five of the current start-ups, and such efforts were present in all of the graduated start-ups. The employees of the respective start-ups were all knowledgeable about what the start-up is, what it does, and they have internalized the brand values and the desired brand image which they convey externally to the customers, either through word of mouth or social sharing. To promote a sense of brand unity, one start-up has designed hoodies with their logo which the team members wear on different events to differentiate themselves from others. Another start-up is going to train its staff in service delivery and brand representation through their behavior which will be consistent with the brand values. As such, these start-ups are turning their employees into their most valuable brand ambassadors which will eventually increase employee loyalty, motivation, promote a positive brand reputation, and ensure to attract the right future employees.

**Office Space:** Although none of the current start-ups referred to office space presentation as part of their branding, the environmental design of their offices was among the first elements that have made an impression on me as the interviewer and visitor to the start-up. The consistency of the brand image was in most cases conveyed through the office spaces as well. Some start-ups put more effort than the others when it comes to brand presentation through the office space and the office clearly portrayed the type of business that the majority of start-ups were doing. The first impressions are the ones that last, and customers and potential clients are continually looking for prompts to give them bits of insight into the organization’s quality and capacities.
Although it might happen unconsciously, the office space does have an impact at first sight and this idea was reinforced by the graduated start-ups. The current start-ups might not be willing to invest in their office space, since they are part of an incubator and their goal is to grow as a company both in terms of their potential and development, as well as in the number of human resources. To accommodate this growth, they will need a larger space than the one offered by the incubator, and the new office space will be their long-term investment compared to their current office space. The graduated start-ups have gone past this phase and have settled in their own office spaces which was confirmed by the effort they put into their working environment. One start-up in particular, with its futuristic oriented vision and mission, has conveyed this branding through their office space starting from the main entrance which unlike regular offices, the customers/clients need to take off their shoes as they are entering an isolated area that is outside of our world. The idea is reinforced by the interior design, the purified air, the right lighting, and the soundproof windows which give you a feeling of being in space, in a bubble of nowhere despite the location of the office being in the center of the city of Prishtina.

**Brand Personality** was an activity stated indirectly by one of the graduated start-ups and upon looking back at the other interviews the majority of start-ups had a type of brand personality that they wanted to be identified with. This was enhanced through other branding activities, as well as through the way the team members presented themselves. Branding to a company is as personality is to a person and the graduated start-ups had a more defined personality which came as a result of their experience and lifespan in the market. One start-up, in particular, described that they utilize a few guidelines as part of their personality which every team member is accustomed with and the guidelines need to be followed regardless of who their customer is. One of these guidelines on decision making and choosing a project to work on which is aligned with their mission and vision instead of going solely after profit-based projects. Their team’s slogan “Nalu, mendo” which in means “Stop, think” reinforces their decision making strategy and serves as a reminder for the entire team that whatever issue comes up to not react immediately without thinking it through first. Moreover, this idea was supported by a “do not harm” policy as part of the brand personality. The policy is valid not only for the people within the team, but also with customers and partners; so, when disagreements arise they will only distance themselves and refrain from following lawsuits. Flexibility is another characteristic of brand personality that was shared among seven interviewed start-ups, as they are very flexible in their working hours,
shifts, and even working from home; start-ups are widely recognized for this flexibility. When all these characteristics are combined, a brand personality is created which is then further strengthened through the branding strategy and marketing activities, allowing the users to identify with the specific personality and strengthen the bond with the respective start-up.

One of the start-ups is currently in the phase of contracting designers and people who work in the marketing department to help them define a branding strategy. Seeing branding as an important aspect of their start-up development, the branding strategy will help them get in the market and position themselves through not only the visual aspect of their brand, but also through creating a story that will educate the target audience about the work they do. One way this story building will be enhanced is through short video animations and social media campaigns. They will refrain from using television as a tool to promote their brand since it is too costly for a start-up in this early phase.

As mentioned in the beginning of this section, one of the graduated start-ups, who has a well-developed brand, is currently undergoing a rebranding process. More specifically, the team is preparing all the necessary elements for the rebranding phase. They referred to it as “the updated version of their brand”; however, they do not plan to launch it yet, since they are still working in progress with certain projects whose clients are from abroad. As part of their branding strategy, they will carry out the project until the end with the existing brand, because changing their branding strategy as they are finalizing the project could lead to their current partners perceiving them as not serious enough to do business with, that is, the trust factor they have been building until now could be easily destroyed. Although the partners of a start-up or any other company might not consciously consider branding as an important factor, making sudden changes without prior notice will cause discomfort for the relevant party. Therefore, as soon as the current projects reach the closure phase, the “upgraded brand” will be released. According to the founder, a brand always needs to be up to date, to build itself with creativity, innovation, ensure positive customer experience, and stay relevant to its core values.

Referring to the Startup Branding Funnel process elaborated in the literature review, the current start-ups have successfully finished the first and second phase, namely the investigation and development phase. All of them have performed market analyses of the industry they are operating in and of the competitors they will face, they have defined their target audience, and
have identified the resources necessary for their product/service development as part of the investigation phase. In their development phase, they have developed the minimum viable brand which includes the visual elements and a story around which the brand will be developed. Different from the current-start-ups, the graduated start-ups have gone beyond these two phases, and they have finished the implementation phase. They have defined their communication strategy, they have begun utilizing different channels of marketing, and they have a well-developed internal branding. Now, they have entered the validation and evaluation phase, which refers to continuously monitoring how brand’s customers evaluate the brand, whether it is through social media, word of mouth, or the success brought by their projects.

5. Return on Investment Measurement from Branding Strategy

Assessing return on investment from branding strategy and a brand’s financial contribution can be indefinable and this was confirmed by the in-depth interviews. None of the interviewed current start-up representatives have been measuring the return on investment from their brand. Seven of them have not done it, since they do not consider to have performed much of branding which can be quantitatively measured, and the phase in which they are now is way too early to have returns from branding. Two of the current start-ups were not even familiar with the concept of measuring ROI based on a branding strategy, even though one of the interviewees has studied marketing and has been in that profession for 11 years. Only one of the current start-ups has claimed to be working on developing a strategy for measuring ROI. According to them, they will do so once they invest a little bit more in branding.

The graduated start-ups had differing views on ROI measurement as well. One of them was not knowledgeable that returns form branding strategy and activities can be measured. Another two interviewees acknowledged that measuring ROI from branding can be subtle, due to the lack of a single defined and appropriate metric for measurement. One of the two interviewees pointed out the following:

“ROI of brand investment would be hard to measure in metrics, because you are going to put it out there, and you do not know how the market would perceive you if you put out something different. It is a very hard thing to measure metricwise, but over time, brand building is one of the greatest investments you can make and it’s going to have returns over time but not immediately.”
When asked to specify the measurement strategy they use, they did not have a specific strategy, but they used their overall business ROI measurement as a guide for their brand ROI. They seem to utilize online search volume monitoring to track how their branding efforts affect the search volume. Considering that social media is one of the tools through which they promote their brand, social media engagements is also used as a tracking tool for brand awareness resulting from branding efforts.

6. Attitudes towards the Future of Branding for Start-ups

While most start-ups tend to ignore the importance of branding in the early phase of their development, all the start-ups interviewed for this research acknowledge the importance of branding and its role in establishing a start-up identity. However, these start-ups have differing opinions when it comes to how much emphasis a start-up should put on branding. Six of the current start-ups believe that the role of branding is crucial for a start-up, and thus it needs to be taken care of from the early stage of the creation of the start-up. Branding entails the entire personality of the start-up making it significant for them to develop a brand that stands for their company’s methods and core values. One of these six start-up representatives pointed out the difficulties associated with building a strong brand:

“Branding is very important; among the first things that we should do, because we can create many things that will sit home, but we need to find a way how to sell them. It is something very difficult to be done, but it is the second thing we thought of how to do it. Most of the times we buy things just because of this (pointing at his NIKE logo sweater)”

The other four current start-ups believe that although branding is important for a start-up and emphasis should be placed on it, it should not consume that much energy and serve as a mask or front cover, while there is nothing concrete behind it. One of the four start-ups claimed that branding is important in the beginning, but the quality of the product and the need for that product surpass the importance of branding. One reasoning that I could draw from this stance on the importance of branding would be that this start-up in particular related the idea of branding only to the visual aspect of it, namely the name, logo, and other visuals used through social media. This “misbelief” that branding is mainly the logo of a start-up and its design was felt among a few other start-ups as well which might be potentially the reason why they consider that branding should not receive that much attention. Yet, another reasoning for this opinion from the
four start-ups is based on the opinion that branding for start-ups runs the gamut from unimportant to critical, depending on the enterprise and its market. For an accounting firm, it will not matter much. For a fashion brand, it will mean everything. One of the business-oriented start-ups summarized this point as follows:

“If you’re a consumer startup it [branding] is very important, you need to have some sort of identity, because modern buyers buy according to identity, values, not according to what somebody is selling them. When you’re a selling enterprise, it’s more important to communicate your credibility, so authority and trustworthiness. Every startup that is selling to business needs to be aware that their brand needs to project this to their customer somehow.”

The graduated start-ups were of differing opinions as well. Two of them suggested that start-ups should not focus that much on branding, since it is better to have a simple unique name to start with. They rather suggest putting more effort into the product/service and the work one does, through which the value of that name will increase. One of these start-ups explained that if they had spent two to four months solely on their branding and made no progress in their service delivery, they would not have had the customers they managed to obtain those months. Their effort in service delivery eventually impacted on their brand image. From this point of view, it is more important to have a product, launch it in the market, fail, and try it all again, because in the words of the founder of one start-up “failure is not failure if you learn something from it, it is failure if you learn nothing and repeat the same mistake again”. On the other hand, one graduated start-up claimed that the role of branding is taken more seriously lately as opposed to previous years, and it is the branding efforts that helped them set themselves apart from the competition.

B. Results of Survey

The quantitative data for this research was collected through survey. The survey consisted of 15 questions and was distributed through social media, i.e. Facebook, to the general public. The aim of the survey was to analyze the brand awareness for the sampled start-ups that were interviewed and find the correlation between the branding efforts utilized by the start-ups and how it impacts on their brand awareness. The survey was structured as follows. The interviewed start-ups were separated in two groups, namely current and graduated start-ups, which enabled the comparison of brand awareness among these two different groups. Considering that only three graduated start-ups have responded for an interview, three other
graduated start-ups were considered for the quantitative research. These three had different levels of branding efforts which improved the comparison. For ethical reasons and to maintain confidentiality, the start-ups will remain anonymous, although the participants of the survey could see them. The interviewed current start-ups will be referred to as start-up A-J, current not interviewed start-up will be referred to as start-up X, interviewed graduated start-ups will be referred to as company X, Y, Z, and the three additional not interviewed start-ups will be referred to as company 1, 2, and 3 (see the questionnaire in Appendix C). The results of the survey will be discussed in the following sections.

1. Brand Recall

According to the literature review, brand recall has the strongest association with brand positioning, as the user recovers the brand from the memory based on an unaided test which is substantially more difficult in comparison to brand recognition. Therefore, the first part of the survey aimed at generating responses from respondents on start-ups that they recall. This would signify the efforts of a brand on brand awareness. First, the respondents were asked whether or not they are familiar with start-ups in Kosovo, upon which 82% of them had a positive response. Although 18% of the respondents were not familiar with Kosovo’s start-ups, half of them recalled a start-up and the other half recognized more than one start-up in the subsequent questions.

In the recall question, when asked to name a start-up they know, 40% of the respondents recalled a graduated start-up with the most common being Company 1. This company was recalled by one in every five respondents. Still, quite a large proportion, that is 37% of the respondents, recalled a current start-up. The remaining 23% of respondents who did not recall any start-up, recognized, in most cases, more than one start-up in the following questions. The reasoning behind the large frequency of recall of graduated start-ups is primarily that these startups have been longer in the market and also have established their presence and positioned themselves through successful branding. Among the recalled graduated start-ups was one that
was interviewed. During the interview, the representative of this company confirmed to have put a lot of effort in their branding to stand out, attract customers and maintain their loyalty. Through their efforts they have ensured their visibility which demonstrates to have impacted on their brand awareness as well.

2. Brand Recognition

The second part of the survey focused on analyzing brand recognition as part of brand awareness whereby respondents had to identify the brands they recognize from the offered options. Given that this study considered both current and graduated start-ups, the brand recognition questions separated the start-ups into two groups respectively.

Current start-ups brand recognition: The results from the current start-ups brand recognition are correlated with the responses from in-depth interviews; start-ups that have claimed to have engaged in more branding activities have been generally recognized more often than the other start-ups. The lifespan of a start-up seems to have an important impact on brand awareness, for the youngest start-up interviewed has gained the lowest recognition (7%) (Fig. 4). Moreover, it is interesting how the results from the survey for one start-up in particular show the opposite from the data gathered from in-depth interviews. Although this start-up’s representative did not acknowledge to have engaged much in branding activities, the results from the survey show that it was the second most recognized start-up with 41% of respondents choosing it. This inverse relation between the interview and survey results could be due to the start-up’s strong association between branding and the visual aspect, namely logo, while omitting the other aspects of it. In particular, their business strategy focused on optimizing product-market fit and building trust, which fall in the category of a branding strategy as well; yet, it was not perceived as branding by the interviewee.

Figure 4: Current Start-up Recognition
Considering that the majority of the interviewed current start-ups promote their brands mainly through social media, it was no surprise that four in five respondents have heard about the start-ups on social media (Figure 5). Word of mouth (henceforth WOM) is the second most selected option, which confirms the results from the interviews, where the majority of start-ups consider WOM to be the most effective advertising practice. The respondents were able to provide other means through which they have heard about the selected start-ups, and 6% of them stated that it was through the start-ups’ employees. This demonstrates how valuable the employees are to the start-up, and how effective internal branding has transformed ordinary employees into the start-ups significant brand ambassadors.

Source: Survey
Graduated start-ups brand recognition: The start-ups included in this group were a combination of the ones interviewed and three other start-ups that have been selected based on the different levels of branding they have performed and their lifespan. The most recognized start-up brand was Company 1, which was chosen by 96% of the respondents (Figure 6). In comparison to other listed graduated start-ups, this start-up has been the longest in the market, and has a very well developed brand, which leads to its brand awareness. There is consistency throughout all of its branding elements which is displayed in its social media, website, product delivery, and customer service. This builds trust in customers through its authenticity and communicates that this organization is here to stay for long term. The second most recognized graduated start-up is Company X, which is recognized by 69% of the respondents (Figure 6). The branding activities discussed in section 4 on in-depth interview results were utilized by this start-up and surely had an impact on its brand awareness. Another aspect that increases brand awareness of this start-up is the visibility it has due to the type of service it offers, that is taxi transportation, and its visual identity stands out from the other companies that provide the same service.

Company Z, however, was one of the start-ups that did not consider branding as a top priority and did not engage much in branding which is displayed by the level of brand awareness as well (7%) (Figure 6). Another factor impacting on this low level of brand awareness is the fact
that the service this start-up offers has an international target audience rather people within Kosovo. This suggests that the brand was not promoted to Kosovo citizens and therefore Kosovans lack awareness of this brand.

Figure 6: Graduated Start-up Recognition

Similarly to the question presented in Figure 5, the top-ranked medium through which the start-ups have been recognized was social media, followed by word of mouth, website, Events, and other (Figure 7). When further analyzing the option “other”, results show that the respondents heard about these start-ups mainly from employees of the respective start-ups, confirming again the influence of internal branding on brand awareness.
3. Attitudes towards Brands

Branding is how people perceive you. As discussed in the literature review, and according to the in-depth interviews, it may be concluded that all the selected start-ups are putting effort into presenting themselves in the best positive light in front of their audience through both their product/service and their brand. The third part of the survey aimed at analyzing the respondents’ attitudes towards one start-up of their choice with which they are most familiar. Three out of four respondents chose a graduated start-up as their most familiar start-up. This response is not unexpected, considering that graduated start-ups have been longer in the market and their product/service these start-ups offer are more familiar for the customers; further, some of the current start-ups have not launched their product yet for the respondents to have interacted with them. In general, the chosen star-ups were positively perceived by the respondents with more than half of them having a very favorable opinion about their chosen start-up (Figure 8).
To get more insight into the publics’ attitudes for the individual start-ups, the individual responses were analyzed and the top three most commonly chosen start-ups were identified. The top companies chosen were two graduated start-ups and one current start-up. Company 1 was the leading start-up with 65% of respondents choosing it as the most familiar start-up. This brand has created an overall positive reputation which is confirmed by the respondents’ responses when they were asked to describe their overall opinion about the chosen start-up (Figure 9). Around 64% of these respondents had a very favorable opinion, compared to only 6% who had not so favorable an opinion about it. Unfortunately, the survey did not have additional questions to reveal the details on why the respondents had a rather low opinion of the company. The reasons behind this negative attitude could vary, but given the type of service this company offers (online shopping) one typical factor that could have led to this response is undesired outcome from the online shopping where the brand might have failed to hold its promise about the products it sold and delivered under the expected quality/performance (this insight was obtained from the customer reviews on the social media). Yet, the positive attitudes outweigh the negative ones by far, and this was reconfirmed by 93% of respondents who claimed to be very likely to recommend Company 1 to others.

The other two most chosen start-ups were Company X and Start-up E, with 8% and 6% respectively. Both of these start-ups were positively perceived by the audience with extremely
favorable and very favorable ratings, and all of the respondents claimed to be very likely to recommend both of them to others. Company X is a graduated start-up that has already positioned itself in the market and the respondents had the opportunity to interact with the brand through the service it offers. Start-up E, however, is a current start-up that has not launched its product yet. Despite this, the start-up has already managed to build a positive image of its brand and this was mainly reinforced through internal branding, as most of the respondents have heard about this start-up through its employees. This, once again, reaffirms that branding is not only about the visuals and logo, but there is much more to it that helps in shaping the brand’s identity; employee branding has apparently demonstrated to be a crucial factor in this regard.

Figure 9: Opinions towards Familiar Start-ups

Source: Survey
V. Chapter 5: Recommendation

Branding is becoming a significant aspect for most businesses, as well as among the young and newly established start-ups. This was also confirmed through the literature review in the beginning of this thesis, according to which branding can have a huge impact on the success of a company in establishing its identity, differentiating from the competitors, influencing customer’s behavior, increasing brand awareness, and increasing sales. Kosovan start-ups acknowledge the role of branding and its significance for the success of the start-up. So, while most of them are aware that branding goes beyond just a name and a logo, not many of them seem to have engaged in many branding activities which would strengthen their brand and increase their success. In this section, guided by the findings of literature review and of the quantitative and qualitative analyses, several recommendations regarding branding activities, which help companies build the foundation of a strong and successful brand, will be provided.

Build a brand voice: To communicate with consistency with the target audience, a brand needs to have a brand voice. This voice will depend on the start-ups’ audience, mission, and the industry it operates in. Brand voice is an emotional guideline for the way a brand communicates with its audience, just as there are visual guidelines for the brand’s logo, typography, and color. Using the brand voice provides consistency and control in written and spoken which engages the audience more deeply and instills a sense of trust, as the audience feels the brand is talking with them and understands them. Besides trust, the brand voice consistency shapes the brand image and eventually builds greater brand recognition.

Branding person: Most of the interviewed start-ups had someone responsible for some aspects of branding activities, namely the visual aspect which they did through outsourcing or did that by themselves through learning by doing. However, only a few start-ups have someone on their team responsible for branding. If startups can afford it, having a specific person for brand development would be very important for them, particularly in terms of ensuring consistency in branding. Someone who is familiar with the core values, vision, and mission of the brand will ensure consistency throughout branding activities. Start-ups have limited resources in their initial phases of establishment. They cannot invest in everything, but there are great resources to learn branding yourself if you cannot afford a specialized expert. If you can afford,
hire someone, if not learn it by yourself, because it is important for an individual just as much as it is for a company or start-up.

**Develop measurement techniques for ROI:** The in-depth interviews revealed that none of the start-ups had a way of measuring ROI for their branding strategy used. Having a technique for measuring ROI on branding is important, because it shows the returns to the efforts put in branding. Start-ups should pay attention to branding strategies, since they show the path one should follow. If something does not work out then something else might; therefore, one should not make the same mistake twice. Measuring ROI from branding will guide start-ups on whether the strategy they are utilizing is effective or not.

**Follow-up gifts:** Small meaningful gifts after a successful cooperation with a client; not only will it portray you as a caring brand for your customers, but will also increase the likelihood that the client will remember the brand for future cooperation. This idea came from one of the interviews with a graduated start-up. One of their previous clients reached them for solutions, but only once they ended up with not enough money to carry out the proposed solutions. The client did not remember this particular company at the right moment because there was nothing to trigger the memory. A small meaningful gift after their first successful project, would not only have a symbolic meaning to the client, but it would serve as a reminder of the company for future projects.

**Start-up vs. product brand:** A branding mistake of one interviewed start-up was using the same branding for the start-up and the product. This creates confusion for the customers and might mislead them. The survey results showed that customers were not familiar with the company itself, because the focus shifted towards the product. A start-up should not use the same name or icon for its general brand and for a product brand. Given that the start-up will not have only one product, using the same brand name and icon for the product and company will develop a limited brand which does not give you space to expand and move forward. Therefore, the visual aspects of a product brand should be different from the general visual brand, but consistent with its vision, mission, personality, and voice.
VI. Chapter 6: Conclusion

The importance of branding is growing among young newly established start-ups that operate under extremely uncertain conditions and the objective of this honors project was to examine the role of branding for start-ups in Kosovo. This was done by analyzing the extent to which the sample of Kosovan start-ups consider branding as an important strategy for their businesses, how much of branding they performed, and how these branding efforts impacted on their brand awareness. Considering that the existing literature on the correlation between start-ups and branding is limited, this study contributes to knowledge through the quantitative and qualitative analysis on the importance of branding among Kosovan start-ups. Yet, this research acknowledges that further investigation is still needed for many aspects related to start-ups and branding.

The study was accomplished by combining the analysis of secondary data with that of quantitative and qualitative primary data. The secondary data was obtained through reviewing the existing literature in this field of study. The primary data for the qualitative analysis were obtained through in-depth interviews with representatives of Kosovan start-ups, while the primary data for the quantitative analysis were obtained through an online survey with the general public.

The literature review laid the foundation of this research. It provided the definitions of both start-ups and branding and identified the benefits of start-ups for the national economy showing why start-ups have gained that much attention in recent years. Further, the main branding components were defined which account for the base of every brand. These include, among others, brand name, slogan, positioning, story line and emotional bound, design, price, as well as internal branding. The Startup Branding Funnel was critically reviewed. This is composed of four phases and five building blocks which is referred to as the branding process that all brands undergo through their development. Lastly, the literature review discussed the benefits of having a brand and its relation to start-ups. The literature review pointed to the importance of branding for the success of a start-up not only through the general impact that it has on a start-up, such as visibility, but also through increased brand awareness, increased sales, increased business value, differentiation and belonging, as well as through innovation branding.
The importance of branding for start-ups was also confirmed by the in-depth interviews conducted with Kosovan start-up representatives. Although the majority of the interviewees do not consider branding as their top priority or business strategy, all of them have undertaken several branding activities, consciously or unconsciously. They value the role of branding in terms of gaining recognition, trust, and new customers. A common theme among the start-ups was lack of a specific team member for branding; yet, they all have engaged in branding activities which can be categorized in the following groups: logo, brand concept, target audience, product packaging, employee branding, office space, and brand personality. In spite of not having a ROI form branding metric, there was a generally positive attitude towards the future of branding for Kosovo’s start-ups.

The survey showed a generally positive correlation between branding efforts of start-ups and brand awareness. Brand awareness was measured through recall and recognition questions. Social media is the major medium from which the respondents heard about both current and graduated start-ups, followed by word of mouth, and start-ups employees. The survey results indicate that branding efforts pay off, since they increase brand awareness and lead to positive attitudes about the respective start-ups.

Finally, several branding activities were recommended that start-ups could utilize along with the activities already utilized. These include (i) building a brand voice through which the brand will communicate with the audience, (ii) having a person in charge of branding if it can be afforded, (iii) developing branding ROI measurement metrics which evaluates branding efforts, (iv) sending follow-up gifts that will strengthen brand recall, and (v) separating start-up and product branding to enlarge the spectrum of opportunities for success.
VII. References


Moorthy B. et al. (2015). What should be the branding strategy for Indian startups? 
SOMStunners-Shailesh J Mehta School of Management, IIT Bombay.


VIII. Appendixes:

A. Consent Form

INFORMED CONSENT FORM FOR SOCIAL SCIENCE RESEARCH
RIT Kosovo

Title of Project: Start-ups through the lens of Marketing: The Importance of Branding for Start-ups

Principal Investigator: Melisa Uka, RITK Student
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049-184-345; melisau@auk.org

1. Purpose of the Study: The purpose of this research study is to explore the importance of branding for start-ups in Kosovo.

2. Procedures to be followed: You will be asked to answer 12 questions during this interview.

3. Duration: It will take about 25 minutes to complete the interview.

4. Statement of Confidentiality: Your participation in this research is confidential. The data will be used only for the qualitative insight regarding the importance of branding among Kosovo’s start-ups.

5. Voluntary Participation: Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this form for your records.
B. Interview Questions

1. What is the idea behind your start-up?
2. For how long has your start-up been operating?
3. At what stage is your start-up now?
4. What do you consider to be the most important business strategy?
5. How do you evaluate the role of branding for your start-up?
6. Have you received any educational training in branding and brand management, or have you had learning by doing experience?
7. Does your start-up have a specific person designated only for branding?
8. What kind of branding strategy does your start-up use? Which brand building activities do you conduct?
9. Does your start-up have a target audience and how does branding help in targeting customers?
10. How do you think your branding influences your target audience’s brand awareness? If you can give examples.
11. Do you measure return on investment of your branding strategies?
12. What are your attitudes toward the future of branding for Kosovo’s start-ups?
C. Survey Questions

1. Are you familiar with start-ups in Kosovo?
   - Yes
   - No

2. When you think of start-ups in Kosovo, which start-up comes to your mind?

3. Which of the following start-ups have you heard of? (select all that apply)
   - Start-up A
   - Start-up B
   - Start-up C
   - Start-up D
   - Start-up E
   - Start-up F
   - Start-up G
   - Start-up H
   - Start-up I
   - Start-up J
   - Start-up X

4. How have you heard of these start-ups? (select all that apply)
   - Social Media
   - Website
   - Word of mouth
   - Events (ex. Start-up Fair)
   - Other:

5. Which of the following start-ups have you heard of? (select all that apply)
   - Company X
   - Company Y
   - Company Z
   - Company 1
   - Company 2
6. How have you heard of these start-ups? (select all that apply)
   - Social Media
   - Website
   - Word of mouth
   - Events (ex. Start-up Fair)
   - Other:

7. How familiar are you with the service/products the selected start-ups offer?
   - Extremely familiar
   - Very familiar
   - Somewhat familiar
   - Not familiar at all

8. Have you ever used any service/product offered by the selected start-up?
   - Yes
   - No

9. Pick one Start-up that you are the most familiar with:

10. Describe your overall opinion about the selected start-up:
    - Extremely favorable
    - Very favorable
    - Somewhat favorable
    - Not so favorable
    - Not favorable at all

11. How likely is it that you would recommend the above mentioned start-up to a friend?
    - Very likely
    - Not likely

12. What is your age?
    - 17-20
    - 21-23
    - 24-26
    - >26
13. What is your gender?
   - Female
   - Male

14. What is your current education level?
   - Primary education
   - Secondary education
   - Undergraduate
   - Graduate
   - Doctorate

15. What is your current employment status?
   - Employed, full-time
   - Employed, part-time
   - Unemployed
   - Intern