

THE SIGNIFICANCE OF BUILDING BRAND IDENTITY IN STARTUPS

Startup management is currently receiving an increased amount of attention in literature on new approaches and the theory and practice of management. On the other hand, branding, as a tool for building awareness and extending customer loyalty, has been widely used by a great number of successful companies. While brand identity in big corporations is commonly regarded to be a part on parcel of effective marketing and promotion, startups appear not to focus as much on their brand identity [1]. They tend to ignore the significance of brand identity due to being involved in other vital aspects of startup structuring, such as building up the team, establishing a shared policy on intellectual property ownerships, reaching agreement on the contribution of time and money of each of the funders, as well as personal guarantees and liabilities. However, the lack of building brand identity may lead to difficulty in making critical decisions and also problems with company culture coherence perceived from the clients' perspective. This, in turn, is likely to bring about the lack of clients' trust and loyalty. It has been widely acknowledged that brand identity is today even more critical than ever before, since consumers are being bombarded with numerous advertising messages on daily basis which makes it difficult for each company to gain a competitive advantage over the others [2]. Therefore, what appears to be a particularly vital asset of a start-up company now is its brand identity.

The present paper attempts at drafting principle recommendations for building brand identity in startups. This paper is based on literary analysis providing various aspects of brand identity functions and benefits and, most importantly, the tools for building brand identity of young companies. Apart from the above mentioned benefits of brand identity there are several equally valid merits thereof that may cause startups to differentiate (i.e. break through the noise), collaborate (i. e. involve employees, partners and customers in active cooperation), innovate (i. e. encourage creativity based on passion), validate (i. e. evaluate the performance), and cultivate (i. e. let the brand live and breathe and be human-like organism) [2]. At the same time, the above qualities of startups constitute principles that should be followed in order to gain a competitive advantage.

In order to create a brand identity the following steps should be recommended: 1) Identifying the core values of the company, i.e. the driving force behind the startup and how the startup will change the lives of their customers, which should be expressed in the form of a mission statement. 2) Determining what the startup unique value proposition is and how to present it to the target audience. This may be obtained by various methods, including the identifying of the urgent needs and compelling desires of the target market, or offering the investible opportunities and demonstrating the unique benefits that accrue from buying the firm's products or

services [3]. The communication of the uniqueness of the offer has to be very clear so that the potential clients who face a daunting experience of making a purchase decision are facilitated in making their choices. 3) Telling a brand story to clearly present the core values being held by the startup team. Using this tool is aimed at making it easier for the potential clients to imagine how the product or service would fit into their lives. Not only are the core value to be communicated by this technique, but also an emotional engagement of the audience is expected to result from the presentation of a brand story [4]. The form of the brand story presentation may take various media formats such as entertainment, practical tips or education. 4) Creating the right brand name that will meet such requirements as having a meaning related to, and aligning with, the brand vision, being easy to pronounce, having appropriate connotations so as it does not conflict or confuse with other names. 5) Creating a robust logo design that will constitute the face of the brand, pivotal for the visual layer of the brand identity. Visual identity is of particular importance as it triggers perceptions and brings immediate associations of the brand. Robust logos are easy to remember and recognize [5].

This study elaborates on the above techniques of building brand identity in startups with the purpose of broadening and enhancing the understanding of its significance and the «know how» of constructing this vital component of entrepreneurship.

References:

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