

Brand New Ventures?

Insights on Start-up's Branding Practices

Abstract

Purpose – This contribution aims to shed light on the specificity of branding approaches for young companies for the reason that branding is a crucial activity for the survival and success of a newly established firm as it facilitates finding and maintain customers.

Design/methodology/approach – We analyze fifteen of the largest and most successful start-up companies of Switzerland, adopting a case study methodology, mainly through in-depth interviews with CEOs and communication managers.

Findings – The paper establishes an overview on the current practices and rational of the brand building activities choices, and on the emblematic pitfalls regarding branding of new ventures. It suggests that young companies should not be forced to compare their branding strategies to multinational firms and proposes a framework and key guidelines for start-up branding.

Research limitations/implications – Given that this study focuses specifically on Switzerland, the findings might not be fully applicable to different economic situations. Nevertheless analyzing the biggest start-ups of a single country allows salient comparisons of the approaches towards branding within the same environment.

Practical implications – The proposed framework and guidelines can be relevant for future entrepreneurs and brand consultants, to orient and better motivate their decisions toward branding creations and development for new and young ventures.

Originality/value – This research investigates branding issues that are specific for newly created companies, in order to support them in making informed decisions on branding activities, a crucial activity for the survival of start-ups, given their lack of resources and fundamental need to find and maintain clients.

Keywords Brand, Branding, Start-up, Entrepreneurship, SME, Switzerland

Paper type Research paper

1. Introduction

The purpose of this paper is to analyze brand development strategies for start-ups: branding is a crucial activity for the successful establishment of a new company, that helps customer acquisition, retention and to build a favorable reputation. Although the literature on branding and corporate communication is vast, and studies about new ventures and entrepreneurship are numerous, the intersection of these two fields is still an under-explored area (Rode and Vallaster, 2005). Research on small business and branding has been defined to be in its “infancy” (Boyle, 2003; Krake, 2005), and even perceived as an “oxymoron” (Merrilees, 2007). This is partly due to a lack of understanding of the real meaning of branding. In fact, small businesses, such as local corner shops, may even fail to recognize that they are a brand (Merrilees, 2007).

Keller (1998) proposes that brand strategy is not only for large organizations, and offers some apposite suggestions for small business branding. Wong and Merrilees (2005), followed by Ojasalo *et al.* (2008) argue that both SMEs and big firms can build brands, but the ways in which they do so are different. Indeed, the specific area of *start-up branding* provides an interesting and unique context for brand studies for several reasons: first, at the creation of a company there is no established identity and

reputation (Petkova *et al.*, 2008) and internal structures still have to be built (Rode and Vallaster, 2005). Second, branding activities are of paramount importance for customer acquisition (Boyle, 2003) and therefore for the survival of the company. Third, start-ups typically have limited resources in terms of capital (Abimbola, 2001), know-how (Rode and Vallaster, 2005) and time (Wong and Merrilees, 2005). This is a general problem underlined by many of the analyzed ventures: since a good branding and communication strategy is not necessary to *start* a business, the entrepreneurs are usually more concentrated on financial and production issues. Although this approach is understandable in the logic of the entrepreneur, many companies (including those interviewed by us) later recognize that a clear brand vision is a sound investment for them, because the costs of subsequent changes to their corporate identity can be very high. In the words of the founder of one of the start-ups we have analyzed (e3): “*It is important to think about the communication from the beginning, otherwise you have to do it several times later*”.

With this work we intend to investigate start-up and entrepreneurial-specific branding issues: we focus on understanding the perceived relevance of the brand concept by entrepreneurs, the brand creation process (i.e. brand strategy and design) and the brand building activities employed. Furthermore we examine the most common problems (and mistakes) that young ventures face in the branding inception process. We adopt a case study approach and focus on the Swiss economy by analyzing fifteen of the largest and most successful start-up companies of the country. The analysis of these topics has implications at theoretical level as it provides an understanding of the role of branding in the creation phase of a firm. From the managerial perspective, the findings suggest that new ventures should not be forced to compare their branding strategies to multinational firms: to provide guidance for entrepreneurs, we summarize the best practices emerged from the cases in an orientation framework and five key guidelines.

The novelty of this research has to be found in the specific focus on the brand creation and development process for start-ups, including typical mistakes committed by the entrepreneurs, and secondly on the unique sample selection, which considers the largest new ventures (in terms of employees' number) in one country (Switzerland).

In the next section, we briefly review the relevant, but scarce literature. We then outline the methodology adopted in our research, as well as the selection criteria for the case companies. Subsequently, we provide a comparative overview of the firms' branding activities, together with explanations of their most commonly encountered problems. We present theoretical implications and managerial guidelines by introducing a framework for start-ups branding, based on a brand creation sequence and a classification of branding approaches of new ventures. Finally, we discuss the limitations of our work and provide future research directions.

2. Branding New Ventures

Branding is a vast and rapidly growing field. Entrepreneurs nevertheless can rarely find specific, tailored guidelines in the traditional branding literature (Merrilees, 2007), as it focuses largely on multinational companies and well established firms, and covers topics that are not yet highly relevant for new ventures, such as brand architecture, revitalizing, associations, extension, globalization and so forth (Fombrun and Shanley 1990, Aaker, 1991, 1995; Keller, 1999; Balmer and Gray, 1999, 2003; de Chernatony, 2001, 2002; Aaker and Joachimsthaler, 2002; Argenti and Forman 2002; de Chernatony and McDonald, 2003; Wheeler, 2003 Kapferer, 2004). Young ventures have specific branding needs due to their lack of resources (Abimbola and Vallaster, 2007), lack of internal structures and processes (Rode and Vallaster, 2005), and fundamental need to build a reputation (Petkova *et al.*, 2008) and find clients. Geissler and Will (2001) highlight that “Contemporary management literature on

entrepreneurship neglects corporate communication to a great extent". This is particularly surprising because "if start-ups or new ventures are not able to establish their corporate brand in the market within a relatively short time frame, they disappear from the market" (Timmons, 1999). Nevertheless, entrepreneurship research offers a relatively good coverage of marketing issues specific to new and small enterprises (Zimmerer and Scarborough, 1998; Serazzi, 2001; Kuratko and Hodgetts, 2004; Williams, 2007), but Merrilees (2007) points out that branding has been missing from the literature on SMEs and entrepreneurship, with few notable exceptions that we will now review.

2.1 Branding of start-ups

Among the early studies, Boyle (2003) offers the first anecdotal evidence on the topic, with a single case study on Dyson Appliances, illustrating how the company successfully built a strong brand in the 1990s. Steiner (2003) investigates the corporate identity of young ventures specifically in the real estate industry and finds five factors that affect early corporate identity: vision, aesthetics, play, charisma and trust.

A notable theoretically and empirically grounded study has been conducted by Rode and Vallaster (2005) on corporate branding for start-ups and the role of the entrepreneur. They focus on the early phases of a new venture (that is, up to the first two years of operation) and analyze the role of the entrepreneur on the process for the decisions on corporate culture, corporate behavior, corporate design and corporate communication. Their work is based on nine case studies and highlights the role of the entrepreneur during the development of a corporate brand. A quantitative investigation on the same topic (Witt and Rode, 2005) has tested a model of brand building in start-ups (specifically on the causal relation between corporate identity and corporate image). Merrilees (2007) proposes a "theory of brand-led SME new venture development"; the purpose of his research is to understand how branding can facilitate small business development of new ventures. Through a conceptual approach he develops a model with eight propositions for "high-aspiration entrepreneurs that seek very high performance for their new venture" (pg. 413). A recent study on new ventures reputation building has been carried out by Petkova *et al.* (2008); they differentiate generalized reputation from local reputation and find that different kinds of activities help new venture accumulate one of the two reputation types. In particular, symbolic activities, investments in human capital and social capital help to build generalized reputation, whereas investments in product quality and building close relationships with customers lead to create local reputation.

2.2 Branding of SMEs

Related further research has been carried out in the context of *SMEs* (Small and Medium-sized Enterprises): findings in this area can be useful, although not applicable in full to start-ups, because they mainly focus on ongoing brand management (Merrilees, 2007), while new ventures face unique challenges, as for example the creation of the brand and the absence of existing clients and reputation. Abimbola (2001) is one of the first scholars to explore SME branding and focuses specifically on branding as a competitive strategy. More recently the same author (Abimbola and Vallaster, 2007) has provided a historical examination of brand, organization identity and reputation in SMEs, which provides a valuable broad overview on the topic. In 2005 three studies have contributed to the advancement of theory in SME branding, all based on case study methodology. Krake (2005) tested Keller's five guidelines for SME branding, and based on the results, developed a new model for the role of brand management in SMEs – through the metaphor of a "funnel". Wong and Merrilees (2005) propose two models: firstly, a typology of branding-archetypes developing on a ladder (minimalist, embryonic and integrated brand orientation), based on the level of brand orientation and performances. Secondly they propose a broader brand strategy process model, with four elements interconnected: brand distinctiveness, brand orientation, brand barriers and brand marketing performances. Mowle and

Meerilles (2005) studied the branding approaches of Australian SME wineries and developed a model for SME winery branding which highlights the functional and the symbolic value inherent in the brand. Furthermore they identify two approaches to branding: product driven and market driven branding. Finally, a recent study by Ojasalo *et al.* (2008) investigates the specificity of brand building in software SMEs.

The reviewed studies provide relevant contributions in understanding the context of new and small ventures' branding; however the specific aspect of branding development strategy for start-ups (from the creation to the brand building mix) has not yet been deeply investigated. Consequently the aim pursued in this paper is to focus on this aspect, by analyzing the largest startups in the country, and in particular, focusing on the typical successful and unsuccessful branding activities.

3. Methodology

Building on the findings just illustrated, we develop our study by focusing specifically on branding factors that are unique to new ventures. We do so by selecting the most successful start-ups in a country, Switzerland, and investigate their approach to branding. Our main *research questions* are: What is the perceived relevance of branding for start-ups? How do they create the brand? Which brand building activities do they decide to conduct and why? What are the most common problems and mistakes they faced?

We employ a case study methodology (Yin, 2003), based primarily on in-depth, semi-structured interviews in order to be able to understand (rather than simply measure) the reasons for conducting or not conducting certain brand activities, as we aim at theory building rather than theory testing. This methodology is in line with previous studies in the field of branding in general (de Chernatony and Dall'Olmo Riley, 1998) and of new ventures and SMEs branding in particular (Krake, 2005; Rode and Vallaster, 2005; Wong and Marrilees, 2005). The case studies are based mainly on in-depth interviews with both closed and open-ended questions with CEOs (8) or communication managers (7), and on logo, website (colors, usability, traffic ranking) and document analysis (flyers, business cards, videos, newsletters, etc.). Each interview lasted at least one hour and was tape recorded.

Our sample *selection* specifically includes the largest start-ups in the country. This choice allows us to analyze the branding practice of successful new companies within the same economic and regulatory environment. In order to be selected, the companies had to be established in Switzerland, since this study is aimed to investigate the Swiss context; therefore Swiss branches of international companies were excluded. Secondly, they had to be in existence since no longer than five years, as commonly defined in the entrepreneurship literature. The biggest Swiss ventures responding to these criteria were selected, with the help of a classification of Venturelab, an initiative of the Swiss Federal Agency for Innovation Promotion. The Venturelab bases companies' rating on the number of employees, as data on company' sales and turnover are not always available and consequently not comparable. The twenty biggest companies were contacted and invited to take part in the study. Fifteen of them agreed and were analyzed further with their collaboration (see the appendix for details on each company). We believe the Swiss context can represent typical start-ups of a mature, open, moderately regulated, and small economy, which strive to grow without subsidies or governmental support and are consequently relying primarily on their marketing and branding activities to acquire customers and survive.

We now provide a brief *description* of the selected population in order to contextualize the analysis (more details can be found in the appendix). At the time of the data collection (2006), the number of employees ranged between 30 and 150. Following the common definition of Small and Medium-sized Enterprise (also adopted by the European Union, which defines small companies as having between 10 and 49 employees, and medium-sized enterprises having between 50 and 249), our sample is

constituted by 5 small and 10 medium-sized enterprises. The vast majority (90%) of these ventures are active in the service sector; interestingly half of the companies are in the ICT (Information and Communication Technology) industry. 65% of the firms are B2B (Business to Business), only 10% are B2C (Business to Consumer), and the remaining 25% are mixed, since their products or services are provided both for businesses and for private consumers. Regarding the target market, about 60% of the firms operate internationally. Half of the companies' turnover remain under 20 million CHF (approx. 18 million US\$), and only one company has a turnover of over 60 million CHF (55 million US\$).

4. Results

This section describes the branding sensitivity, approaches and brand-building activities of the 15 start-ups and their managers, following the order of the previously defined research questions: perceived relevance of branding, brand creation and brand building activities. In each sub-section we include a review of the most common mistakes and problems faced by the companies. The concise aggregated results of branding activities, as emerged from the interviews, website and document analysis are presented in Figure 1. The size of the squares in the table represents the scope of each activity: a small square represents a small investment and a big square represents a greater one. An extensive description of the data collection method and analysis is available upon request from the authors.

4.1 Brand relevance

We firstly investigate the perceived *importance of branding* for the Swiss entrepreneurs and we find a broad spectrum of opinions. The founder of SourcingParts.com is very positive: “Branding’s contribution to the company is very high. Branding activities are a core for any company working online. The company spends around half of the money for the product and half for branding activities”. And the communication manager of Colibrys says that branding “is very important: it accounts for 50% of the success. The other 50% is the quality of the product”. Other companies (such as e3) think that the entrepreneur’s personal network and word-of-mouth have equal or greater relevance than typical brand building activities, while some believe that there is no need for strong communication efforts (Juckerfarmart), or that communication is important but should come second (green.ch and CallTec).

Reflecting this perception of the branding relevance, more than half of the companies had a documented idea of the brand strategy before the inception of the company. Most of the companies had a defined vision, mission and positioning, but only very few of them had clear brand values or a brand measurement processes.

4.2 Brand creation

The first visible step in creating a new brand is the choice of the *name*, which has a key role regarding brand effectiveness, because “a brand name is the foundation of a brand’s image. [...] A carefully created and chosen name can bring *inherent* and *immediate* value to the brand” (Koholi and Labahn, 1997, pg. 67, emphasis in the original). From our analysis it emerges that half of the analyzed companies chose a suggestive name, and only one company adopted a fanciful name (e3) as suggested by the literature (Kuratko and Hodgetts, 2004). Two start-ups have descriptive names (Global Human Resource and Helvetic Airways): it is advised in branding guidelines (Kapferer, 2004) that a descriptive name is hardly protectable and even dangerous because the final goal of a brand is to distinguish the product, not just to describe it. In fact, from the interviews it emerged that GHR could

not protect the full name. And Helvetic Airways has problems of getting confused with another Swiss company, namely Helvetic Tours (which also owns the internet domain helvetic.ch).

The research revealed that some of the companies already perceive their names as too “small” for their business, as in the case of SoftwarePipeline: their communication manager recognizes now that a fanciful name would have been a better choice because it would not be linked to the service offered. The founder of SourcingParts.com identifies some problems with the understanding of the name, especially on the phone for non-English speaking customers, and adds: “I wanted to change the name into ‘SP’ but it was not possible because that name is already taken by another company”.

Concerning the *logo* (van Riel and van den Ban 2001), half of the companies had it developed professionally by graphic or advertising agency, or a freelancer. Three of the analyzed firms recognize that they have problems concerning the logo and its protection. Moreover, some of the companies assert that they are satisfied with their logo while it actually presents basic problems. An example is the company Juckerfarmart: the logo was designed in-house by the founders, and the marketing manager states that they are satisfied with it. But for an external viewer, observing the logo, it is almost impossible to understand what it ought to represent.

Finally, we observe that some of the companies already have more than one brand (i.e. a corporate brand and a product brand).

4.3 Brand Building

From a first glance at the synoptic table (Fig. 1) we can see that all of the examined start-up companies conduct a remarkable number of brand building activities; the individual mix of activities is however quite diverse (i.e. advertising, events, sponsoring). Straight forward brand building activities, such as an online presence, a newsletter, or events dominate, while fancy branding activities, such as jingles or videos, are the exception. Very few companies have a structured recruitment process aligned to their brand (to examine candidates in line with the branding strategy for adequate behavioral branding).

The findings show that Swiss start-ups do not make substantive use of conventional activities such as mass media *advertising*. They argue that “advertising is expensive” (Calltec) and “it is not possible to touch customers with regular advertising” (Colibrys); “We stopped [general advertising] because it doesn’t bring anything” (Alpha Solutions). Some companies recognize that they invested in advertisement which did not bring a satisfactory return (CallTec, e3). They prefer to concentrate more on unconventional branding activities, of which the creation of *events* seem to be the most popular: they range from classic business dinners, to “road shows”. Considering *PR activities*, most of the companies do not show a high level of sensitivity or investment.

Another key topic for start-ups, is *on-line branding*: in our analysis we found a great variety of approaches. A few companies put a great effort into their website – quite obviously all high-tech companies – while others use it only as an on-line business card and do not update it very often: “The website did not change since when the company was established, because there are no information items that change” (CallTec). Regarding more specifically on-line marketing activities and advertising, most of the companies are aware of the power of Search Engine Optimization (SEO) and believe it is a core tool for internet branding. However, the majority of the companies do not perform any other on-line marketing activity. Only a few start-ups actively advertise in the Internet through Google AdWords and Yahoo! Search Marketing, or affiliate programs. Two companies tried these tools and then stopped using them as “they are very expensive”. On the contrary, other firms consider on-line advertising as very important, for instance for Global Human Resource: “Google AdWords is the most useful tool”. These very different views could be explained considering both the different kind of businesses (and therefore the internet literacy of their clients) and the specialist skills needed to run these campaigns (Chaffey and Smith, 2008).

Company	Alpha Protect	Alpha Solutions	CallTec	Colibrys	Cosma Dialog	e3	Freicom	GHR	Green.ch	Helvetic Airways	JuckerFarmart	Kindercity	Littlebit	SoftwarePipeline	SourcingParts	
Brand relevance																
Perceived branding relevance	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Perceived contribution of branding	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Top-down branding approach	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Vision, Mission	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Positioning	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Core values	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Brand creation																
Documented brand idea at start	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Name/logo professional choice	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Protected /™	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
More than 1 brand (brand portfolio)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Brand extension	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Claim	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
CD book	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Brand building																
Advertising	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
PR	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Events	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Sponsoring	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Internet domain with same name	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Online marketing	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Newsletter	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Music/Jingle	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Videos	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Uniforms/Branded cloths	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Structured recruitment process	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Internal communication rules/ policies	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Internal brand communication	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Brand measurement (internal)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

Legend: ■ High level ■ Low level ■ Information not available

Figure 1. Branding activities in comparison

5. Discussion

From the conducted research and based on the comparison of the branding activities with existing literature, we highlight the theoretical implications of our work. We then propose a recommended brand creation sequence and a classification of brand orientation based on the findings. We finally derive some tentative recommendations for entrepreneurs regarding the brand creation process.

5.1 Implications

We proceed by contrasting the empirical evidence that has emerged from the fifteen case studies, representing the biggest start-ups in Switzerland, with previous findings and theories, specific to new ventures and SMEs. *Consistent* with existing research, we find that decisions regarding the brand are managed by the founder in most of cases (Krake, 2005; Rode and Vallaster, 2005; Abimbola and Kocak 2007). Six companies have developed more than one brand (i.e. a corporate brand and a product/service brand, or several product/service brands), and it is a conscious choice, similarly to what Krake (2005) has found, and partially in contrast with Keller's theoretical guidelines (1998). Almost all of the companies have legally protected their names or logos, as suggested in the literature. Our observations regarding the absence of co-branding and partnerships, are consistent previous findings in SMEs (Krake, 2005; Ojasalo *et al.* 2008), as we found only one (IT) firm exploiting branding collaborations. In line with the findings of several previous studies and recommendations (Keller, 1998; Gilmore, 1999; Boyle, 2003; Ojasalo *et al.* 2008), Swiss entrepreneurs greatly favour unconventional and innovative approaches, such as the creation of events (Carter, 1999), and do not make substantive use of traditional promotional activities as mass media advertising.

The analysis also brought to surface a few remarkable *differences* that might open new interesting venues for further research. We find that word of mouth and the founder's network are considered relevant branding activities: this is a peculiarity of small businesses, compared to traditional branding of multinational firms, and rarely addressed by existing research. Secondly, Swiss entrepreneurs scarcely employ PR: this result is in stark contrast to guidelines and previous findings on SMEs (Krake, 2005; Petkova *et al.*, 2008), where it is considered one of the most suitable activities for small businesses. From the interviews it emerged that the start-up founders lack knowledge about the potential benefits of PR as a branding tool and therefore have not considered it. Finally, we identify that the firms have widely different approaches to on-line branding. This topic has thus far being rarely addressed by academic research specifically for new and small ventures (for an exception see Opoku *et al.*, 2007), although *digital branding* can be a potentially very powerful tool for businesses with low budget.

Our findings suggest that research and guidelines *should not force start-ups and young SMEs to compare their branding strategies to multinational firms*. New ventures should instead develop more creative, innovate and unconventional branding activities (Keller 1998; Gilmore, 1999; Boyle, 2003; Ojasalo *et al.* 2008), as for instance organize events, actively create positive word-of-mouth, and develop on-line branding campaigns. Further research in the area would be highly beneficial.

Finally, it is perhaps time to revisit and improve *entrepreneurship courses and curriculums to include start-up-specific branding guidelines*, which should focus more on low budget powerful branding tools, as PR, active creation of word of mouth (for example with so called guerrilla marketing), personal networking, on-line branding strategies (Ind and Riondino, 2001; Phillips, 2003; Breakenridge, 2008) and in particular Social Media (so called Web 2.0) (Stocker *et al.*, 2007; Chaffey and Smith, 2008). This area seems to be a particularly promising and relevant venue for future research.

How should start-up create a brand?

Through the conducted analysis we see the emergence of some optimal brand development practices that are core to all ventures for creating a sustainable brand, and other branding activities that vary depending on the context (industry) and desired level of brand investment. This differentiation seems to be crucial both at theoretical and pragmatic level, as it can guide entrepreneurs through a tailored selection of brand building activities for their businesses. We therefore propose a two-step framework that can support entrepreneurs in decision making regarding branding: a *brand creation sequence* with

the core elements of brand creation that all start-ups should consider, and secondly a *branding orientation classification* which portrays the major options for branding activities based on the specific industry expectation and the strategy of the company.

Step one: brand creation sequence

As it emerges from the best practices of the largest new Swiss new ventures, the brand creation and development process should follow *three main phases* (Fig. 2). Firstly, before the inception of the company, the entrepreneur should define the *brand strategy* aligned to the strategy of the new organization. Secondly, the brand strategy should be enacted through an appropriate *brand design* (name, logo, colors, and visual elements) in line with the brand mission and philosophy defined in the previous phase. Before proceeding, it should be checked if an internet domain with the desired name is available and if the name and logo can be legally protected. Thirdly, a *brand building activities plan* should be developed, carefully selecting among brand building activities available. The choice of these activities does not need to be the same for every type of company: the following brand orientation classification can guide entrepreneurs and consultants in considering different options, to select the most appropriate activities for their enterprises.

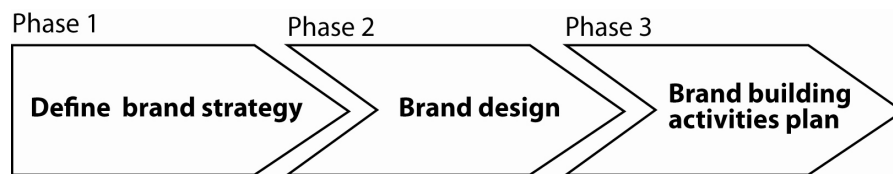


Figure 2. Brand Creation Sequence

Step two: branding orientation classification

From the analysis of the largest new ventures in Switzerland, we can observe different approaches to branding (Fig. 3) that are dependent on the specific industry expectations and on the company's attitude toward branding. Figure 3 offers a synopsis of the positioning of the largest Swiss start-ups relative to the kind of branding activities they conduct (traditional versus innovative) and the expectations regarding branding of their specific industrial sector (i.e. typically B2C companies are expected to have more branding activities than B2B companies). The size of the circles represents the company size (in terms of employees number). Based on these two criteria, we classify the firms in four typical *branding clusters*: *damned to brand*, *tech-marketer*, *far-sighted* and *traditionalists*.

On the top portion of the diagram (Fig. 3) we can find the *damned to brand*: companies that have no choice but to put a strong effort in both traditional and innovative activities. They perceive branding as constraint rather than an opportunity: "It is important to communicate, to make the people know the brand, there is no other way", says one of the interviewed managers (Littlebit).

On the right side of the diagram are grouped the technological firms that follow a similar branding approach, the *tech-marketers*. They have a very clear brand vision, do not rely on traditional branding activities, but concentrate strongly on innovative ones, such as online presence, events participation and creation and road-shows.

The firms in the bottom-right quadrant (Fig. 3) are named *far sighted* because their industries do not require a great branding effort to survive, but they nevertheless choose to have a strong creative approach: "[Branding] is an advantage with respect to the competitors" says the representative of SowftwarePipeline.

Finally, in the bottom-left quadrant we find the *traditionalists*: firms that opt for a traditional and product-centred approach to communication (similar to the product-driven branding approach of wineries found by Mowle and Merrilees, 2005). They typically believe that branding cannot bring

much benefits to the development of the company. This attitude is well expressed by JuckerFarmart's marketing manager "[Branding] is important, but also to have good products and good service. At the beginning is not necessary to spend a lot of money in communication: if the idea is good and innovative it provides free advertising".

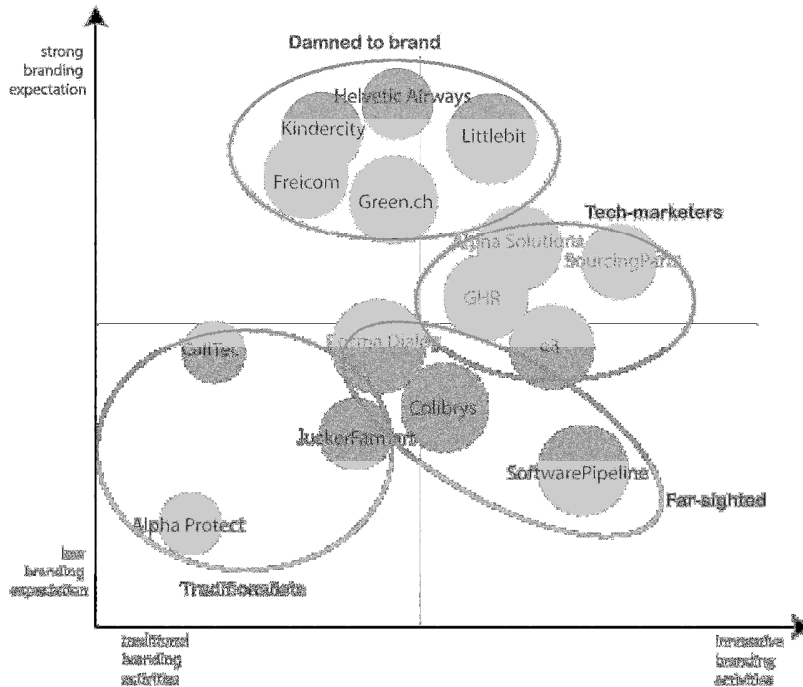


Figure 3. Branding orientation classification

The branding orientation classification provides an overview of typical approaches to branding employed by start-ups. It is specific for new-ventures with limited budget for promotional activities and has the aim to enable entrepreneurs to understand the main options, and consequently make more informed choice regarding brand building. At theoretical level, the proposed framework identifies and classifies emergent patterns of branding behaviours of new ventures.

5.2 Managerial Recommendations

From the analysis we derive five key practical guidelines, that can provide upfront suggestions to start-up entrepreneurs and branding consultants, to help them avoid mistakes that may later cost them crucial time and money.

Anticipate the company's expansion

The brand concept should be clearly defined and a branding plan should be developed before the inception of the company. The name should not be restrictive, therefore a fanciful name should be chosen rather than a descriptive one. From the companies' experience, and in line with previous findings (Serazzi, 2001; Kapferer, 2004; Rode and Vallaster, 2005), it emerged that many of the entrepreneurs failed to "think big" about the potential development of the company. Several of the branding mistakes, in particular the choice of the name and logo, are based on this general consideration of the possible future of the business.

Apply stringent criteria to the start-up logo

For the logo creation it is complex to derive specific, definitive guidelines, because the appropriateness of the logo ultimately depends on the brand vision. Henderson and Cote (1998) suggest that the logo should be easy to memorize, not hold negative connotation and be protectable. It

is also important to create written rules for the application of the brand design (through a corporate design book).

Exploit creative brand building activities

Successful entrepreneurs make considerable use of events as promotional activities: thus it can be suggested to new ventures' founders to be innovative and creative in brand building activities (Keller, 1998; Abimbola, 2001), by creating and participating to events, fairs and sponsorships activities. Secondly, new ventures should be cautious with investing in traditional advertising because it requires large investments: it is always necessary to choose targeted media and to check their performance. Also for PR it is necessary to focus on specific media: more in general it can be suggested to exploit more this branding tool (Krake, 2005) and to pay attention to the relationship with journalists, and not to forget to consider their power, in positive and in negative.

Exploit the power of the Internet

The Internet offers a vast number of innovative branding opportunities especially suitable for start-ups, due to their relatively low cost and wide reach. However it seems that most start-ups are still at the beginning of the on-line branding learning curve. Search Engine Optimization is a particularly important tool because it is free and it is argued to be the best online tool to connect with new clients (Chaffey and Smith, 2008), which is a crucial activity for start-ups. Internet advertising (Google AdWords, Yahoo! Search Marketing and affiliate programs) can offer a great return because it is a highly targeted form of advertising, but they can be expensive if they are not continuously monitored by competent staff.. We can therefore encourage entrepreneurs to exploit the opportunity of using free or highly lucrative tools, although they require skilled specialists to run them and a considerable investment of time, including the ones mentioned above, e-commerce, corporate Blogs, database marketing and Web 2.0.

Measure the results

The final step of any action, usually overlooked, is the measurement of results. An important guideline for future entrepreneurs is to measure the effect of their branding effort, not only internally, and to subsequently take action to improve the branding strategy, in a continuous and iterative process.

6. Conclusions

This paper makes a contribution by extending the limited existing literature on start-up and new business branding, but many aspects still need to be further investigated. *Limitations* of our study include the focus on only one country, and the lack of comparison between the branding activities of the most successful companies and those that are less successful, for which a quantitative study might be more suitable. Another limitation is related to the qualitative method employed, which does not allow the generalization of the findings. The *novelty* of our research lies in having investigated branding issues that are specific for newly created companies, such as the creation of a new brand with limited budget, lack of reputation and no existing customer base. Furthermore, at best of our knowledge, no other studies have analyzed the branding activities of the largest start-ups in a country, nor the mistakes and problems encountered by the entrepreneurs.

Our work adds to existing literature by questioning the assumption that guidelines for brand building activities, developed for multinational firms, can be equally applied to start-ups. We have highlighted the difference in approaches, as emerged from the comparison of the empirical investigation with existing theories and have consequently proposed a framework and guidelines. Our work aimed to give theoretical and pragmatic insights, by providing a framework for guiding the brand development process in start-ups, as emerged from the best practices of the analyzed companies. We have as well presented five key recommendations to provide concrete orientation for start-up brand builders. We believe this topic to be crucial because "*the key to a successful start-up [...] is to find financiers,*

customers, employees and favourable position in the industry networks. A prerequisite for that is to attract attention and building a strong corporate brand” (Geissler and Will, 2001, pg. 1).

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Appendix

Characterization of the analyzed companies, as of November 2006

Company name and website	Location in Switzerland	Industry/sector	# Employees	Year of establishment	Target market	B2B or B2C	Turnover in CHF mil
Alpha Protect www.alphaprotect.ch	Illnau-Effretikon	Security (3)	150	2000	Germany, Switzerland	B2B, B2C	4
Alpha Solutions www.alpha-solutions.ch	St. Gallen	IT (3)	30	2000	Switzerland, Germany, Austria	B2B, B2C	0.7
CallTec www.calltec.ch	Zug	Call center (3)	60	2000	International	B2B	2
Colibrys www.colibrys.com	Neuchatel	Mechanical parts (2)	150	2001	International	B2B	28
Cosma Dialog www.cosmadialog.ch	Berne	Call center (3)	120	2000	International	B2B	n/a
E³ www.e3ag.ch	Zurich	Software (3)	40	2000	EU	B2B	8
Freicom www.freicom.ch	St. Gallen	PR and advertising (3)	35	2001	CH	B2B	6
Global Human Resources www.g-hr.ch	Baar	IT HR (3)	70	2000	CH	B2B	6
Green.ch www.green.ch	Brugg	ISP (3)	50	2001	Switzerland	B2B	42
Helvetic Airways www.helvetic.com	Zurich	Transports (3)	130	2003	Switzerland, Italy, Spain, East Europe	B2B, B2C	n/a
Jucker Farmart www.juckerfarmart.ch	Seegräben	Farm (1-3)	40	2000	Switzerland, Germany	B2C	2
Kindercity www.kindercity.ch	Volketswil	Amusement park (3)	50	2002	Switzerland	B2C	3
Littlebit www.littlebit.ch	Hünenberg	IT wholesaler (3)	50	2001	Switzerland	B2B	82
Software pipeline www.softwarepipeline.com	Stans	IT service (3)	60	2000	International	B2B	40
Sourcing Parts www.sourcingparts.com	Chavannes-de-Bogis	Industrial mediator (3)	32	2000	International	B2B	5