

Digital Innovations: Startup Marketing Strategy for Global Growth

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<p>This thesis discusses the relatively new phenomena of innovative digital products created by startup companies, who often must scale globally fast, before the volatile trends or the fierce competition of the digital marketplace take over. International entry itself is no longer the issue, but rather standing out in the crowd while balancing resources and flexibility. The focus is on how startups can induce global growth and tackle structural obstacles by means of marketing strategy.</p> <p>The topic was chosen because of the topicality of innovations, startups and globality, which are often talked about as the sources of important economic growth today and in the near future. The author also wished to deepen their understanding of growth strategies and entrepreneurship, shaping the thesis topic to its final form. The thesis does not discuss the marketing plan for parts other than marketing strategy, and does not specify tactics, as it would take away the uniqueness required of a strategy.</p> <p>The objective was to create a production, in this case a guidebook, based on the theoretical framework presented, aimed at beginning or aspiring startup entrepreneurs. The theoretical framework consists of issues related to the digital environment, global customers, innovation diffusion, and marketing strategy.</p> <p>The guidebook was realized using Microsoft Office Word 2016, and its production took place from the spring of 2017 until the fall of the same year. The production is a cohesive entity offering standpoints and guidelines to crafting a growth-oriented marketing strategy when dealing with digital innovations.</p>	
Keywords Marketing, strategy, innovation, globality, digital, growth.	

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1 Introduction

Consumer interest in the growing number of innovative physical and digital products has increased notably, thanks to the ability to access and compare products through interactive platforms in particular. The new interactions and demand, along with advancements of customer data processing, have brought about a number of businesses who develop new products, business models, and personalised offers with cost-efficiency and speed. (OECD 2015, 144-145.) Combined with the ability of digital products to cross geographical and economic boundaries within seconds, international entry in itself is not an issue. The challenge lies in standing out among the increasing number of products and competitors, reaching the right people with the right proposals, and finding the balance between resource allocation and flexibility.

Innovative products and startups pose opportunities not only for entrepreneurs and investors, but for economies at large. New products act as stimuli that spurs economic growth of greater magnitude than changes in the prices of existing goods. (OECD 2015, 17; Trott 2012, 6-7.) In an age, where on one hand globalization and technology revolutionize individuals' lives and global systems, and on the other, increase uncertainty over the future and sentiments of protectionism, export and trade-dependent countries with small domestic markets must strive to find ways to thrive in the global markets. As the hopes of such countries' future shift from large, established and traditionally expanding companies to innovative startups, it is necessary for the latter to have the keys to creating a strategy that maximises chances of both short- and long-term success.

1.1 Background

The idea for the thesis arose from the author's studies in the field of international business and personal interest in startup business models and global innovations. The strategic point of view was chosen in order to deepen the author's existing knowledge of strategy planning and strategy analysis. The thesis process' objective was to increase the author's professional understanding and toolsets in the fields of innovation and entrepreneurship. Knowing how to manage a global startup business is something that is likely to be valuable in the increasingly startup-driven economy of today.

The ideation of the topic began around the concepts of growth and competition strategies in startups, and the original plan was to conduct a qualitative research. However, guided by the will to focus on information useful for most businesses and entrepreneurs and on

the authors' specific area of interest, the thesis' focus shifted from research to producing a guidebook by combining and applying theoretical concepts into a more approachable and streamlined format. The task of producing a guidebook offered a challenge that called for creative and critical thinking alike. The rationale behind focusing on marketing strategy is that it largely addresses factors that influence growth, as well as the relative viability of arguments and suggestions in practice without taking away the intrinsic uniqueness and context-boundness of strategies.

1.2 Objectives and task setting

The objective of the thesis is to use a mix of theoretical information in order to create proposals and suggestions with novelty value. The thesis follows a product-oriented model, so a guidebook is produced as the outcome. The guidebook is meant for digital startups entrepreneurs or aspiring entrepreneurs, who are in the process of planning, fixing or assessing their global marketing strategies. The main objective is to introduce and suggest practices that enable maximum efficiency of the strategy in multiple different markets with only the optimal, minimal change requirements. The guidebook is built based on theories, models and analyses on the fields of innovation, digital products, global environments and international marketing.

The questions that the thesis looks into and seeks to answer to are the following:

- How and why does marketing strategy affect the growth of innovative products and organizations?
- Which factors must be taken into account in the marketing strategy of innovative digital products and what are the drivers of success?
- What is the optimal marketing mix for the first few years, in terms of resource allocation and reaching growth objectives?
- How can startups' limited marketing resources be used to maximum efficiency globally, as in to what degree can the strategy be the same across the global market and which factors should adaptation measures target?

While the questions guide the process, the core objective is to create a guidebook that comprehensively demonstrates the best practices to follow in order to create and execute a global marketing strategy that minimizes risk of failure due to poor marketing perspective within the company.

The guidebook aims to be adequately fit for its proposed purpose so that it answers to the questions posed. It should be accurate with up-to-date information as of the time of its creation, and reliable in its claims and proposals. The author aims to secure these objectives during the process with critical assessment of the sources used and of the assumptions

made. The production should be of good quality and comprehensible so that it could realistically be used by the target audience. The author's personal goal is to deepen the understanding of the subject matter and improve their time management and personal leadership skills. The objectives are evaluated through self-assessment at the end of the thesis process.

1.3 Delimitation

The adopted point of view is that of startups with limited marketing experience and resources, so the production is not applicable to large or established companies. The focus is on business-to-consumer products, so business-to-business products are not discussed. The thesis will not look into the parts of the marketing plan other than the marketing strategy section. The guidebook does not cover action program creation and specific tactics. While critical to a successful marketing strategy, the market research and segmentation section is limited to instructive principles, due to market information outdated too quickly to be beneficial in the guidebook for long-term, the individual nature of each business' customer profiles, and to limit the thesis to a reasonable length.

Throughout the theories covered, the author attempts to keep the standpoint of global, innovative digital products and markets – meaning that not all theoretical possibilities and factors pertaining to global marketing or marketing strategy are discussed. These include aspects that only concern physical products, and so the final production is not suitable to be applied to non-digital products and business models. For a similar reason, market entry strategies won't be discussed in detail, for they do not pertain to the definition of marketing strategy used as the basis of the thesis. Later-stage strategies are also left to lesser inspection due to the thesis' focus on the products' introductory marketing and successful market penetration.

1.4 Key concepts and structure

Kotler & Armstrong (2016, 29) define *marketing* as “the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return”. Moore (2014, 35-37) further defines marketing as the actions taken to create, grow, maintain and defend *markets*; entities consisting of actual and potential customers of a product, who have similar needs or wants, and who reference each other when making consumption decisions. The latter is emphasized by Moore, which the author says distinguishes a market from a category. In this thesis, the self-referencing aspect of a market is contained in the concept of a *market segment*. *Niche* refers to a highly

specific market segment. *Strategy* in itself is an action plan meant to achieve a desired outcome. *Marketing strategy* is the logic by which businesses hope to create customer value and build relationships. (Kotler & Armstrong 2016, 81; 78.) The term *growth* refers to the increase in the markers of company success, with the focus of the thesis being on market penetration. *Globalisation* refers to the trend of companies performing activities in “most countries and regions of the world”, as defined by Hollensen (2017, 19).

The definition of *digital* is that which is of, relates to, or is data in the form of binary digits (Merriam-Webster 2017a). The term *digital product* is used throughout the thesis in reference to goods, services, ideas and platforms that either exist purely in a digital form, or are distributed or mediated only through a digital channel, such as mobile applications, downloadable or cloud-based software, web pages or portals, and their content. The concept is tied with the term *digital business*, which means that the company is built around the digital product with no manufacturing of physical core products. The word *content* is also used throughout this thesis, meaning “principal substance, such as written matter, illustrations, or music, provided online” (Merriam-Webster, 2017b).

The term *startup* refers to newly founded business ventures. Startup often relates to the technology sector, including digital businesses, as well as growth-seeking innovative products and markets, making it appropriate for the purposes of this thesis. The major difference between a startup organization and a business enterprise is that while the latter devises and executes a business model, the former is in the phase of looking for one. Thus, being a startup is a temporary state until a repeatable and scalable business model is found, and the organization may be considered a full-fledged company. Startups aim to get customer feedback as soon as possible and form their growth through agile responses. (Blank 2016.) *Innovation* is the commercial and practical application of an invention or idea. It is an outcome of the combination of theoretical conception, technical invention and commercial exploitation of a new product. “New” does not always mean objective newness, but rather appearing new and different from the point of view of human behaviour. (Trott 2012, 15.)

The thesis follows the structural thesis model of Haaga-Helia. Following Chapter 1, which introduces the background and objectives of the thesis and defines the topic, delimitation, and concepts, is Chapter 2, which covers the theoretical framework. It begins by discussing the concept of strategic agility, and then proceeds to an overview of the digital environment in Ch. 2.1 and its market forces in Ch. 2.2, and how they must be addressed in the strategy. Topics are introduced in the order of a typical marketing strategy plan, starting

with the strategic goals and objectives in Ch 2.3. Next, the framework delves into market segmentation and targeting in Ch. 2.4, and positioning and differentiation, as well as value propositions and brand character in Ch. 2.5. Ch. 2.6 introduces the elements of the marketing mix, the degree of adaptation of which Ch. 2.7 addresses, before moving on to analyse each element in more depth with Ch. 2.8 focusing on the product, innovation attributes, adoption and diffusion, and the concept of tipping point. Ch. 2.9 covers matters related to the pricing and revenue models of digital products, Ch. 2.10 discusses the distribution and channel strategy, and Ch. 2.11 talks about the fourth and final aspect, promotion and communications.

Ch. 3 focuses on the production of the guidebook, beginning with the description of the planning stages before moving on to Ch. 3.1, which explains the methodology and reflects on the end result, while Ch. 3.2 lays out the production plan and schedule. Ch. 4 is dedicated to the discussion, beginning with important findings and moving on to Ch. 4.1, which provides an evaluation of the production. In Ch. 4.2 the author proposes suggestions for future development, and finally wraps up with a discussion of the learning experience in Ch. 4.3. The final production is attached at the end of the thesis as Appendix 2.

2 Global marketing strategy for digital innovations

In the digital environment, the traditional history-based and slow strategy processes within businesses are becoming increasingly ineffective and even harmful. Companies are required to be strategically agile: link strategic thinking and executive actions, find success through trial and error, and base decisions on insight, experience and learning. Studies conducted on successful large global companies have shown that agile strategy consists of *strategic sensitivity*, *collective commitment*, and *resource fluidity*, as shown in Figure 1. (Hämäläinen 2016, 189-192.)



Figure 1. Components of strategic agility. Adapted from Hämäläinen (2016, 189-192).

Strategic sensitivity refers to the cognitive ability to carefully observe and interpret changes in the environment, which requires the company to be in constant dialogue with the surrounding world and capable of honest self-reflection. Strategic sensitivity is challenged by the excess of information available through digital means: not all data is strategically useful, and it is often represented in a way that can mask the whole. Thus, companies themselves should avoid the creation of excess and focus on the relevant. Collective commitment relates to the top management's ability to act coherently and make bold, determined decisions, while resource fluidity allows the company to make changes in the business model and redirect resources within a short timeline. (Hämäläinen 2016, 189-192.)

2.1 The online environment

The internet and the technological and infrastructural advancements associated with it make digital business activities markedly different from traditional operations. There are eight distinct characteristics (Figure 2.), the first being ubiquity – the shift from physical marketplaces to a market space that exists beyond any temporal and geographic location. Ubiquity reduces both cognitive efforts and actual costs of transactions and tasks, but also allows global reach across physical and cultural boundaries in a cost-effective way. In theoretical terms, the market size of an online company could be approximately the number

of the world's internet users, as opposed to traditional companies with local or regional reach. The internet technology is the same across the globe, which brings about universal standards, which lower companies' market entry costs and customers' search costs, and aid and enhance price discovery. All actors experience network externalities – benefits born from an increasing number of people using the same technology. (Laudon 2017, 52-54.)

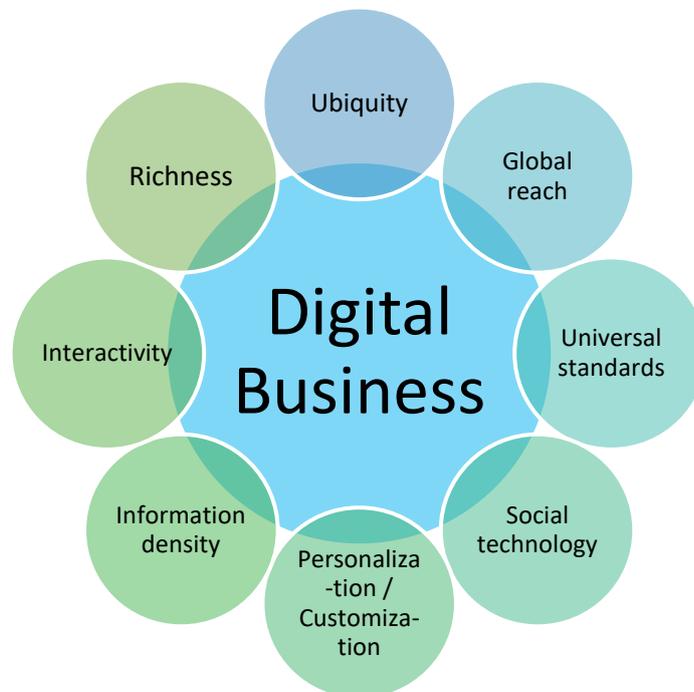


Figure 2. Eight Unique Features of Online Technology. Adapted from Laudon (2017, 53).

Richness, the complexity and content of messages, is increasing due to developments in technology and features like interactivity and personalization. As online goods can finally offer customer service and experiences similar to traditional businesses, the possible complexity of products increases. Interactivity, or two-way communication between businesses and consumers and among consumers creates conversation and engagement. Advancing technologies reduce costs of collection, storage and processing of information while producing it at higher qualities. Simultaneously price and cost transparencies increase, making consumers more educated on products' price compositions. Thanks to information and interactivity, products and messages can be personalized or customized to offer most suitable features to different consumers. The user-generated content and social activities characteristic to modern internet create new business opportunities as well as provide new many-to-many mass communication and networks. (Laudon 2017, 54-56.)

Kotler, Kartajaya & Setiawan (2017b, 22-25) discuss the paradoxes that digitality and connectivity bring about (Figure 3). First is the phenomenon offline and online worlds are converging and coexisting, without the former replacing the latter as once believed. The second paradox is about the *informed customer* versus the *distracted customer*. Consumers' purchase decisions are influenced by marketing communications, opinions of friends and family, as well as their personal experience-based information about brands. But connectivity and the massive amounts of information available create distractions, making decisions challenging. The 'wisdom of the crowd' phenomenon is further driven by low trust in advertising and individuals' limited time for research. Essentially, marketers are fighting for the scarce customer attention. (Kotler et al. 2017b, 25-26.)

The third and final paradox is *negative advocacy* versus *positive advocacy*. Advocacy is typically measured with the Net Promoter Score (NPS), which asks how likely the consumer is to recommend the brand or product. The cynics are then subtracted from the promoters to gain the final score. The calculation may leave significant insights unnoticed, because negative reactions from others may cause positive advocacy in others, which is common when the brand clearly pursues a target segment. Negative advocacy can, therefore, induce spontaneous advocacy and conversation which is otherwise difficult to induce. Many brands have a fair number of so-called "haters" to complement the high number of fans. (Kotler et al. 2017b, 26-28.) Companies should actively measure and respond to customer satisfaction levels to capture value, not for the metric itself, but to discover what drives the scores given and how they may be actionable. (Debruyne 2014, 59.)

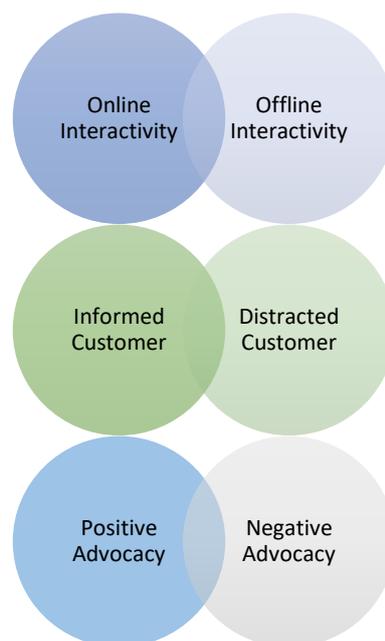


Figure 3. The paradoxes of digitality and connectivity. (Kotler et al. 2017b, 22-28.)

2.2 The market forces

The structural factors of a market that affect companies' performance are expressed in Michael Porter's five forces model. They are competitors, suppliers, buyers, substitutes and new entrants (Hollensen 2017, 114). Evans (2017) has adapted the five forces model specifically for the digital environment, and his model conforms to the concepts of digital environment and platform ecosystems presented in chapters 2.1. and 2.10. The competitive forces are intensive, for barriers of entry and exit are very low and new entrants need minimal capital, physical assets or infrastructure, and may gain large economies of scale. The threat of substitutes is great due to low switching costs for the consumer, and depending on the market, suppliers can either accelerate or slow down adoption within the markets. Perhaps most notably, the internet gives buyers a whole new degree of bargaining power: by having instant access to information and social media insights, such as reviews and feedback, consumers have new expectations.

As collaborative advantages within markets are more and more important, the *five sources model* draws attention to finding a balance between competitive and collaborative strategies on the five levels and blending them in a reinforcing manner, to optimize the firm's position based on both collaborative and competitive advantage. Companies can create horizontal collaborations with the competitors who produce closely related products at the same production stage. Vertical collaborations are formed with suppliers of services or components. Buyer relationships become collaborative as well, as opposed to being simply transactional. Selective partnering arrangements are made with lead customers and certain channels. Alliances may be formed with substitute producers to diversify and extend activities, and new entrants may be formed alliances with if blurring of industry or sector borders can be seen, or new technological breakthroughs create cross-industry opportunities. (Hollensen 2017, 114; 117-118.)

The power customers have obtained through the availability of information has greatly increased the level of engagement they expect from companies, to the point that successful innovations not only cater to true consumer demands, but are created and developed in constant dialogue with them. Companies must constantly be on the lookout for market signals both within and outside their markets; and act on the insights with ready mechanisms. Research and development (R&D) processes are opened up to external players, to reap mutual benefits over shared knowledge and capabilities. (Debruyne 2014, 5-8; 14-15.)

The five forces model, the five sources model and Evans' accounts and their relationship are summarized in Table 1. Further still, Kotler et al. (2017b, 11) argue that keeping track of competitors is becoming increasingly difficult due to industry lines becoming blurred. Therefore, considering the difficulty of assessing competition, a global launch can protect innovative companies and their intellectual property from competition, as it prevents local companies from establishing their own versions of the product before the original arrives to the market (McKinsey Global Institute 2016, 94).

Table 1. The five forces and the corresponding five sources. (Hollensen 2017, 118; Evans 2017.)

Porter's five forces	Digital environment	The five sources
Competitors	Intensive competition, large economies of scale	Horizontal collaborations
Suppliers	Control over adoption	Vertical collaborations
Buyers	High bargaining power	Lead user and channel collaborations
Substitutes	Low-cost switch	Alliances for diversification
New entrants	Nearly non-existent barriers	Alliances for new cross-industry prospects

2.3 Strategic goals and objectives

Marketing goals and objectives guide strategy-building and decision-making. Goals define the more general, long-term desired results, while objectives are markers with specific key performance indicators (KPIs) and timeframes. Prioritization of goals can influence staff perception of the company vision, and make decisions related to allocation of resources clearer. Ideally objectives aim for both high efficiency and effectiveness; the minimization of resources and time, and delivering on the objectives through the right activities and strategies. A general guideline for setting strategic objectives is the "SMART" model: make them specific, measurable, actionable, relevant and time-related. Objectives should be detailed enough to measure actual problems or opportunities, have an attribute that can be used to create a metric, allow the use of information to improve performance and resolve the specific problem, and relate to a timeframe. (Chaffey 2015, 209-210.) Marketing-related objectives can range from key customer relationship management to brand awareness. For most companies, it's important to set objectives for customer acquisition,

retention, and satisfaction. Financial objectives include profitability, breakeven, and revenue by product or channel. Additionally, companies can have societal objectives such as community involvement or issue awareness. (Wood 2014, 87-88.)

Since marketing objectives must be quantifiable and concern products and markets only, the objectives can be directly related to the Ansoff matrix, which separates four growth strategies based on the product's newness and whether it is targeted at existing or new markets. (Figure 4.) The only possible objectives in each category, according to McDonald (2017, 118-120), are sales revenue, sales volume, market share, market and channel penetration (percentage), and profit. In addition, he argues that since all companies by definition function in the first category (selling existing products in existing markets), it should be the core focus – if the product can be successful in its existing markets by reaching its objectives, venturing into the other, more risky categories is not needed. When it comes to startups, the proposition is supported by the suggestions that innovative companies should not introduce brand extensions early on (Ind 2016, 140-143), that targeting a specific market is the best strategy to reach most likely customers (Kotler & Armstrong 2016, 232-237), and that branching off to new markets with new products would be beside the point for beginning businesses.

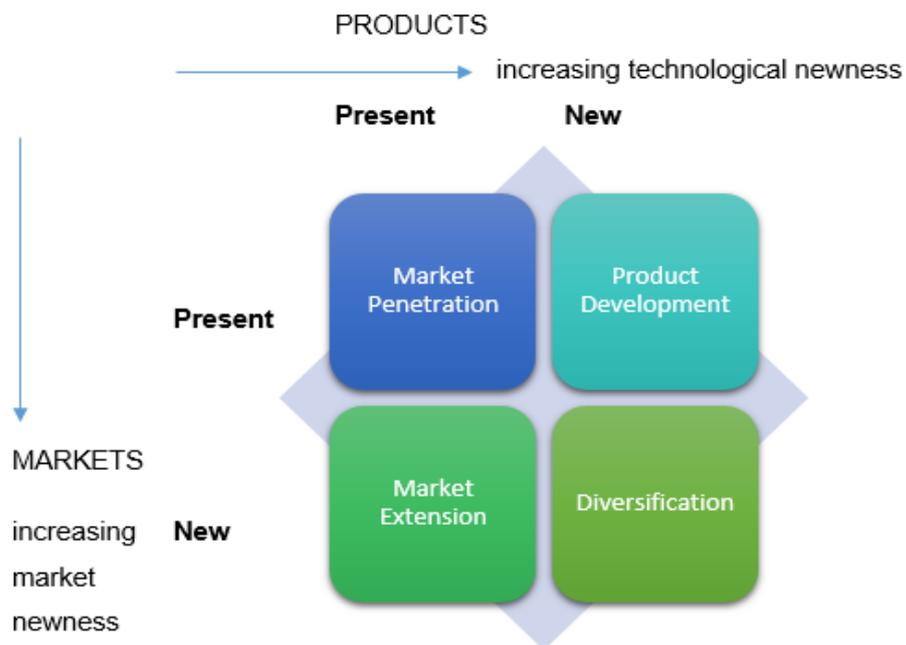


Figure 4. The Ansoff matrix. Adapted from McDonald (2017, 120).

The Innovation Ambition matrix (Figure 5), an adapted version of the Ansoff matrix, proposes an incremental strategy that recognizes the various degrees of "newness". It begins with the "core innovation initiatives", largely relying on market penetration logic. Later on,

the company may add products and assets as it simultaneously enters adjacent markets, serving adjacent customers. In the other far end, the company may develop completely new products and assets that target new markets and needs, becoming "transformational" in its growth strategy. (Nagji & Tuff, 31 May 2012.) The model showcases the fluid strategy embodied by many modern successes and their growth, allowing for long-lasting success better than the distinctly separate market and product decisions. McDonald's recommendation of a continuous market penetration strategy is perhaps a matter of a loose definition of product or market "newness". Therefore, interpreted strictly, it's largely suitable for the first phases of startup growth strategy, but questionable in its long-term viability.

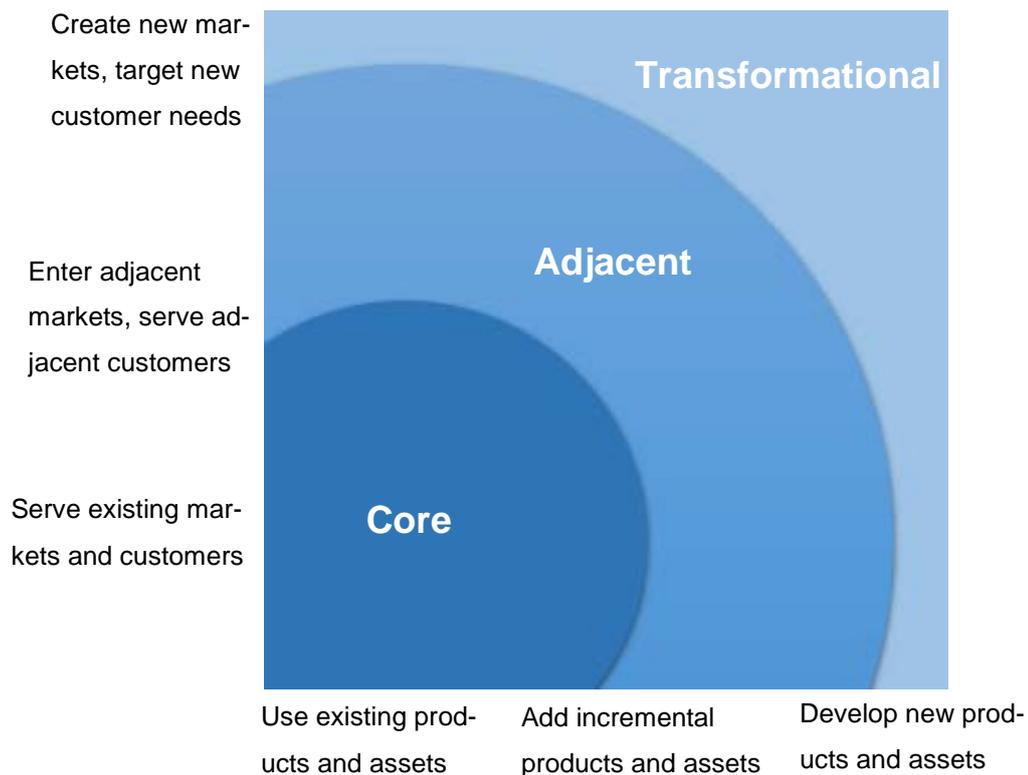


Figure 5. The innovation ambition matrix. Adapted from Nagji & Tuff (31 May 2012).

2.4 Segmentation and targeting

In segmentation, heterogeneous markets are separated into smaller homogenous groups with similar needs and wants. Common bases for segmentation are geographic, demographic, psychographic and behavioural. Segmenting global markets poses challenges due to the variations in the economic, cultural and political composition of even geographically close countries. Thus, the use of geography alone as a segmentation criterion can be misleading. (Kotler & Armstrong 2016, 222-223; 231.) Debruyne (2014, 120) recommends segmenting the end-markets by their different behaviour and perceived value of

features for their particular need. Modern communication technologies and internet access connect consumers worldwide and create distinct segments of like-minded consumers across the world. Styles, tastes, and products easily converge as a result of global homogenization of the marketspace. Cross-market segmentation addresses the phenomena; forming global segments with similar needs and buying behaviours. (Strauss & Frost 2012, 89.) Such segments, for example the homogenous youth culture market, can be approached globally with a relatively similar marketing strategy (Daniels 2015, 499).

However, a degree of geographic segmentation in digital companies is often driven by their distribution channel strategy and their ability to offer customer service to various areas. According to Strauss & Frost (2012, 91, 89), viable areas have at least a 50 % internet penetration rate, as it indicates internet savviness. While some of the most attractive markets can be entire countries or regions, specific cities and other urban areas should be evaluated as well, to not limit attractive possibilities. Over time, the countries with the largest populations will also have the largest number of internet users, yet market opportunity should not be evaluated in terms of absolute numbers, but in terms of current market conditions and environment.

Targeting begins by evaluating the segments and looking at three elements in particular: segment size and growth, its structural attractiveness, and the company objectives and resources. Size and growth are not indicative of the largest and fastest-growing segment, but relate to the size and abilities of the company and the competitiveness of the segment. Structural factors affect long-term attractiveness of the segment and again include the fierceness of competition, potential of new entrants, existence of substitute products that may limit the profitability of the segment and the bargaining powers of the buyers and the suppliers. (Kotler & Armstrong 2016, 232-237.)

Startups are likely to be most successful targeting a single customer segment first, and excelling in providing value for the segment, as targeting is required to make the offering attractive for customers and differentiating marketing efforts for several segments requires adequate resources. Furthermore, focusing on a large share of a smaller niche or segment is recommended, for achieving a strong market position is possible when the firm has specific knowledge of consumer needs in the niche and gains a reputation in exchange. By fine-tuning the marketing strategy, it becomes more effective, and by targeting those it can serve the best, it becomes more efficient. The concentrated strategy is especially suitable for companies with limited resources and it helps to avoid competition and reach profitability. The downside of targeting only one or few niche markets is the risk

faced if the segment loses its appeal, for example by becoming competitive. (Kotler & Armstrong 2016, 232-237.) The notion thus supports the strategy of eventual expansion into adjacent markets with adjacent products, presented in chapter 2.3.

It's important to note the changed character of consumers in the digital world. Segmentation and targeting as terms suggest vertical relationships and decisions being made without the customer's consent. Being considered a "target" can feel intruding or even inaccurate to many customers, which also makes them unreceptive to one-way communications. To highlight the role of the consumers themselves, the concept of a "segment" may be replaced with that of a "community". Communities are self-formed and self-defined by the consumers, and immune to irrelevant brands. The use of segmentation, targeting, and positioning is still viable, as long as they're conducted with transparency. (Kotler et al. 2017b, 47-48.)

2.5 Positioning and differentiation

Positioning (Figure 6) is the way the consumers define and see the product based on its key attributes relative to competing products. It's a complex set of perceptions, impressions and feelings in the minds of consumers. Still, companies must devise their ideal positioning and design the marketing mix accordingly. Positioning must address the needs and wants of target markets and differentiate enough from those with similar positioning. The company should identify a set of differentiating competitive advantages; choose the right ones to build upon; and select an overall positioning strategy. The chosen position must be successfully communicated and delivered. (Kotler & Armstrong 2016, 238-241.) Ideally, positioning is similar in the minds of customers everywhere, so the company can meet the shared expectations of global consumers (De Mooij 2010, 282).



Figure 6. Steps to positioning and differentiation. Adapted from Kotler & Armstrong (2016, 238-241).

In the digital age, the concept of positioning is becoming outdated due to companies having less and less control over the way consumers perceive them. The so-called clarification is more horizontal by including multidimensional messages; more inclusive by producing customer-oriented content over company-oriented content; and more social due to

multi-way communication. In practice, taglines and powerful single images are replaced with stories and illustrations related to the company that do not impose meanings on consumers. Content becomes less about the company's interests and more about providing the customers free material, useful information and entertainment value. Discussion amongst consumers has made the opinions of existing customers all the more important, which is why providing positive experiences and added value has become central. (Kotler, Kartajaya & Den Huan 2017a, 128-129; 131-133.)

Value and the points of differentiation can be found in the complete customer journey and experience, from all customer touch points with the company to the emotions they feel, and the expectations they have regarding the product (Strauss & Frost, 2012, 226). The points of differentiation can be based on the product itself, service, channels, people or brand image (Kotler & Armstrong 2016, 241-243). Companies should strive out of product-centric thinking and focus on solutions, such as recognizing disconnects and risks in the complete customer journey. Additionally, by focusing on what the customers are actually trying to accomplish, and not on what they're doing, recognizing relevant dimensions becomes easier. For many innovations, the innovative value lies exactly in the newfound improvements. (Debruyne 2014, 105-117.)

Like positioning is becoming more like clarification, differentiation is becoming more like codification, referring to the so-called brand DNA. Driving codification is the "authentic uniqueness" of a company that extends beyond the marketing department, through brand internalization across the company. What consumers seek in companies are experiences that feel authentic and include human genuineness, even in the midst of machines and technology, and greater social responsibility. Codification can only be successful if the company and all the stakeholders are seriously committed and consistent, so that each employee represents the brand authentically. The commitment establishes the uniqueness that competitors cannot replicate, hence the differentiation. (Kotler et al. 2017a, 141; 144.)

2.5.1 Value proposition

The core of marketing lies in understanding and creating value for the customer. From the customer's point of view, the value proposition of a company lies in its differentiation and branding. Product differentiation is easy to achieve through modern technology, so it is vital to focus on customer relations as a point of differentiation instead. This means involving an emotional contribution to the value proposition of a company, for example trust, risk

reduction or a "feel-good factor". It is often difficult to quantify in monetary terms in comparison to the other three potential factors of a value proposition, which are cost reduction, cost avoidance and added value through improved productivity or the like. Still, the value proposition should be distinctive, as in superior to others', and sustainable in a significant way. The value is created by the perceived benefits outweighing the perceived costs. (McDonald 2017, 36-41.)

Even the most similar offers can be differentiated through company or brand image differentiation, which requires creativity and deep commitment, as discussed with the concept of codification in chapter 2.6. The product offer must be distinguished from its competitors with additional attached values, so that customers will not drift towards alternatives. Successful brands manage to build trust, have a perfect trade-off between price and quality, and are consistent in their superior value offering. Companies should strive to avoid "value presumptions" and differentiating on the smallest differences; and build on what truly matters to the customers (Debruyne 2014, 56).

2.5.2 Branding and character thinking

Kotler et al. (2017a, 156-159), who focus on the changed nature of marketing concepts in the digital environment, suggest going from "brand" thinking to "character" thinking. The socially empowered and institution-averse global consumer base is looking for human traits in companies, calling for customer empathy among other things. Basically, a company needs to be like a human among other humans, not like an institution. The authors outline six aspects of building a character brand: physicality, intellectuality, emotionality, sociability, personability, and moral ability. The keys to success are combining offline and online channels, converging style with substance, and using machine-to-machine (M2M) mechanisms to create human-to-human (H2H) emotional relationships. The model, demonstrated in Figure 7, draws from theories of leadership, for leaders are characters who are able to spread influence horizontally.

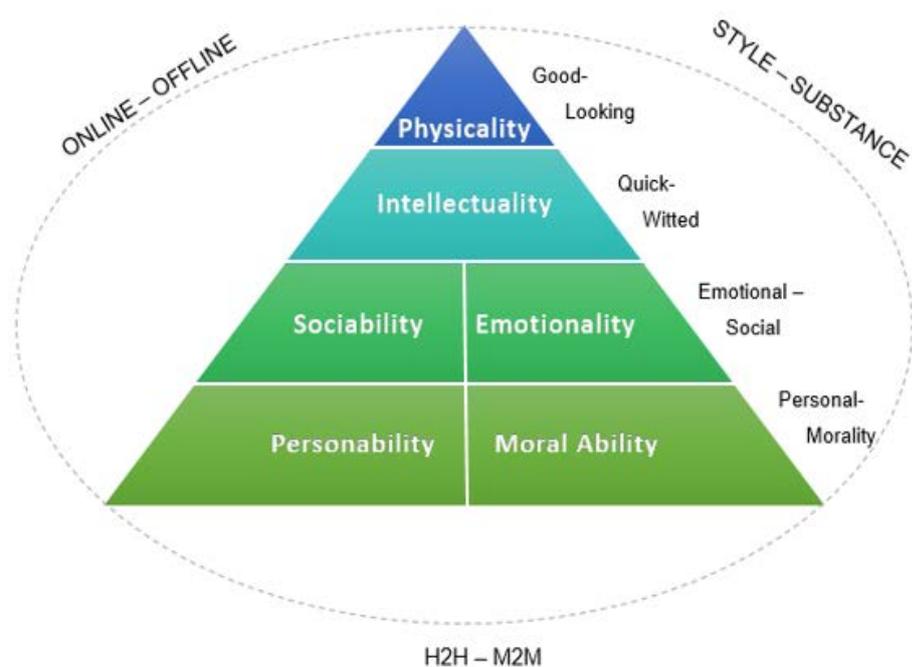


Figure 7. The brand character. Adapted from Kotler et al. (2017a, 160).

Physicality creates the first impression of anything, so that a brand “looks” good is essential, but all the while representing its other characteristics. For example, a youthful brand should visibly express the youthful characteristics in its entire physical evidence. Brand intellectuality means being as dynamic as the surrounding environment, adapting to and adopting the changing trend opportunities. Companies capable of rapid innovation perform well intellectually, and brands who also display emotionality provide personal touches to their customers and highlight emotional benefits. Emotionality is closely tied to *storytelling* marketing, which can connect customers better than data and rationality when used correctly. (Kotler et al. 2017a, 160-161.)

Sociability is expressed in encouraging customers to connect amongst themselves, forming communities and sharing platforms both offline and online. Such sharing has major significance for driving brand advocacy and reinforcement. Personability is inherent in having a brand mission, one that extends to caring for the planet and people. Such personability often attracts loyal customers, however, moral ability is highly important to build long-term trust. It means responsibly protecting customer rights and holding on to the brand’s integrity, and it is highly related to the handling of negative and risky situations in an appropriate way. (Kotler et al. 2017a, 160-162.)

2.6 Marketing mix

The original marketing mix model known as the Four Ps is one of the most commonly known and used marketing strategy models. The name comes from its four areas of focus: product, price, place and promotion. The term “product” applies to service products in addition to physical products. The concept has been developed into the Four Cs: customer solution, customer cost, convenience and communication, to best capture the customer’s point of view. The product and customer solution strategies define the offering and product features, while price and customer cost strategies on focus on adjusting the price to customer’s estimation of the value while remaining competitive and profitable. Place and convenience strategies answer to how and where the product meets the customer, and promotion and communication strategies entail the activities that inform and persuade consumers to buy the product. (Kotler & Armstrong 2016, 78-79.)

The four “C” elements have been even further developed by Kotler et al. (2017b, 50-51) to highlight customer participation in the digital world. Customer solution is replaced with *co-creation*, which alludes to product development strategies that involve customers and their insights already in the ideation stage. Co-creation can also create value propositions greater than ever before by allowing customers to personalize and customize products and services to their needs and wants. Customer cost becomes *currency*, reflecting the fluctuations dependent on market demand that are seen in digital pricing. Many industries and companies utilize dynamic pricing mechanics that charge different customers differently based on massive data amounts and data analytics. *Communal activation*, replacing convenience, shifts the focus to peer-to-peer distribution, the so-called sharing economy. Products or services are provided by other customers, while companies provide the access. Finally, and perhaps most notably in all industries, communication has become more complex and multi-way, making it appropriate to call it *conversation*. Additionally, peer-to-peer conversation and its effects can be seen in the prominence of rating platforms, among other effects.

An extended model of the 4Ps model also includes the aspects of *people*, *process*, and *physical evidence*, referring to the evaluation of personnel, service experience, and tangible elements of services, respectively. (Oxford University Press, 2017.) Kotler et al. (2017b, 52) highlight the role of services in digital markets, and refer to them as *collaborative customer care*. Companies listen, respond, and follow through, following terms dictated mutually with the customers, and so exhibit genuine concern for them. Personnel

are released from strict guidelines and instead collaborate with the customers, and customers are invited to make use of self-service means.

2.7 Standardisation vs. adaptation

Marketing is critically important for companies looking for customers abroad, for it is the main way of reaching and interacting with them (Daniels 2015, 498). The implication of global marketing is that the company takes into account the similarities and differences between markets in its strategy. (Hollensen 2017, 21.) In fully standardized global marketing the company uses the same strategic approach and marketing mix in different markets, while in adapted global marketing it adjusts the strategy and elements to each target area. Adapted marketing can increase market share and engagement, but it requires more resources. (Kotler & Armstrong 2016, 607.) Adaptation can be applied to one or all aspects of the marketing strategy. Common to many established global brands is that they use the same name globally and their centrally coordinated marketing strategies are similar everywhere. While a degree of adaptation may be present in some elements, the core value delivery and communication remain standardised. (Kerin & Peterson 2013, 638.)

Kerin & Peterson (2013, 636) emphasize that the art of successful global marketing lies in standardizing the marketing mix whenever possible and customizing whenever necessary. Kotler & Armstrong (2016, 607) echo similar sentiments, noting that adaptive versus standardized global marketing strategy has been much debated, but it is not a question of “either or” but of degree. A business can be global, but it must feel like a local by engaging culturally and activating its global brand purpose and strategy locally. However, de Mooij (2010, 269) argues that since culture is at the core of strategy, an effective strategy is built on values shared by all stakeholders, including consumers of all countries of operation. Despite the global culture phenomena, cultural diversity can be seen in personal values and perceptions of business organizations (Hollensen 2017, 26-27).

Daniels et al. also argue that standardisation is the key to the creation of a global brand, for it can increase customer interest and help avoid possible confusion caused by adapted marketing. Standardisation is most effective when the customer profiles are similar across countries and they seek similar features, and when the product specifications are the universal – which applies to many technology products. Still, adaptation makes it possible to challenge competitors that may not exist in all countries and to find out most effective strategies. (Daniels et al. 2015, 500-502.) Daniels et al. focus on national cultures as the

bases for altering operations, arguing that a people's similarity is both a cause and an effect of national boundaries, and many laws that affect businesses are country-specific. Considering deep-rooted national and cultural factors can help decide on whether to enter the market or not, and the degree of strategy adaptation within it. For example, religions are often spread out across geographically close regions and should be considered when assessing a country's fit with a business and its products or services – sometimes religion can completely inhibit certain business practices. Digital products can also face immaterial barriers in the form of political and legal regulations and standards. (Daniels et al. 2015, 92-99, 62.)

It's important to consider the degree of penetration of relevant digital devices and internet network coverage across countries and regions. Even the digital landscape can differ greatly across locations, so companies must ensure using the most popular local channels in order to truly reach the consumers. (Kingsnorth 2016.) However, platform-based products often scale up the platforms in new countries with limited customization, and most digital products are successfully created with no particular regional customers in mind (McKinsey Global Institute 2016, 88-89).

Language is one major obstacle to conquer in global business, and it is often an indicator of greater cultural homogeneity among countries. While native English speakers make less than one tenth of the world's population, it is the most utilized language online and often the language of operations. The prominence and hybridization of the English language has been increasing for some time now, thanks to globalization and the influence of the U.S. media, but Indian and Chinese languages may become more prevalent as their countries' internet user population grows. (Daniels et al. 2015, 98-99.) However, until enough online content exists in a language, its speakers may not be able to participate in all online activities. (Strauss 2012, 199.) Digital products themselves can easily be configured to include language change settings (McKinsey Global Institute 2016, 88). However, even different character systems of languages can create challenges for design when creating a multi-language products and content, and poor-quality translations may undermine the company's credibility. (Kingsnorth 2016.)

According to Hollensen (2017, 518-521), promotion and product features are the most important factors to be considered. Cultural sensitivity is required, so that ideal adaptation or standardization of the two can be achieved. Standardized promotion allows for major cost savings and benefits from reinforcing the same message, but while argued to become in-

creasingly popular, it is still a rare strategic achievement. Still, both the product and promotion are typically adapted only after standardized approaches have failed, or when the product is late-to or in a non-leadership position the markets. It is the most expensive strategy, but also the most common in the world markets. Many global brands can be creatively combine local relatability and global aspirations in their marketing messages and initiatives. (McKinsey Global Institute 2016, 90).

De Mooij (2010, 82-83; 285-287) proposes three separate stages when marketing new products in technology categories. The acceptance of new products depends on the economic homogeneity of areas first, and their degree of uncertainty avoidance second. Uncertainty avoidance is a dimension recognized in cultures that indicates the extent to which people feel “threatened by uncertainty and ambiguity” and prefer to avoid situations in which they are encountered, therefore people with low uncertainty avoidance are more open to changes and innovation and vice versa. During the first stage, both the product and communications can be standardized. Communications should be based on the generic new attributes and basic human values. Once markets are saturated, marketing should move to the next stage, in which the product remains global, but communications are adapted. Demand for the product is not yet saturated, but new culture clusters can be penetrated by reaching them with adapted messages. The third and final stage requires adaptation of both the product and promotion, as pressure to differentiate increases when generic products reach market saturation; thus, the marketing strategy should appeal to the different cultural configurations, or competitors will do it instead.

Zuchella & Hagen’s (2012, 115) research supports the concept, finding that once the international markets of SMEs reached a certain point of diversification, varying consumer needs and habits required product and service adaptation. The sources of sustained competitive advantage lay in reputation building in the early phase, and in differentiation in the later phases. Customer orientation was found vital, for it increased customer involvement and lead to insight on foreign markets and business opportunities. In addition to increasing market penetration and extending the niche markets, such activities limited competition’s intensity.

2.8 Product

The key to a customer-satisfying digital core product is meeting the new desires and needs that customers have as technology evolves. The product should provide a sense of

security and privacy, be fast and efficient, user-friendly and have free information available. The product attributes translate to benefits from the customer perspective. The particular benefit offered by internet is the possibility of mass customization – that is, allowing the product to be tweaked by the end-user to suit their preferences. For digital products, the process costs little money and is realized quickly and easily. Another possibility is personalisation, which is enabled by automated data collection and use, to offer an individual consumer what they likely want to see and to tailor messages. There is a heavy importance on support services at all stages of the customer experience in the digital world, in order to secure and increase customer value. It may be a competitive edge, but more importantly, customer support is absolutely necessary. (Strauss & Frost, 2012, 226-227; 236.)

The product life cycle (PLC) is a theoretical model that helps to understand the market development of all products and services. The model measures the product profits and revenue as well as investments relative to time, based on which four stages that differ in their sales performance, profitability, competitive environment, and marketing programs can be distinguished: the introduction stage, the growth stage, maturity and decline. (Figure 8.) (Hollensen 2017, 506.)

Preceding the PLC is the product development process, also known as time to market (TTM), during which the product is validated. Rapid TTM is important for digital businesses because product life cycles are short. Moreover, the competitive advantage of innovative firms lies in being the first mover on the market, known as the first-mover advantage (Laudon 2017, 330). Benefits include the possibility of premium pricing, faster break-even on development investments, and higher overall profit. However, for rapid TTM to be successful, a deep understanding of customer needs, careful planning, and optimization of the resources are required. The model is not completely reliable, as some products remain fads, which reach their peak and die out rapidly. The model can also create self-fulfilling prophecies if conclusions about the products' life cycles are based on sales, when the PLC is actually a variable determined by marketing. For the introduction stage, Hollensen recommends offering a basic product for a premium price, while preparing to make a loss due to marketing investments, (Hollensen 2017, 506-508.)

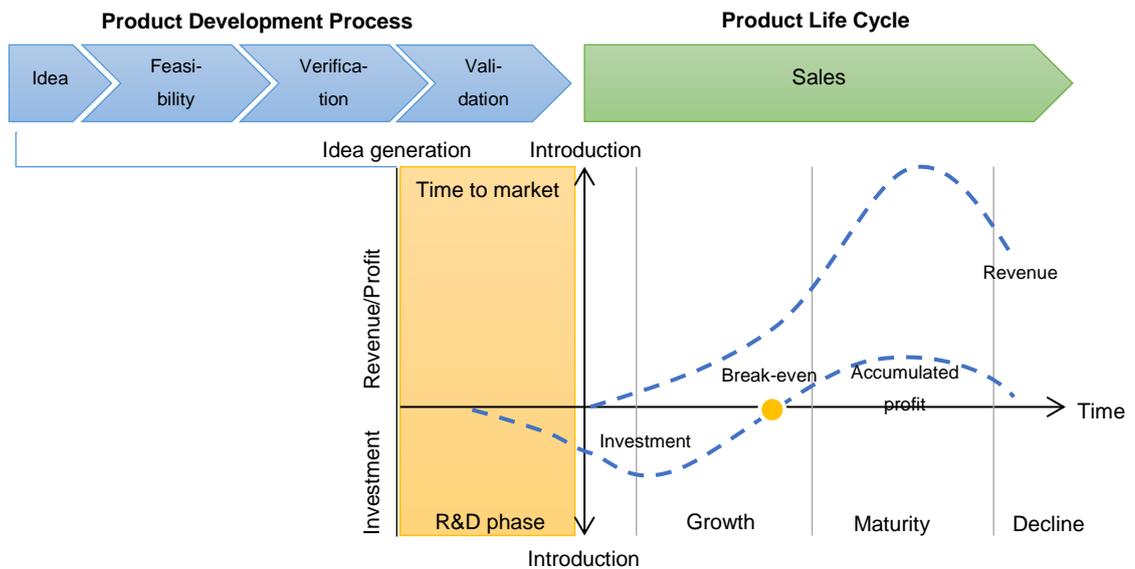


Figure 8. The product life cycle and time to market. Adapted from Hollensen (2017, 507).

The challenge of the PLC lies in recognizing the phases as they pass and move on to the next. To minimize the risks of uncertainty of a single product's development, a company offering several products or services can manage its portfolio so that the products differ in their life cycle stages. (Hollensen 2017, 506.) However, a line extension strategy should be used to a limited degree in a startup company, as it may confuse customers with an unclear brand image and excess options, thus, any line extensions must add true value and desirability. Instead, companies can focus on improving the desirability of core brands and products by renovating them; and so securing cash flows to invest in possible disruptive innovations of high competitive advantage. (Ind 2016, 140-143.)

All ideas and pre-existing assumptions should be continuously validated from consumer perspectives. Unforeseen issues and opportunities may also appear, which require agile responses. Research suggests that most successful startups have scaled based on a different idea from their original one, called *pivoting*, by closely monitoring customers, other technology, and contexts to gather insights, and then quickly making appropriate changes, whether completely starting over or testing new ideas. While risky, pivoting is more likely to lead to success than persistently holding on to ideas and assumptions. Companies should never become complacent, but constantly validate their ideas and assumptions. (Trott 2012, 402-403; van der Pijl, Lokitz & Solomon 2016, 182-184, 218.)

2.8.1 Innovation adoption and diffusion

A characteristic of innovations is a degree of change in consumption patterns required for them to be adopted and consumed. Consumption patterns refer to the behaviours needed to use the product and knowledge about it, as well as any secondary equipment and installation activities. The innovations that require major changes in the patterns are called discontinuous or disruptive. Continuous innovations, on the other hand, offer new increased value while requiring limited changes. Recognizing the degree of change required by an innovation is vital to market it effectively based on the diffusion of innovations model. (Mooradian, Matzler & Ring 2014, 342-343.) As all technology usage grows, new disruptive innovations can proliferate in the consumer markets, ignoring the traditional business market route. Companies such as Google, Facebook, YouTube, and Skype all have followed a similar innovation adoption pattern, starting with trial and test markets and then moving up to product launches and mass-market promotions. (Moore 2014, 249.)

Innovation adoption and innovation diffusion are models that depict the reception of innovations. Adoption refers to the process of an individual from awareness to an adoption decision, and diffusion to the communication in a social system, including adoption and societal concepts. Everett Rogers originally introduced the idea of different consumer categories based on the time they take to adopt the new innovation, creating a diffusion curve (Figure 9). It is closely tied to the concept of the product life cycle in that sales are proportional to cumulative adoption. (Trott 2012, 67.) At first only a few consumers try and adopt the innovation, until eventually the number of adopters begins to grow exponentially. The diffusion evens out as most of the market has adopted the innovation, thus forming an S-curve of the cumulative adoption within the market relative to time. (Mooradian et al. 2014, 344-345.)

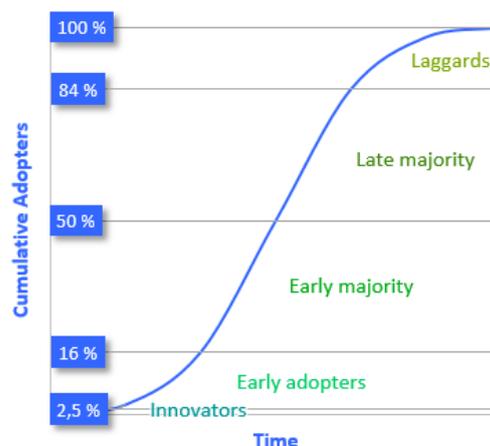


Figure 9. Diffusion of innovations as an S-curve of cumulative adopters. Adapted from Mooradian et al. (2014, 345.)

Five different adopter segments are recognized based on their standard deviation positions from the mean time of the total market adoption. The first 2.5 % of consumers to adopt the innovation are called innovators, followed by early adopters who make up 13.5 % of the market. The following 34 % are the early majority, and the equally large late majority. The final 16 % are known as laggards. Certain characteristics can be appointed to each adopter category. Innovators and early adopters are generally younger, well-educated, affluent, open-minded, and often highly engaged in the product category and the media surrounding it. While innovators are important in the product development phase, early adopters are the true key to a marketing breakthrough: they are extraverted and socially connected, meaning that they influence other consumers and determine if the product crosses the so-called chasm to mass markets, which is why they are also known as "opinion leaders" and "gatekeepers". Figure 10 demonstrates the bell-shaped curve of adoption across time and the chasm. (Mooradian et al. 2014, 345-346; Trott 2012, 67-69.)



Figure 10. Adopter categorisation on the basis of innovativeness. Adapted from Mooradian et al. (2014, 346).

On an individual level, the consumer's adoption process moves through several stages with different implications for marketing strategy (Figure 11). The first stage is awareness, the creation of which should be the first marketing objective. After gaining awareness, the consumer begins to have more interest and understanding toward the innovation, eventually forming an evaluation about the product, which leads to trial or purchase. and the successful process ends up in adoption and loyalty. Companies should not only use different messages and tools for each stage, but also recognize that at any time, different consumers and segments will be in different stages, as backed by the product life cycle and innovation adaptation models. (Mooradian et al. 2014, 344-345.)



Figure 11. Individual Adoption Process. Adapted from Mooradian et al. (2014, 344-345).

2.8.2 Tipping point

Many new companies grossly overestimate the innovation adoption speed of the markets, and mistakenly assume innovations rapidly take over existing products and industries. The concept of the *tipping point* explains the mechanism of diffusion across global markets, as it's the moment when a demand begins to sweep through the markets, and pull the company to a "right" position. Reaching and surpassing the tipping point fast should be the main objective of consumer market businesses seeking to scale up, but it requires focusing intensive effort on certain activities. Engaging users with a product experience that sustains its value in repeated use creates a pattern of consumption required for mass markets. Acquiring traffic can be done by catering to new users with new content or features. Modifying offers always impacts scaling, positively or negatively, making it challenging. Another challenge lies in the tipping point itself: it cannot be predicted, and the change in market dynamics as it is taking place can be hard to notice. (Chaffey 2015, 233. 367-368; Moore 2014, 249-251.)

There are three "laws" related to the tipping point, the first being the "law of the few", by which only a few social connectors induce widespread imitation and product adoption through the influence of their opinion. The concept of such connectors is closely tied to that of early adopters. The advocates accelerate the company into a hypergrowth that can surpass the tipping point (Moore 2014, 252). The "stickiness factor" highlights the degree of attachment to the attributes of the product or brand in accordance with its purpose, which is found through testing and market research. Attributes that drive product success include excellence, uniqueness, aesthetic appeal, positive associations, engagement, and perceived "character" or personality. They also provide expressive, functional, as well as nostalgic value by featuring visible signs of user values, addressing practical needs, and inducing sentimental connections. Moreover, perceived value for money is deemed "right". The third law is the "power of context"; the requirement of suitable physical, social and mental conditions for products (and behaviours) to spread. (Chaffey 2015, 367-368.)

2.8.3 Innovation attributes

Aside from the “stickiness factor” attributes, all innovations have intrinsic attributes that should be addressed in the marketing strategy. First is *the relative advantage* that the innovation product provides over the existing products. The consumer's perceived significance of the need that the product meets is the key driver of the acceptance of the product, and the enhanced way the innovation product meets said need gives it relative advantage. *Trialability* is another attribute that can affect consumers' willingness to try the product out; being able to do so without committing to a purchase or effort they may evaluate the product with less risks. The innovation should be easy to use and understand, for the product's *complexity* affects consumers' perception of knowledge-related risks. (Mooradian et al. 2014, 348-349.)

Seeing others use the innovation makes the perception of risk lower and the sense of security higher, as consumers appreciate the opinions and support of others. Thus, *observability* of the product is important. The innovation should also be readily *compatible* with behaviours and other systems; the less change is required, and the lower the price of change is, the more likely consumers are to try the product. *Risk* is one key attribute affecting the trial and adoption rates, and the greater the risk of any kind, e.g. financial, physical or social, the worse the product will be diffused. For many innovations, the so-called “*network effect*” can also be of great importance, particularly if the core benefits of the innovation require pervasiveness within social systems. Practical ways to improve the attributes include highlighting the product names to increase observability, offering lower prices and money-back guarantees for those buying for the first time, and improving understandability and reducing complexity by offering channel support. (Mooradian et al. 2014, 349.)

2.9 Internet pricing and revenue models

The two main pricing strategies for new products are skimming and penetration. In a skimming strategy, a high price is set for the product in order to reap high profits from customers with low price sensitivity and a high need for the specific product and its benefits. Once the segment is served, the price is usually lowered to make the product available to those with higher price sensitivity. For the strategy to succeed, the target segment and the unique benefits offered by the product need to be substantial, and the product needs to be relatively safe from imitation and competition. The other strategy, penetration, aims to increase market share as quickly as possible with a low price. It is ideal when the market

has high potential for competitors and imitators to arise, and the company has high economies of scale and experience curve effects, and financially strong capacities. (Mooradian et al. 2014, 370-371.) Considering these factors, a skimming strategy would arguably be better of the two for companies with smaller capacities, and when the product life cycle is short (in order to break-even before the product becomes obsolete). In addition, the skimming strategy is appropriate for targeting early adopters, who have low price sensitivity.

However, online pricing is challenging, in part due to users being accustomed to everything being free to the point of expecting it. Yet Laudon (2017, 622; 625-626) argues that exclusive, immediate and high value-producing products will mostly have demand even when not sold for free, and therefore, user-generated content and content produced for free should be free, and premium content also be priced accordingly. Moore (2014, 252-253) offers a differing opinion, citing “ubiquity now, revenue later” as the logic by which most 21st century digital successes have overtaken consumer markets. He refers to revenue-bringing activities often being introduced once the company is bought by a “monetization engine”, such as Google or Facebook. If monetization is introduced hastily, product diffusion may slow down to the point of stalling. Thus, monetization ought to be feathered in while increasing product engagement, customer acquisition and advocacy. The optimal pricing for current and future profitability is accomplished through a continuous chain of experiments, adapting as competition and other innovations change the environment.

A solution may be the so-called “freemium” model, offering a part of the product for free or at below-cost, while charging for “premium” features. (Mooradian et al. 2014, 371-372.) A product may also be free to the customer, but include revenue-bringing advertisements – often with the choice of a paid, ad-free version. Content-based products, such as games, can opt of subscription-based revenue models or “pay for what you use” models instead of freemium. In order to find a balance between demand for free products and demand for premium features, multiple versions of the product can also be offered at different prices. The price is based on value for customer – high-priced versions are often more powerful and comprehensive than their low-priced versions and may offer more support. The benefits of freemium and free pricing are creation of market awareness, limiting competition, and possible sales from the premium features. The downsides include attracting freeloaders who leave if charges are introduced, and most notably, the questionable viability of such strategies. Still, penetration or freemium pricing models seem all the more common among digital products. (Laudon 2017 421-422; 615; 626; 622.)

2.10 Distribution and channel strategy

Providers of digital products operate in electronic and virtual marketplaces, where no physical contact between the company and the consumer occurs. What is notable is that the typical physical channel structure is altered so that businesses can skip middlemen and distribute to customers directly. (Chaffey 2015, 53.) At the core of such digital businesses is the technological platform or interface, which brings together a number of actors and offers, creating increased value for each by collection, filtering and analysis of data. Thus, the platform itself is a major strategic resource, and it creates a different business logic than the traditional value chain model, by making interactivity and network effects the source of efficiency and value creation for the business, as well as the ecosystem. Most successful platforms begin with a focus on a single, high-value interaction, until they move on to adjacent markets or interactions, such as in the case of Facebook and LinkedIn. (Hämäläinen 2016, 34-36; van Alstyne, Parker & Choudary 2016.)

In the ecosystem based on a digital marketplace, which is visualised in Figure 12, resources and assets must be combined to a certain degree amongst the four actor types to make the network appealing. The owners possess immaterial rights and governance of the platform, the providers provide the interface, the producers create offerings, which are then used by the consumers. The roles of the producers and consumers can become converged, like in the Uber and Airbnb models. Examples of digital platforms include Google's Android operating system, or Apple's App Store. The positive network effects must be taken into account when evaluating competition, and they can be maximised by managing the platform's openness (access), architecture, and rules, so that high value is created at large while value-destroying "noise" (misbehaviour or excess and low-quality content) is eliminated. For example, both App Store and Google Play filter out low-quality applications, while Airbnb and Uber rate and insure drivers and hosts. (Hämäläinen 2016, 36; van Alstyne et al. 2016.)

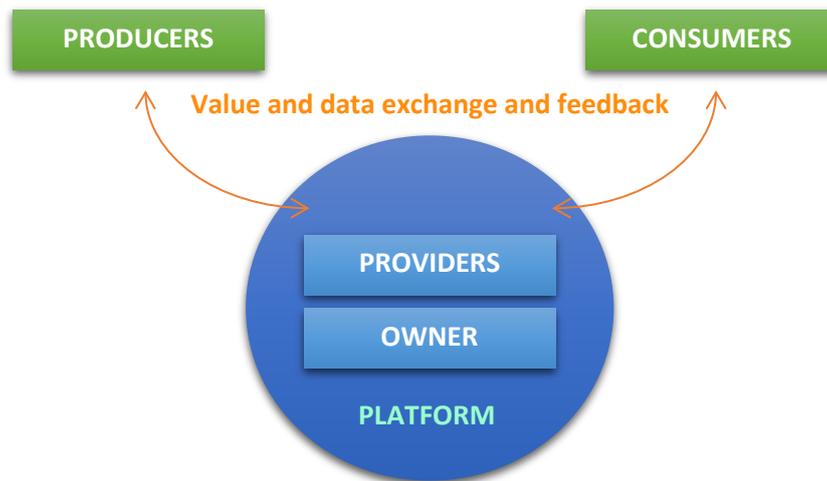


Figure 12. The players in a platform ecosystem. Adapted from van Alstyne, Parker & Choudary (April 2016).

Bonchek & Choudary (31 January 2013) stress that the success of a platform strategy is dependent on what they call *connection*, *gravity* and *flow*. Connection means the degree of ease with which others can access the platform to share and transact, gravity is the ability of the platform to attract participants (producers as well as consumers), and flow is the ability to foster the exchange and co-creation of value. The attributes are achieved by first providing infrastructural tools and means that allow participants to plug into the platform easily. The design of incentives, reputation systems and pricing logic should be combined, and social media leveraged to attract enough producers and consumers to reach critical mass. Thirdly, capturing and leveraging of rich data that makes connections between participants makes it possible to match the supply and demand. Different platforms may emphasize different factors for their maximum benefit.

Companies should look at which platform combination has the highest consumer usage rate and best commercial rewards in accordance with the strategic objectives, and investments and support should then be prioritized accordingly. For example, the company should first prioritize either desktop or mobile platforms, then the platforms within either, and also prioritize social networks. Physical channel means to reach customers even when the business itself operates virtually may be considered, such as physical presence in spots where target audiences frequent; additionally, call centres and the like may be necessary for certain types of products to offer customer guidance. (Chaffey 2015, 220; 218.)

2.11 Promotion and communications

Laudon (2017, 382) offers a framework for the marketing communications companies should engage in during the stages of the consumer decision process (Figure 13), closely tied to the individual adoption process of innovations (chapter 2.8.1). In the awareness and need recognition phase, marketing should be carefully targeted. Any offline communications should focus on mass media channels, the utilization of which is appropriate in all but the post-purchase phase. Search engines and the company's own sites and activities must be optimized for the search phase. The importance of product reviews, user evaluations and opinion leaders is increasingly great in the following 'evaluation of alternatives' phase, both online and offline. For the purchase phase, various forms of promotions and discounts are most beneficial, along with targeted messages. The final, post-purchase stage is vital for successful marketing communications, for it establishes the link between customer behavior and loyalty. The focus is on updates and customer e-mails, and consumption communities built around the product become highly important. Offline communications may include service calls and consumer groups. The utilization of online and offline social networks for effectively all stages is advisable.

Consumer Decision Process



Online Marketing Communications

Targeted display ads • Targeted e-mail ads • Social Media	Search engines • Online catalogs • Site visits • Targeted e-mail • Social networks	Search engines • Online catalogs • Site visits • Product reviews • User evaluations • Social networks	Online promotions • Discounts • Targeted e-mail • Flash sales	Communities of consumption • Newsletters • Customer e-mail • Online updates • Social networks
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Offline Marketing Communications

Mass media • TV • Radio • Print media • Social networks	Print ads • Mass media • Sales people • Product raters • Store visits • Social networks	Reference groups • Opinion leaders • Mass media • Product raters • Store visits • Social networks	Promotions • Direct mail • Mass media • Print media	Warranties • Service calls • Parts and repair • Consumer groups • Social networks
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Figure 13. The consumer decision process and supporting communications. Adapted from Laudon (2017, 382).

Instead of focusing on the platforms, companies should focus on their story, and the main website should integrate all other online efforts, like social media accounts and blogs, which in turn link to the website. Customer-centricity, openness and customer connectivity are essential to achieve success in the digital environment. Online communications cannot be approached with the same approach as traditional communications, with marketing material and media carefully crafted to reflect the company's ideal image without any two-way interaction. The realness of communication becomes particularly important when the company or its business environment faces hardships, to reassure customers of the company's trustworthiness. Moderation is necessary, but it should not interfere with transparency. The company should listen closely to everything said in the online community, even outside its own channels, and while the internet cannot be controlled, the company should respond to coverage positively and make their side of the story heard if inaccuracies are presented. (Soskin 180-181; Webb 2011.)

While the strategy should involve both the company's own controlled marketing communications and messages, the information exchanged both explicitly and implicitly between consumers is more important and persuasive when it comes to consumers' decision-making. The elements of the marketing mix can influence adoption by either innovators or imitators, the latter referring to those who prefer to observe others before adoption. Elements that drive observability and discussion among consumers should thus be developed. However, conceptualizing and visualizing the benefits of innovations is challenging, so educating consumers on the product and its value proposition should be a main activity for the company. (Mooradian et al. 2014, 347-350; Soskin 2010 75-76; 179-180.)

Companies should encourage and maintain the "buzz network" of enthusiastic opinion leaders and press, to reap the benefits of the viral excitement caused by the change-inducing nature of innovations. Viral buzz creation begins offline as much as online, so company representatives may seek public arenas to talk about their business idea and network with opinion leaders. Viral success is also driven by a global approach: as online information immediately spreads across the globe, both positive and negative reactions stemming from any regional area will quickly affect perceptions everywhere (McKinsey Global Institute 2016, 89). The most evangelical consumers are the key to viral marketing, as they tend to "evangelize and proselytize" on the company's behalf on their free will, which means financial compensation is uncalled for. Such advocates let their identities adopt the product, or rather it's significance or cause, which means that they are the ones who "believe what the company believes", rather than those who need it. (Moore 2014, 251-252; Soskin 2010 75-76; 179-180.)

3 Description of guidebook production

The thesis' objective was to produce a guidebook based on a theoretical framework and thus to find and implement appropriate source material. The process began by drafting out a directional version of the guidebook's contents. The first outline, attached as Appendix 1, was created based on the author's existing knowledge gained from the degree programme studies and it covers a number of issues relevant to the topic. As was expected, little reference material was found that directly addressed the problem setting of the thesis in its entirety, so the author gathered relevant topics from the fields digital products and startups, innovation, and global business' marketing strategy into the theoretical framework.

The original outline was largely directional and based on presumptions, so the contents of the thesis and the production became more defined during the creation of the framework. The topic area was too vast to cover in detail, and thus the aspects of practical implementation and in-detail resource optimization ideated in the beginning were left out, while others were refined to their final form.

3.1 Methodology and end result

The guidebook was created using Microsoft Office Word 2016. The work relies heavily on the message of the theoretical framework rather than on the practical application of it; therefore, the productional aspect focused on discovering and creating a mix of citational and original narrative, discourse, and diction that best catered to the purpose and audience of the guidebook, while being based on the information presented in the theoretical framework. Once the theoretical framework was finished, the author began to rearrange the theoretical context into a uniform, logical entity that shows the interconnectedness of the various concepts presented. Endnotes were used to indicate references for most direct influences and citations, while sources that were not directly referenced to, but which influenced the work, were listed into a bibliography at the end of the book.

The guidebook (Appendix 2) begins by introducing the arguments for using means of marketing strategy to achieve startup growth in the chapter "Startup growth through marketing strategy". It mostly draws from chapters 2.1, 2.2, 2.7, 2.8 of the thesis, in a way summarizing the rationale of the theoretical framework. The following subchapter "Digital is different" corresponds to chapter 2.1 and to the introduction, which presents the model of strategic agility. The subchapter "Strategic baselines" is devoted to the key concepts of the

product life cycle and innovation adoption (chapters 2.8 and 2.8.1). "Globality" discusses the tipping point (chapter 2.8.2) and the standardisation-adaptation dimension of chapter 2.7. The following subchapter, "Objectives" borrows directly from chapter 2.3, as does "Know your playfield" from chapter 2.2.

The next main chapter "All about the customer" focuses first on segmentation and targeting (chapter 2.4). "The core principles of the customer-oriented strategy" highlights the differences between early adopters and the early majority (chapter 2.8.1), the concept of targeting single defined or niche markets (chapter 2.4), and monitoring feedback (chapters 2.2, 2.5.1 and 2.8). "Creating value for customers" further reflects chapter 2.5 and its subchapters, as well as chapter 2.6. The third and final main chapter, "Marketing mix" begins by reflecting on chapter 2.6, before moving on to the "Product" subchapter, which discusses the concepts in 2.8, 2.8.1 and 2.8.3. "Pricing" directly relates to chapter 2.9, as "Platform" does to 2.10. The final subchapter "Promotion" also draws directly from chapter 2.11. The author then wrote the foreword "The purpose and benefit of this book" and finished the book up with visualisations, which allowed the book to be more concise than the framework.

3.2 Production plan and schedule

The book "Toiminnallinen Opinnäytetyö" (Tammi, 2003) by Hanna Vilkkä was consulted in the beginning of the process to develop a better understanding of how to approach and conduct a product-oriented thesis. Although not directly referenced to in the theoretical framework, it helped to decompose the project into tasks and sections and to create the guidebook from the standpoint of a professional production. The original thesis process plan was drafted following the first meeting with the thesis coordinator. As visualised in Figure 14, included in it were the background and objectives for the guidebook, as well as objectives for thesis production process itself, the outline of the theoretical framework, description of the product, report structure, expected issues, and the schedule.

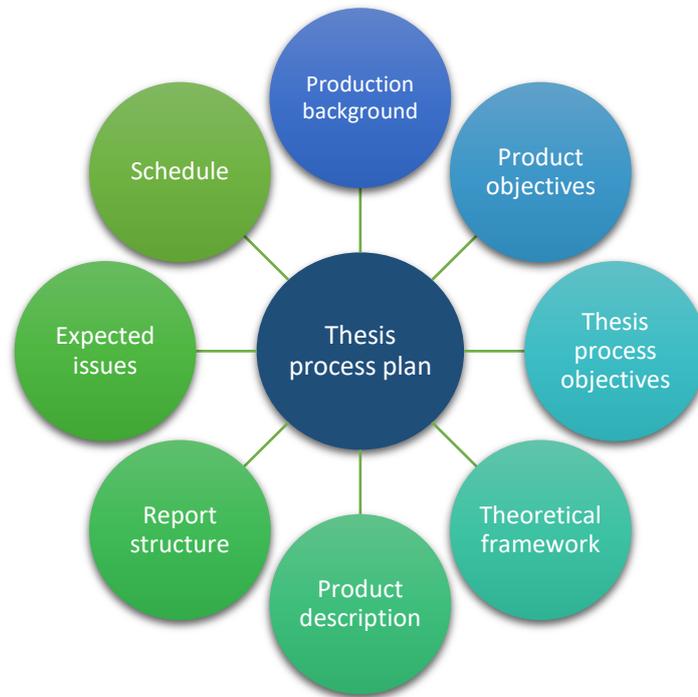


Figure 14. Topics outlined in the thesis process plan.

The 'product background' section of the plan outlined the motives for the creation of the guidebook, such as the discovery of factors relevant to global marketing of digital innovations and defining appropriate degree of adaptation-standardization. Startups with digital products were chosen due to their ability to reach global markets and the ensuing importance to trade-dependent economies, and their need for strategic planning due to limited knowledge and resources. The objectives were to create a guidebook fit for its purpose so that it may be applied in practice, be clear and easy to understand in its execution, and provide novelty value.

The objectives for the thesis process itself were to deepen the author's personal expertise in the fields of international business and marketing strategy, and to offer value for the industry by providing a readymade basis for strategic planning. The outline of the theoretical framework included the notion of being up-to-date; and focusing mainly on the theories of marketing strategy, international adaptation, innovation adaptation and characteristics of digitality. The authors' role was to combine theories, apply them to the subject matter, and to make observations and conclusions. The description of the product defined the audience as beginning and aspiring entrepreneurs; and the personal benefit from the production experience was recognized to be the acquisition of tools required to work in the field or in the management of a startup.

The plan for the structure of the report largely followed official guidelines. The expected issues were related to possible changes in the subject matter or its focus, and application of theory to create a guidebook specific and practical enough without simply repeating the theory.

As seen in Figure 15, the schedule of the process plan was divided into seven linear phases, from planning and defining the topic to creating the theoretical framework, drafting, designing, and executing the guidebook, discussing the results, and finalizing the output. The date for submitting the thesis was set for the beginning of May 2017. As unforeseen external factors and the challenges in topic definition and discovering relevant source material stalled the process, the submission date was moved to the fall of 2017. Additionally, the first three sections of defining the topic, creating the theoretical framework, and drafting the guidebook's structure ended up overlapping and intersecting, as the reference material available redirected the content of the thesis, as did the outline of the possible contents of the guidebook. Nonetheless, the schedule helped to organize and pace various tasks and recognize smaller sections required for the final output, and it therefore directed the process throughout.

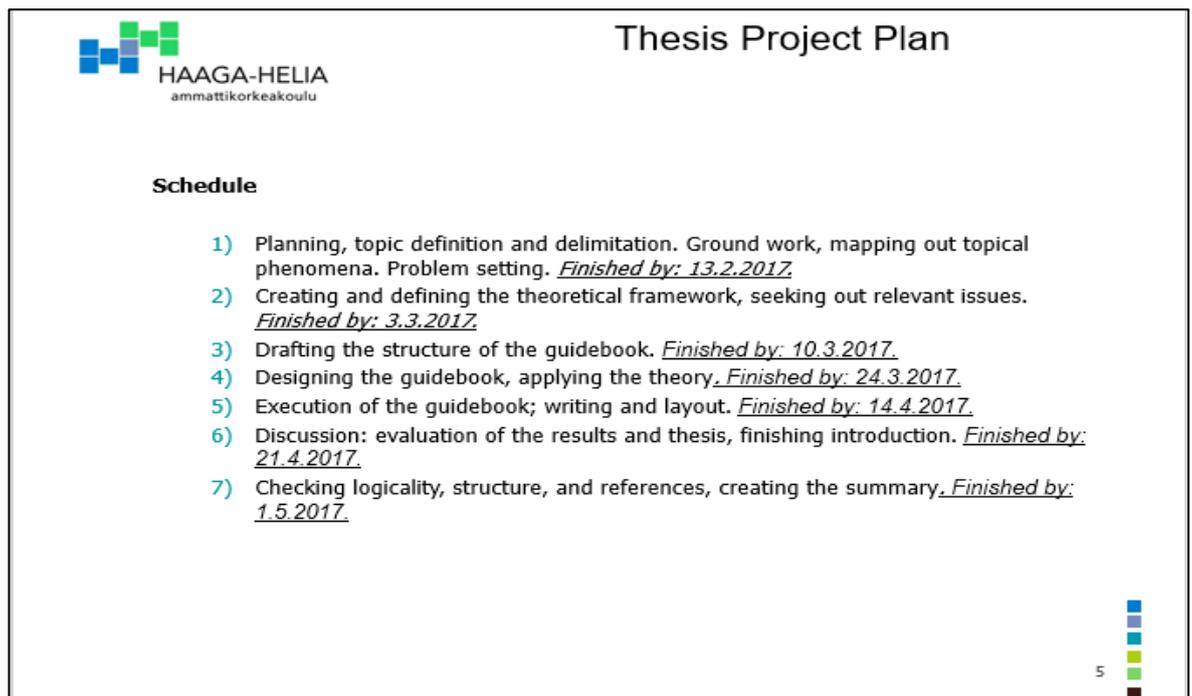


Figure 15. Thesis project plan.

4 Discussion

As the evolution of global flows and digital technology has given consumers new democratic power and the final say in the growth and eventual success of companies, the latter must provide true and inimitable value to the former to thrive. By means of marketing strategy, startups can communicate with and cater to the customers in ways that enable both maximum customer satisfaction and product diffusion. The traditional concepts of marketing strategy are changing to better reflect the new, interrelated and customer-oriented realities. Companies can reach global success with largely standardized marketing strategies, as cultural homogeneity and global trends are on the rise. In fact, globality is no longer an option, but a requirement, when dealing with new markets and products, as demand can arise anywhere.

Digitality, which is both the reason for the global startup boom and the provider of many of its challenges, requires strategies based on agility and responsiveness. Innovation has become a buzz word due to the new value and functions provided by numerous products, making the models of innovation diffusion crucial information to aspiring entrepreneurs. A modern growth strategy relies on external relations and awareness as much as internal planning, which is why the best entrepreneurs and managers are always in tune with the environmental signals, and prepared to pivot if need be.

4.1 Evaluation of production

The high number of new works published in 2017 related to the topics of innovation, digitality, and globality, some of which were used to create the thesis' framework, suggests that the subject is highly topical. Due to the newness of the source material, the thesis includes theoretical models that have not yet been established at large, such as the 2017 version of the 4 Ps model by Kotler et al. The author aimed to secure reliability by checking the credentials of all referenced authors, and relying most on peer-reviewed and highly regarded sources. However, global megatrends progress at an incredible speed, as suggested by McKinsey Global Institute's report (2016, 23) among others, making it likely that the technological assumptions and bases in the thesis and guidebook will quickly become outdated. It's also appropriate to question if the capabilities of startups and small players to provide suitable products will keep up with the evolution of technology, and if consumer and media interest in startups will sustain itself.

As was expected, subject definition proved to be a challenge. It eventually changed quite a bit from its original form, due to the author struggling to find satisfactory ways to re-research and execute the original ideas related to global strategies. The production end-result also relies somewhat heavily on repeating the points of the theoretical framework. As less stress was needed on globality than originally expected, the theoretical framework and thus the guidebook largely discuss aspects relevant to any digital innovation, leaving aside the aspect of globality. Still, with global phenomena being the centre of the original idea, the end result attempts to stay true to it by encouraging startups to go global from their inception. What became clear in the process was that today rapid global operations can in fact be necessary for long term success, not optional.

Despite the shortcomings presented and the deviation from the original vision, the production is adequately beneficial for its purpose. It covers the concepts of marketing strategy and innovation that most affect global diffusion and growth – concepts that the target audience needs to understand to succeed in their own business endeavours. The production is visual, concise and to-the-point, making it easy to comprehend by those without previous knowledge on the field; but still covers new topics and issues, bringing novelty value to those with existing knowledge. Although the book refrains from making situation-specific suggestions, as they would have made the production too complex and quick to out-date, it still provides very practical guidelines for creating a growth-inducing marketing strategy that can be applied by most without losing the inherent creativity required of strategic planning, while also explaining the logic behind the strategic directions.

4.2 Suggestions for future development

During the research process, the fast evolution of the business environment became particularly clear in the lack of marketing strategy-related source material related that catered to the changed rules and logic. For example, even though “marketing 4.0” and the “4Cs for the digital world” by Kotler et al. (2017b) get to the core issues digital businesses far more efficiently than the undeniably outdated 4Ps model, the traditional way of separating the four factors from one another is somewhat questionable. Startups and innovations seem to be increasingly business model or business design-based rather than product-based; integrating new revenue models and platform creation inseparably with the unique product offering, which makes it difficult to define where one aspect ends, and another begins. The author would thus argue that the fields of marketing and strategic planning call for more descriptive models of digital business. The viability of new pricing models is an issue that was left unanswered and warrants new research.

Additionally, it was a challenge to find material about global strategies that was not based on an assumption of production of physical goods or a requirement of physical presence within geographic areas. In the reference material, the point of international distribution being bound not by geographical, but instead mental boundaries, such as regulations and politics, was often made, but left ambiguous. When the product may be distributed globally without boundaries and intermediators immediately, the company cannot conduct preemptive market research and address local regulations in the same way as gradually internationalizing companies. Researching the most common legal and psychical stumbling blocks faced by global digital products is therefore called for. The sources consulted by the author showed little indication that adaptation measures are relevant for companies in the early stages of their global growth. However, as few of the standardisation-adaptation sources directly addressed digital products, the topic should be studied further.

4.3 Learning experience

Although the importance of delimitation was reinforced from the beginning, the ideation process fell flat in that aspect, resulting in a topic area too vast and unspecific and making the thesis itself and the production schedule somewhat longer than optimal. Also, during the information research process the author had to go through large amounts of information before discovering an optimal direction. While time-consuming and extraneous, the author learned immensely about not only marketing strategy-related issues, but of a number of current and debated issues in the fields related to the subject matter of the thesis. The creation of the framework also required the author to seek out the common denominators of various topics so that logical and justifiable suggestions could be made in the production, requiring a degree of creativity and insight.

The biggest challenge and obstacle to finishing the thesis on schedule was not having a concrete vision of how the production would present the theoretical framework in an original way. Focusing on the target audience of the book, the author began to focus on readability and comprehensibility through conciseness and visuality. This allowed the author to discover their own written diction and develop professional writing and editing skills. In retrospect, it would have been appropriate to clearly define how the guidebook were to provide an original aspect over the theoretical framework to save time and direct the process more smoothly from the beginning.

The lack of a commissioning company proved to be challenging due to the lack of directional guidance and subject definition, yet it both forced and allowed the author to adopt a

self-leadership mindset, leading to improvements in the ability to mentally categorize and organize information and then express it in an effective and concise way. The author also became aware of areas that require improvement in their personal management skills, like planning the use of time while realistically considering the true amount of work required to complete tasks.

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Appendices

Appendix 1. First outline of guidebook contents

1 Introduction

- The need for global standardisation vs. adaptation

2 Principles of Marketing (digital product point of view)

- Product, pricing

- Channels

- Content, communication

- Value creation

3 Innovations

- Introduction to markets

- Creating awareness

- Strategy optimization

4 Global Operations' Perspective

- Networks

- Cultural and lingual issues

- Marketing-related legal and governmental issues; market barriers

- Economic variations across markets

5 Limited Resources and Resource Optimization

- People and networking (channels)

- Product itself ("packaging", features...)

- Pricing strategies

- Branding, content and communication

- Reviews and customer advocacy

6 Marketing Objectives and Strategy Planning for startups

- Defining objectives

- Marketing planning

- Timing and flexibility

7 Implementation of Strategy

- Strategic decisions and management

- Execution and delegation of implementation

- Measuring, evaluating and fixing the strategy

Appendix 2. The guidebook



Global Growth from the Get-Go

A Marketing Strategy Guidebook
for Digital Innovations

Hanna Gröhn

2017

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The purpose and benefit of this book

”Global Growth from the Get-Go: A Marketing Strategy Guidebook for Digital Innovations” is intended for start-up entrepreneurs, managers, and other entrepreneurial spirits with an innovative digital product or the idea of it in their hands. With seemingly many start-ups making waves in the global economy, it’s easy to think that the mere existence of a mind-bending new idea will attract all the attention and powers that be needed to make it big. Yet, the complex and dynamic business environment requires excellent preparedness and strategic ability to be conquered.

Understandably, concepts like strategy and marketing can sound off-putting to entrepreneurs, who believe in their product and just want to share it with the world. Luckily however, that’s exactly what 21st century marketing strategy is about – being the best your company, brand and product can be, for the maximum benefit of both the consumers and you. After finishing the guidebook, you should have a clear idea on how to proceed to make the most of your venture.

The book builds on the argument that most innovative digital start-ups should plan to be global from the start and take it into account in their marketing strategies in order to gain competitive advantage and thus secure longevity and scaling in both short-term and long-term. The guidebook covers vital insights and issues specific to the digital markets, innovations, and global strategies. Aiming for efficiency in simplicity, the guide can be read and understood with little previous knowledge of business strategy and marketing.

Startup growth through marketing strategy

Why should you concern yourself with marketing strategy? Marketing strategy is essential for growth, as it addresses the factors that influence the diffusion of innovations. Successful market definition, appropriately catering to markets, as well as reaching and interacting with the customers increase market penetration and customer numbers. Only when the customers are satisfied and built trust with may the company successfully sustain itself. And all of the aforementioned are elements of the marketing strategy. When done right, marketing strategy can create both short-term growth and long-term sustainability. And since marketing strategy leads to growth, *global* marketing strategy leads to global growth (Figure 1).

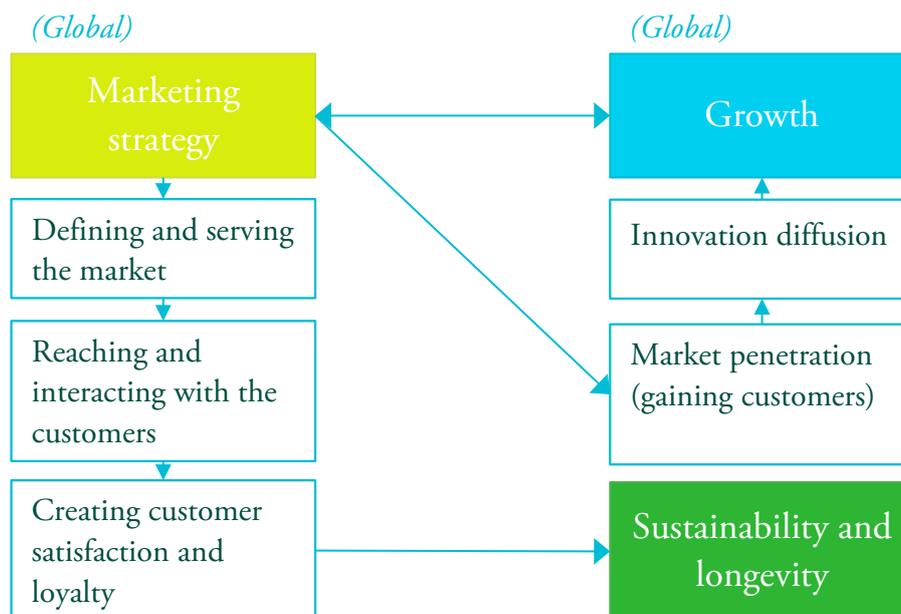


Figure 1. Marketing strategy, growth, and sustainability.

An inherent aspect of the marketing strategy suggestions in this book, *globality*, is both a recommendation and an implication of the digital marketplaces of today. Free of geographic boundaries, digital products have few obstacles for spreading across the globe.¹ As much as it is an opportunity, it is also a remarkable call to action. If you want to make it big and keep your ideas in your own hands, globality is essential. When it comes to new ideas and products in digital form, time is scarce, and your product will have a number of imitators before you know it.² If they play in bigger markets than you, or *better* than you, you're done for.

While gradual global expansion may seem more comfortable, it may end up requiring incredible effort to work. You can have the first-mover advantage if you only choose to, and yield an excellent outcome without risking much.³ Additionally, because most digital platforms can technically be accessed almost anywhere by anyone,⁴ you may suddenly find yourself having global customers whether you planned to or not – so it's better to go for the former.

Digital is different

The context of doing business is markedly different when operating purely digitally. The aspects of digitality must be kept in mind at all times when planning both the corporate strategy and the marketing strategy. The rich characteristics (in Figure 2) and the volatile dynamicity of the global digital market quickly trample those not able to follow its flow. One cannot dive in without a careful survival plan, and yet one must expect the unexpected. The key, then, to staying afloat is *strategic agility* (Figure 3).

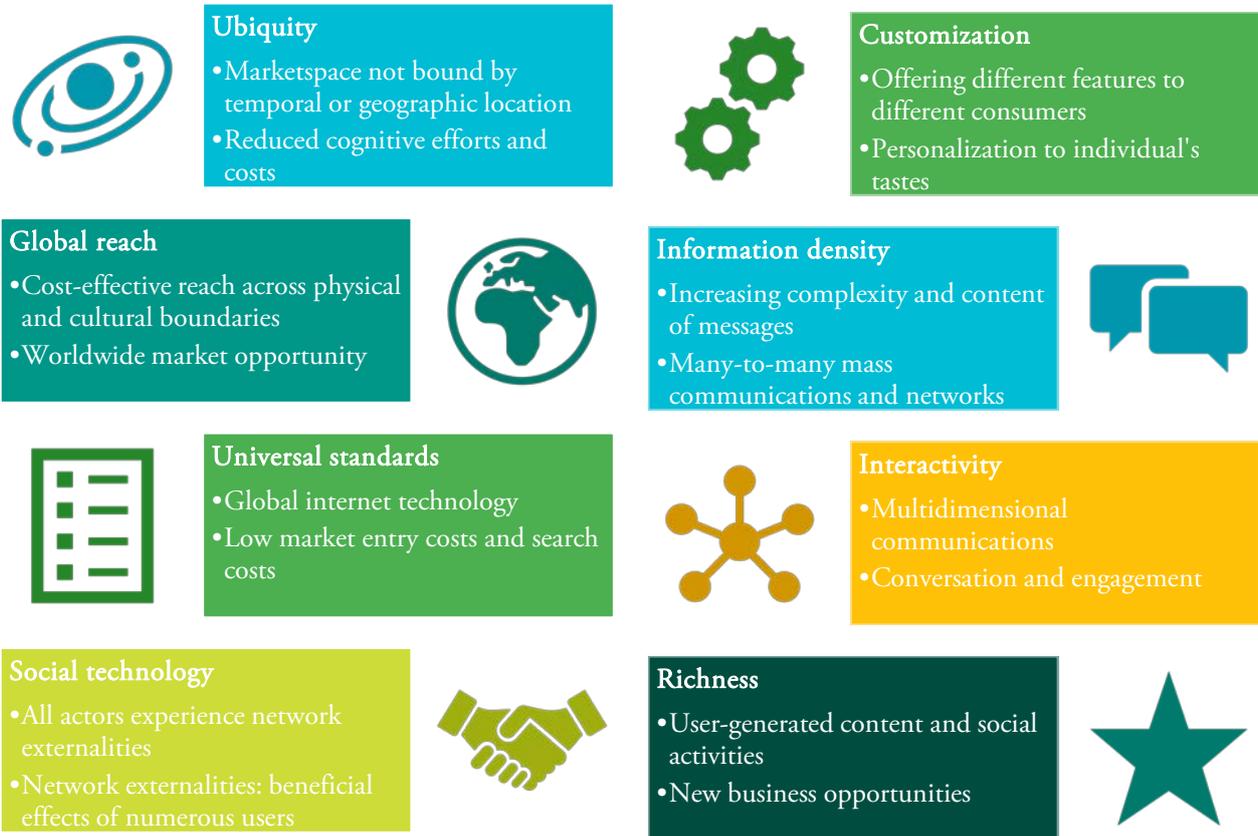


Figure 2. Effects of digitality on strategy.⁵

Strategic Agility	Collective commitment	Linking strategic thinking and executive actions Coherent, bold and determined decision-making
	Strategic sensitivity	Cognitive ability to observe and interpret changes Constant dialogue with the surrounding world Success based on trial & error and honest self-reflection Decisions based on insight, experience and learning Focusing on what is truly relevant
	Resource fluidity	Ability to make changes and redirect resources within a short timeline

Figure 3. Strategic agility.⁶

Strategic baselines

Adopter Groups

The core of strategic logic is the evolution of the market circumstances as time passes. Familiar to many is the model of diffusion of innovation, which is extremely relevant when it comes to marketing decisions. The model is directly related to the model of the product life cycle, which shows how the product progresses through the sales-related phases of introduction, growth, maturity (the peak) and decline (Figure 4). Here's the thing about the product life cycle, and thus the diffusion of your product: you control it with your marketing strategy and its execution; not the other way around.⁷

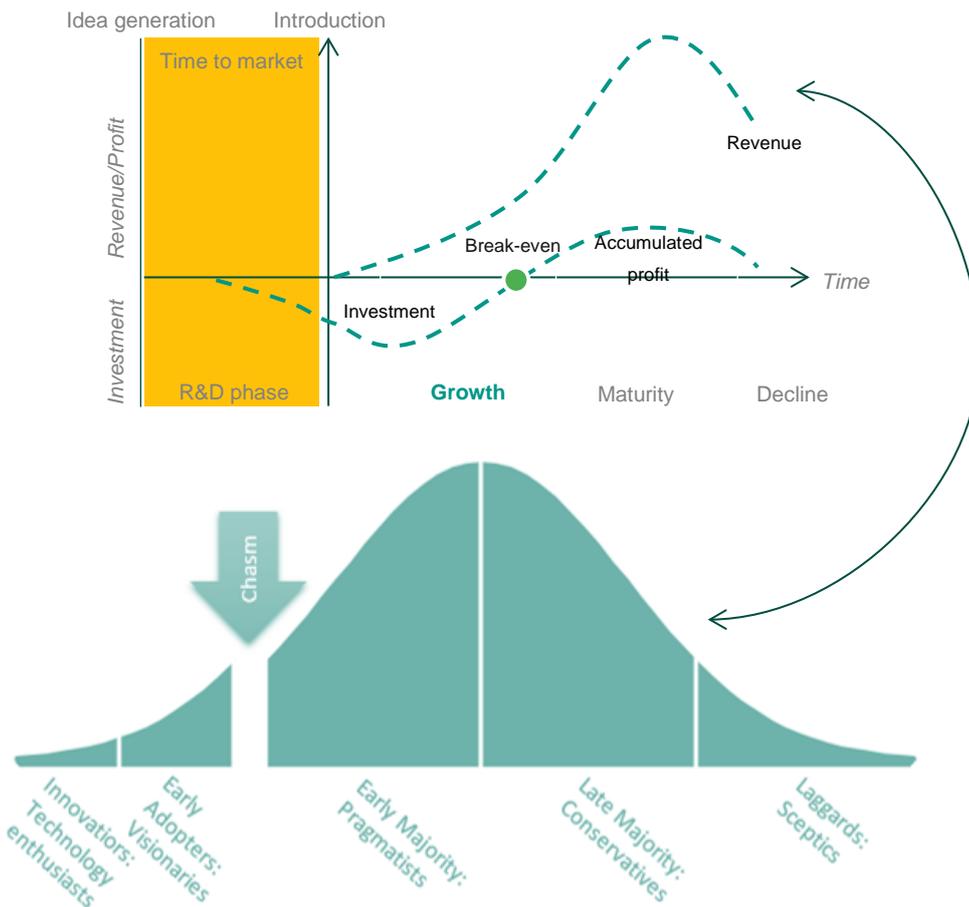


Figure 4. The product life cycle and adopter groups.⁸

In each sales phase, you must not only focus on the relevant adopter group and tailor the strategy accordingly, but also anticipate the following phases and the changes they require. It may seem simple, but there are some challenges. Possibly the biggest of all is the chasm between early adopters and the early majority, which requires strategic preparation and understanding to be crossed.⁹ As this guide focuses on reaching the peak of innovation adoption, the carrying themes are the introduction-growth phases of the product life cycle, and the adopter groups of early adopters and early majority.

The diffusion model alone isn't enough to understand customers' minds, so you also need to consider the individual adoption process (Figure 5).¹⁰ It applies to any new product, but the first phases are all the more relevant for innovations. The somewhat obvious, but easily underachieved goal of all innovative start-ups should be the creation of extensive awareness among target markets and beyond: it is, after all, where any customer will ever begin their journey. Creation of awareness needs to be followed up with readily provided information about the product and brand – preferably presented in a way that captures

the arising interest of the customer and translates positively into the following evaluation phase. Only after forming an opinion based on context and the information they've been exposed to does the customer decide to try the product or dismiss it. Post-purchase marketing efforts and customer satisfaction dictate if the innovation and brand are fully and loyally adopted by the individual. Marketing should aim to secure the best outcome for each phase, so that customers and segments in different phases are catered to appropriately.



Figure 5. The individual adoption process.¹¹

Globality

In any widespread innovation's diffusion process, there is a tipping point; a moment in time where they suddenly begin to spread at a remarkable speed across markets, seemingly without an external incentive. When dealing with the global arena of internet, the effect knows no borders. It is the moment when the markets begin to pull the innovation instead of marketers pushing it out there.¹² Despite the tipping point's elusive nature, there are three 'laws' that define optimal conditions for it to take place.¹³

LAW OF THE FEW. A small, but all the more influential group of social connectors induces imitation and adoption of the product through their opinion and example. It is the rationale for targeting influential early adopters relevant to the niche market over others in the introductory stage.

STICKINESS FACTOR. The easier it is to form a bond to the product attributes, the higher the demand is likely to be. It's why the value propositions must be in true accordance with the product attributes, which then is why testing and marketing research is required despite time constrictions.

POWER OF CONTEXT. Physical, social, and mental conditions must be favourable for the widespread adaptation of products and behaviours to occur. Required channel means and technologies must be readily available and adopted, and the product must conform to fundamental social and mental norms, so that indications of openness to the change exist.

Global marketing of a digital product is relatively easy, which is exactly why you should do it. While most physical products require extensive (and expensive) adaptation measures, that is, adjustments based on local circumstances, digital products can succeed with a highly standardized strategy.¹⁴ Still, you should keep a close eye to signals of required adaptation and be ready to make it happen. It's easier to make changes to an existing strategy when it appears ineffective, than it is to start off anew.

When first entering the global markets; the focus should be on areas of *high economic homogeneity* and *low uncertainty avoidance* first and foremost.¹⁵ Areas and countries of low uncertainty avoidance are open to innovations and change in general, making it likely that the most receptive consumers be found there. It's acceptable to use a highly standardized marketing strategy, as long as its built on globally shared consumer values and the generic new attributes. Eventually, expansion into new culture clusters and some adaptation is required, as the first areas become saturated and competition arises. Only once the product has saturated the markets is greater adaptation required to provide new appeal. Discover your most important areas and the ones avoid by assessing the compatibility of the business and product with deep-rooted cultural factors like religion, as well as business laws, and immaterial barriers like political and legal regulations.¹⁶ (Figure 6.)



Figure 6. Phases of standardisation and adaptation.

Your market penetration choices are seen in channel and promotion choices, above all – and they work in two ways. You should to choose your channels based on who and where they reach, and promote wherever they reach – and like said before, most digital channels reach far and wide. To have a better understanding of what to prepare for, take a look at global variations in digital device usage, internet coverage and digital landscape.¹⁷ You should get a rough idea of the most lucrative areas, and adjust the strategy accordingly to cater to them, including utilizing the most popular channels of those particular areas.

You most likely need to adapt your promotional activities to societal factors – critical cultural or legal issues and language. Naturally, if you do not have the resources to do it, leave it be, but do your best to provide access to your product nonetheless. Successful global marketing strategy is the balancing act of the standardisation or adaptation of the elements showcased in Table 1.

Table 1. Elements of global marketing strategy.

	STANDARDIZED (GLOBAL) ASPECTS	ADAPTED (LOCAL) ASPECTS
BRAND	Same name and formulation globally; centrally coordinated, similar marketing programs everywhere. ¹⁸	Assessing and adapting to perceptions of business organizations. ¹⁹
VALUES AND COMMUNICATION	Same core value delivery and communication everywhere (reinforcing the same message ²⁰); values relatable regardless of location. ²¹	Giving local purpose to values and messages. ²²
CHANNEL PENETRATION	Important regions are recognized by the degree of penetration of relevant digital devices and internet network coverage. ²³	Utilization of most popular channels of important regions. ²³
CONTEXTUAL FLEXIBILITY	Product created with no particular regional customer in mind – similar customer profiles across countries. ²⁴	Adaptation may be used to challenge competitors who only operate in certain regions. ²⁵
LANGUAGE	Language of operations is English; additional (high-quality) language configurations in product itself. ²⁶	Catering to speakers of other major languages to enable participation and deepen engagement. ²⁷

Objectives

In the first phase, your main goal is effective market penetration, measured as the percentage of users in your target market.²⁸ Set and measure the objectives in both short periods and long-term, and treat the short-term results as guideposts for how well your strategy is taking off. Whatever your revenue model may be, as soon as you reach the point where customers are supposed to opt for paid versions, set objectives for sales volume, and strive to explain the results through accurate customer insight. Remember to always be prepared to change the course. Still, you should not expect to profit or produce great sales revenue right off the bat.²⁹ It's best to seek and rely on investments, and optimize existing resources. (Figure 7.)

Once you have reached your longer-term market penetration objectives and believe you have crossed the tipping point, you can start to think more about market share, revenue and profits. While profit isn't likely until you've progressed quite far, you should still recognize it as the main objective in the long run of the company, and it's precisely the reason why you need to think far ahead when creating your strategy. Lack of profits in the early stage should be due to higher investments and the progression of market penetration and sales – not due to lacking a viable revenue model.



Figure 7. Objectives during product life stages.

You should also set marketing-related objectives³¹, such as key customer relationship management or brand awareness, depending on your product's life cycle phase and your long-term goals. For most companies, it's important to set objectives for customer acquisition, retention, and satisfaction, and tracking revenue by channel is largely helpful. You can also set societal objectives such as community involvement or issue awareness. When creating your objectives and sub-objectives, keep in mind the notions of efficiency and effectiveness – the minimization of resources and time, and delivering on the objectives through the right activities and strategies.³² Also make sure to follow the SMART rule (Figure 8.)

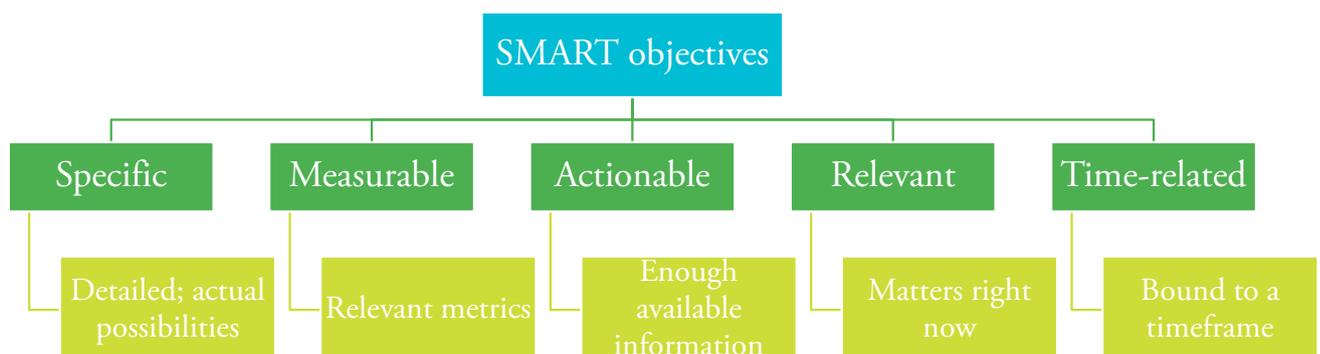


Figure 8. SMART objectives.³³

Keep your goals and objectives in mind at all times. If you set in place a prioritization system, your employees will have a better collective understanding of the underlying values of the company. They are then able to direct actions and resources accordingly, and make the company vision happen.³⁴ To avoid getting distracted and confusing your customers; refrain from entering new markets and introducing new products before your product has reached maturity.³⁵ Still, you may want to plan ahead for the final stages of growth, requiring incremental expansion into adjacent markets and customer groups, and adding incremental and complimentary products and assets, if you want to keep your business growing beyond your original product.³⁶

Know your playfield

The digital business environment is notoriously competitive, making the threat of big players or new entrants overtaking your markets very real. Players can arise from unexpected industries and directions with new innovations and resources at any time, so you must stay on top of the situation and changes not only within your immediate industry, but on a larger scale as well.³⁷ The environmental volatility is exactly why your strategy must leave room for flexibility and quick decision-making.

Most notably, it's the buyers who hold power, due to the extremely low costs of swithing brands and the abundant information accessed and shared creating new expectations.³⁸ The best solution is to not play against the forces, but with them, in a collaborative way. Combining resources with others,³⁹ opening up R&D processes, and creating and developing products in dialogue with consumers amps up the benefits for all parties involved⁴⁰. You want your strategy to draw from both competitive and collaborative advantage, so make them balance and reinforce each other. (Figure 9.)



Figure 9. The five environmental forces.⁴¹

All about the customer

The customer is your be-all and end-all. In the digital world, you don't only cater to your customers, but work and exist in a collaborative, mutualistic symbiosis with them. Due to the interconnectedness, consumers don't view organisations as structures anymore, but as people-like characters.⁴² The more authentic the character, the better.

Depending on your product, you yourself may not be a customer or a representative of their character. And while it would be a big advantage, you don't have to be. But you have to truly understand who would be, and why. Traditionally, marketing has focused on companies deciding who their customers shall be. Today, it's not so unilateral. Once the news of your innovation spread across wider audiences, you may discover demand from directions you never thought of. Adversely, if you're not in tune with the market, your so-called target customers may reject your efforts.⁴³ You can direct your marketing efforts to the right and most responsive customers by first understanding the concepts of segmentation and targeting (Table 2).

Table 2. Segmentation and targeting.

	DEFINITION	PURPOSE
SEGMENTATION	The buyers and consumers of your product separated into relevant customer segments with similar needs and wants. May be geographic, demographic, psychographic or behavioural. ⁴⁴	Estimating market sizes and profitability; aiding in choosing target markets and audiences.
TARGETING	The segments you choose to serve and design your marketing mix for. Modern segments are often communities self-formed and self-defined by consumers – and thus autonomous. ⁴⁵	Efficient and effective resource usage in accordance with desired strategic results.

The core principles of the customer-oriented strategy

Principle 1. Take the two-step approach.

As you know, the first to try and adopt your product are the early adopters. Only after them is the interest of the early majority piqued. What it means in practice is that the early adopters are people with distinctive wants and characteristics, to whom your marketing strategy must appeal – and the same goes for the early majority later on. (Figure 10.) These are the frames you work within, but as such, the definitions are too abstract and far-reaching to recognize who exactly your customers are, so you must look deeper.

Early adopters	Early majority
<ul style="list-style-type: none"> Youthful, well-educated, affluent, open-minded. Highly engaged in the product category and the media surrounding it. Extraverted and socially connected; influence others and determine if the product becomes popular, thus the nicknames "opinion leaders" and "gatekeepers". 	<ul style="list-style-type: none"> Demographically more heterogenous, but defined by pragmatism. Followers, imitators. Appreciate network externalities. require emotional appeal and suitable contextual conditions.

Figure 10. Early adopters and the early majority.⁴⁶

Principle 2. Find a focus.

Start off with a single, highly defined segment. It's best to segment the end-markets by their different behaviour and usage of the product, and the perceived value of features for their particular needs.⁴⁷ Find a niche with high interest in the value or idea you provide that also displays early adopter characteristics. It's highly likely that the segments you discover are global. Be aware of the global customer, but don't worry about it much, as true early adopters are comfortable with foreign products; higher sensitivity and adaptation become more relevant when moving to majority marketing. Once you begin to scale up, make sure the structural attractiveness of your target market is just right: its' size, growth rate and competitiveness should be in line with your size and abilities.⁴⁸

In short: *forget overreaching*. Trying to appeal to everyone possible is a sure-fire way to misdirect valuable resources and time and miss those who care. That is not to say you should limit your opportunities – but once people start coming to you, and not the other way around, you know you're approaching the tipping point and your strategy is working.⁴⁹ Always have excellent insight on your target customers. Customers become loyal customers when treated right, and loyalty becomes advocacy. So, strive to form tight-knit, collaborative relationships with your early adopters. Reach out to them, again and again. Recognize the influence they have over others' opinions, listen carefully to their feedback, learn, and grow from it.

Principle 3. Stay on your toes.

The key to discovering your perfect target market is getting your perception of consumer needs just right. Don't just assume your product provides consumer benefits and value; validate their existence through market testing and feedback.⁵⁰ You must measure your performance from the start, with markers like the Net Promoter Score.⁵¹ But don't worry about NPS scores extensively before assessing if you're truly mediocre, or if a fanatic fanbase warrants an equal number of haters.⁵² Naturally, while words such as *targeting* are used here in a strategic sense, you must respect the autonomy of your customers, and strive for the collaborativeness described in Principle 2. If you're receiving mediocre NPS scores that reflect genuine indifference, rather than trying to force your product further on unreceptive targets, you should build enthusiastic consumer communities around your product. In other words, be prepared to *pivot*.

Pivoting 101

The best strategy is driven by agility. While its nice to get things right as soon as possible, you can never have a guarantee of succeeding with the first strategic or marketing-related direction you take. An idea that is perfect on paper can miss the mark by various degrees in reality; and to survive you must explore alternatives. You may miscalculate your value proposition, target segment, or revenue model, or you may be faced with unexpected issues and even opportunities.⁵³

The good news is, you can easily make even big strategic pivots, as long as you recognize the signals on time and exercise strategic agility. Overt pride and attachment to ideas and assumptions must be replaced with constant validation, gained by monitoring customers, environments and contexts. You must make appropriate changes, based on the legitimate findings and insight. They can range from testing new ideas to fixing the whole strategy. Remember, agility is more likely to lead to success than complacency.⁵⁴

Creating value for customers

To keep your brand alive and flourishing for a long time, you must to provide constant, significant, and unique value for customers (Table 3).⁵⁵ Everything related to value creation goes hand in hand with the promotional aspect of your marketing strategy, as communicating the value proposition successfully is central to its purpose. Certain sources of value provided by your innovation may be self-evident, but it's only once you know your target market that you can draw on the specific needs, wants, and current options of your customers to create increased value. It is also beneficial for you, as trying to cater to everyone's needs and unspecified wants is a fast lane to burning up resources and ending up all over the place with no loyal customers.

Table 3. Sources of value creation.

<i>Positioning</i>	<i>Differentiation</i>	<i>Value proposition</i>	<i>Brand character</i>	<i>Customer care</i>
How consumers perceive and mentally categorise you in relation to competition. ⁵⁶	What sets you apart from others with similar positioning.	The value you provide to your customer as an outcome of your differentiation and branding.	The human traits attached to the brand, which customers create emotional bonds to. ⁵⁷	Interactions, services, and collaborations born out of genuine concern for customers. ⁵⁸

Position your brand by building on your unique competitive advantages,⁵⁹ which you can find in your innovation and the values you represent. Create contrast to competitors, when it comes to the associations and impressions customers have, and strive for the same positioning in the minds of customers globally.⁶⁰ Do not mistake positioning for portraying a convenient image. Instead, tell an interactive, multidimensional, authentic story *together* with your customers, *about and for the benefit of* your customers, clarifying what your brand is about.⁶¹ Always put in an extra effort to provide entertainment value and information resources for free.

To differentiate in an inimitable way, find points of value in the customer experience – the emotions, expectations, touch points customers have throughout their journey with you, from first discovering you to post-purchase moments – and expand and create them.⁶² They can be found and placed within the product itself, or the associated service and people, the channels you choose, your image and its symbolic implications, and so on.⁶³ What's important is that you focus on solutions rather than the product itself, and on the customers' goals rather than their activities.⁶⁴ You absolutely must deliver on your value promises from the moment (and even before) you insinuate their existence.

Each brand has a so-called brand DNA; a deep-rooted codification, which shapes all of it, its decisions, and activities. While it's easy to think machine-driven is the modern ideal, the authenticity, genuineness and empathy people crave for in companies exist in the human factor behind it all. So, no matter what machine-related advancements, attributes, and intelligence you provide and represent, at the same time, show the human side. Commit to being genuine, but take social responsibility with your values. When hiring, hire people who make the perfect fit. Creatively and committedly present your brand DNA in the systems you adopt and your symbolic manifestations, like your name and logo, and you'll be inimitable.⁶⁵

The value proposition is what all your differentiation efforts condense in. It should be something that customers are involved with from an emotional standpoint, and could thus be anything from good feelings to risk aversion. Even if not directly monetarily quantifiable, it should be somewhat measurable

in the perceived benefits, distinctive, and superior to others'. While value-providing activities may seem costly and consuming, they are investments that will come around. Commitment to a value proposition builds trust, which brings about the sense of quality, which allows higher margins, even in the presence of low-priced competition. What is important is that the value proposition offers valid value; in other words, it's not based on presumptions or insignificant differences.⁶⁶

As customers look for human traits in companies, its important for you to think of the brand as a character, empathizing with the customer's point of view. The characteristics of leading brands are the same that any leaders with horizontal influence have. To begin with, they create great first impressions by *looking* good and expressing their other characteristics in their entire physical evidence. Their intellectuality makes them able to quickly adapt to their dynamic surroundings and opportunities. By recognizing and catering to the emotional needs of their customers or followers, they can create tighter connections than data and rationality alone. They are sociable and encourage their community to connect and share, which creates group and brand reinforcement and advocacy. They are personable due to of their (brand) mission that extends to caring for the planet and people, which makes them attractive. Long-term trust is then built on their moral ability to hold on to their integrity, protect customer rights, and handle even difficult and negative situations appropriately. The traits are then successfully delivered by offering style with substance, combining online and offline channels, and utilizing machine-to-machine mechanisms to build human-to-human emotional relationships. (Figure 11.)⁶⁷

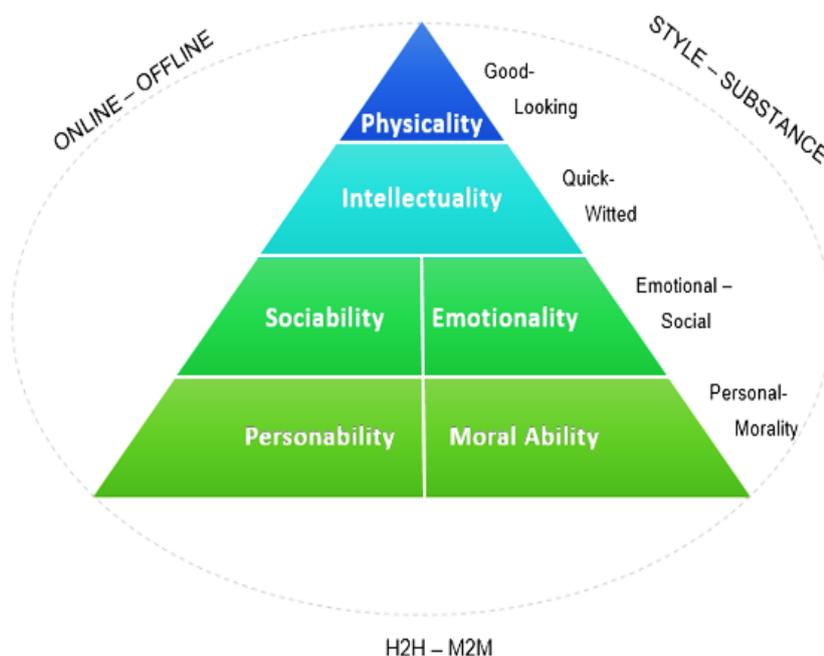


Figure 11. Brand character.⁶⁸

Many new digital products are indistinguishable from services. Even when they are, services are more important than ever in the digital markets, and thus, you must provide excellent care for your customer. It begins by having genuine concern for them, and then acting on it by listening and responding to them and following through on communications and interactions. The customer is like an equal partner, and thus the terms of collaboration and communications are mutually dictated. Your employees must be released from following strict guidelines and be allowed to use their judgement to collaborate with customers in an open and authentic manner. Providing self-service means is also a part of such collaborativeness.⁶⁹

Marketing mix

Your marketing mix is the combination of strategic choices regarding the product aspects, channels and platforms, pricing and revenue structures, and communicative and promotional activities. Each aspect is discussed in the following chapters, but when it comes to digital products, they create an inseparable whole that needs its parts to work in balanced harmony. When designing each aspect, make sure they make the best combination for achieving the same objectives.

Within the concept of successful marketing strategy lies in the implication of providing ideal customer service and customer experiences, in other words, making the most of a company's existence in the communal digital marketsphere. If you genuinely care for your customers and their wellbeing, and show it, your customers will genuinely care for you and your product in return. Keep this in mind as you read on. Create rich, interactive experiences, but only provide content with meaning.

For the sake of simplicity, the strategic areas are referred to by their established names, but Table 4 summarizes the digitally changed nature of each and how you should internalize their purpose.

Table 4. The marketing mix.⁷⁰

Product	Price	Place	Promotion
Co-creation	Currency	Communal activation	Conversation
Customers and their insights are involved from the beginning; extraordinary value is reaped from personalization and customization.	Dynamic pricing mechanisms, data and analytics, and volatile market fluctuations in demand fluctuate prices.	Greater importance of peer-to-peer distribution and the sharing economy, convergence of customers and creators.	Shift from unilateral messages to complex and multi-way communication, increased importance of peer-to-peer communications.

Product

The more disruptive your innovation is, the more of a natural product differentiation advantage you have, but that alone is not sufficient for product strategy. For the more disruptive the product, the less receptive markets are (Figure 12).⁷¹

Preceding your product launch is the R&D phase, also known as time to market (TTM). During this phase, you validate your core idea and the receptivity of consumers to the product. You want to keep your TTM as short as possible, because if you take too long playing with technology and features before presenting the core product to markets, the technology has time to age and competition can catch up – effectively shortening the life expectancy of the product. Use the TTM phase to truly understand your customer and their fundamental needs on a deep level. Plan ahead for



Figure 12. Disruptiveness of innovation.

when and how to use your resources strategically, as the product life cycle develops from stage to stage, according to the objectives of each. (Figure 13.)⁷²

Be extremely restrained about introducing new line extensions before the original product reaches maturity. The only reason to bring a line extension to markets, as with the first product, should be its unique, true value offering, whether by coincidental innovation or R&D research. Introducing new products before the original product has reached majority markets can create confusion and distract consumers. The main focus should be on the main product and improving its desirability.⁷³

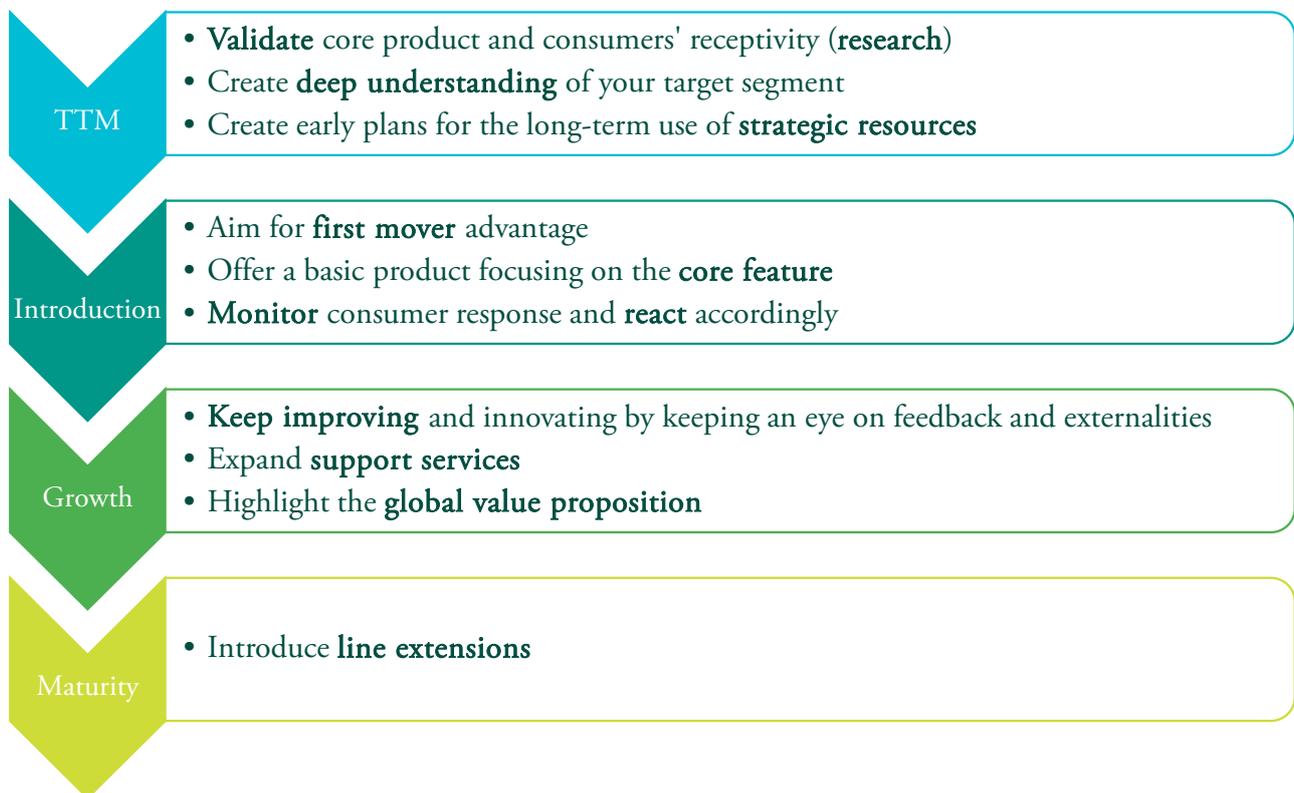


Figure 13. The product strategy over the life cycle.

Naturally, your product strategy is largely built around the innovation factor itself, and the way it is expected to stand out. Yet there are other attributes that must be strategically secured, so that the all-important awareness creation and diffusion take place successfully. Make sure that the product is the best it can be in the areas of relative advantage, trialability, complexity, observability, compatibility, risk, and network effects presented in Table 5.⁷⁴ You should also keep in mind that somewhere in between early adopters and mass markets, there is the tipping point, which requires engaging users with a product experience that sustains its value in repeated use, and catering new content or features to new users to acquire traffic.⁷⁵

Part I. Attributes in the early stage

Table 5. Early-stage attributes.⁷⁴

RELATIVE ADVANTAGE	How and to what degree is the innovation advantageous over existing products, and how significant really is the consumer need the product fulfils? The more significant the need is, and the more effectively you are able to meet it compared to others, the higher is your relative advantage.
TRIALABILITY	Customers will easily try out a product if they have nothing to lose. Allowing your customers to try the product out for free and without commitments will attract them to evaluate the product for themselves.
COMPLEXITY	While enthusiastic early adopters may be fascinated by products' complexity, most consumers see complexity – real or perceived – as bothersome and financially risky. Barriers to trial are lowered when understanding and using the product is effortless. Provide readily available support and information.
OBSERVABILITY	As the consumer majority tend to be imitators, it is no surprise that observing the product in the use of others is one of the most persuasive ways to induce trial. It's why it's so very important to build rapport with your potential advocates. Paying for viral promotion is a uncalled for. If a trustworthy opinion leader says positive things about the product, others will have more faith in it too. Observability is more effective if the company or product name is often highlighted.
COMPATIBILITY	Disruptive innovations are not readily accepted, but barriers can be lowered by adapting whatever possible to existing conventions. The cost of change, like having to purchase secondary equipment, should be minimal. The digital product must be accessible through widespread and standardized technologies and systems. Optimally, the innovation doesn't require several behavioural changes, or challenge fundamental social systems, and can be intuitively accepted.
RISK	What financial, physical, social, or other risks does the product pose from the customers' point of view? Perceived cost vs. perceived value, unpractical functionality, or jeopardizing social conformity may be sources of risk. Strive to eliminate or minimize the risks. Offer money-back guarantees and price promotions for first-time buyers.
NETWORK EFFECTS	If the product's value is heavily based on social features and communal pervasiveness, you must figure out how to create the valuable network effect when you are just starting out. A network effect can be created within a small niche community before the masses catch on to provide the intended social value for early-phase users. Even when the innovation doesn't rely on the network effect, encouraging and enabling social networking can increase its value and attractiveness.

Part II. Attributes in the later stages

Certain attributes become increasingly important when closing in on mass diffusion – and make up the stickiness factor (Figure 14). Excellence, aesthetic appeal, uniqueness, and positive associations are perceived as beneficial and valuable by consumers within all product genres. Emotional engagement weighs in heavier than rational reasons when forming an attachment to products and brands, which is also why those with personified “characters” or “personalities” manage to tug at the heartstrings of consumers. As for what makes a product excellent and engaging is up to the customer; and its where you

turn to your customers for insight and feedback. A good rule of thumb is to deliver expressive value through visible signs of user values; functional value by catering to practical needs; and nostalgic value by creating sentimental connections. Price or cost is another attribute perceived in the light of the value provided, and it should be just right.⁷⁶

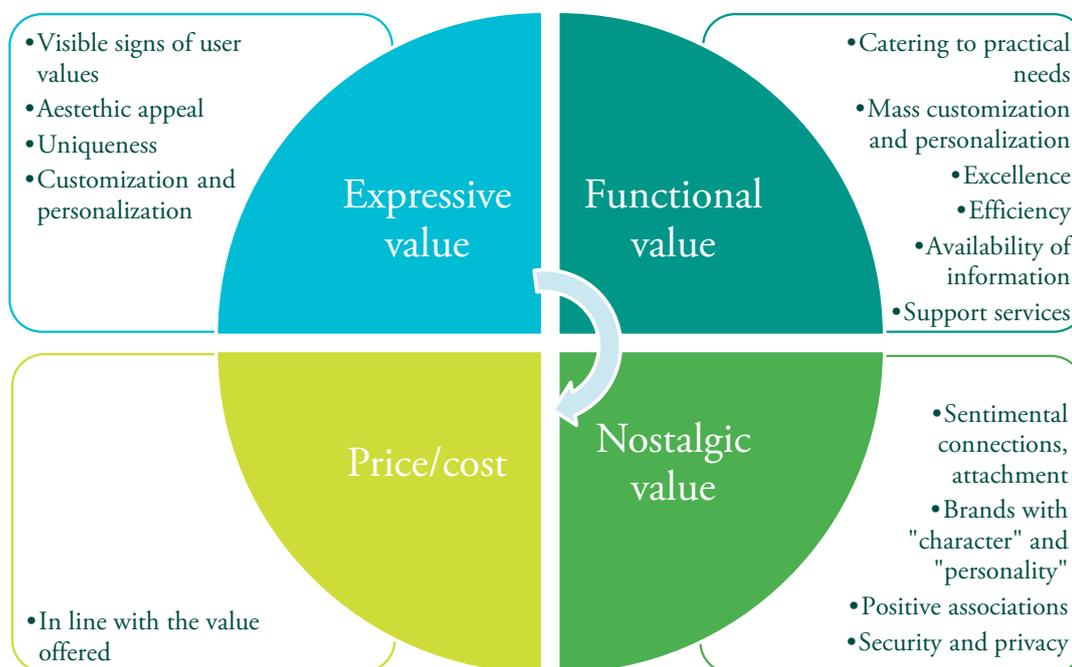


Figure 14. Later-stage attributes.⁷⁶

There are two digitally-enabled attributes with major benefits: mass customization, allowing end-user tweaking of preferences; and personalisation based on automated data collection and usage. The implementation of such features is not costly and their degree can be easily amped up later. Although it may seem like an obvious addition to customer-oriented entrepreneurs, it the ease of mass customization and the resulting increase in customer satisfaction, relative to effort and resources required, are notable enough to be reminded of.⁷⁶

Pricing

Pricing is the aspect of your marketing strategy you have to be prepared to adjust over and over again. At any time, your right price is based on the valuation of the customer. Since your target customer profiles change from phase to phase, you must look inside their minds and adjust the pricing accordingly. Balancing your wish to profit with digital consumers not only wanting, but expecting, free things calls for realism, understanding, and flexibility on your part. You must look at the market environment and target segment and conduct continuous experiments to discover your optimal pricing.⁷⁷ Luckily, it's relatively easy to fix and tweak. However, taking the following considerations into account from the beginning may minimize the need to do so.

The most common strategies for digital innovation are opposites: one is skimming, which reaps high profits from high prices, and the other is penetration, which aims to gain market share with free pricing. Considering the two strategies key points, the product's expected life cycle, and your objectives, you can discover the better strategic direction for you.⁷⁸ (Figure 15.)

Skimming strategy

- High price for high profits
- There's high need for the specific product and substantial benefits
- Must be marked down later on
- Must have substantial target segment
- Must be safe from imitation and competition**

Penetration strategy

- Free or low price for market share
- Company has high economies of scale, experience curve effects, and financial assets
- May be sold to a monetization engine
- Attracts freeloaders; questionable viability**
- For when there's a high risk of competition

Figure 15. Skimming strategy vs. penetration strategy.⁷⁸

When talking digital, neither the penetration or the skimming strategy is likely sufficient as such. The tricky part is shifting from exclusive, early adopter pricing to that which appeals to the masses. You don't want to make a sudden drop while early adopters are still paying for exclusivity, and you certainly don't want to lose the approaching majority's interest due to overpricing – introducing charges to what used to be free does not make customers happy. You should thus choose from one or more revenue models (Figure 16) that aim to secure both trialability and eventual profit.⁷⁹

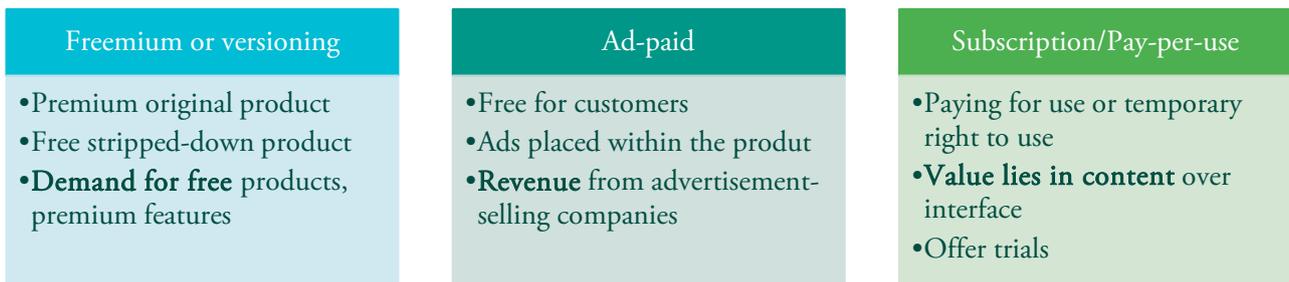


Figure 16. Digital revenue models.⁷⁹

In order to pass the tipping point, you need to induce high levels of trial, so it's better to provide a *free* rather than an *affordable* option – except when your product is based on inimitable, high-value expertise on your part.⁷⁹ By the time you've passed the tipping point, you need to know the preferences of your major customer segments and the typical habitual use of your innovation, to determine the best revenue model. (Figure 17.)



Figure 17. Pricing for the innovation diffusion process.

Platform

Digital products allow you to skip most middlemen and have considerably more control over the complete customer experience.⁸⁰ However, greater control means greater responsibility: it's on you to optimize the direct delivery to customers, and its issues reflect directly back on you. Digital channel strategy therefore requires more attention to detail than it first may seem, and can affect the success of your other efforts greatly. Again, adopting the customer perspective is of great help.

Talk of *channels* evokes thoughts of the kind of unilateralism that's obsolete on the web, so let's shift our focus on what better exemplify most digital outlets, *platforms* (Figure 18). Platform logic is worthy of marketing-specific attention: after all, all digital platforms are sub-platforms of the internet itself. Recognizing the roles you and your customers take within platforms and who fill the other roles directs strategic choices. If your product is, say, a mobile application, then you're a producer on the operating system's platform, but your application may also be a platform of its own.⁸¹

Platforms differ from channels in that they are subject to interactivity and thus, the network effect. The efficiency and value of the platform increase as the number of actors increases. They are ecosystems where value is created for all actors; meaning that *the platform's performance is your strategic interest and asset*, whether you own the platform or are a producer. The success of platforms follows the same logic as innovation marketing: the first focus is on a single interaction that creates high value for a defined user network, and only after that can expansion to larger markets and adjacent interactions take place.⁸¹

The actors behind the platform are the owners, who possess its immaterial rights and governance, and the providers, who provide the interface. Then there are the producers, who create offerings, and of course the consumers. The two sometimes converge, particularly on platforms those based on the sharing economy and content creation. The actors are combining their assets and resources, which makes the platform appealing. It's the structure of the platform model that makes the distinction between competitors and collaborators blurred, and it's therefore important your market forces analysis and channel strategy borrow from each other. When choosing or building platforms, there are three attributes to pay specific attention to: connectivity, gravity and flow. Depending on purpose and objectives, their emphasis can vary, but each should be present to a high degree.⁸²

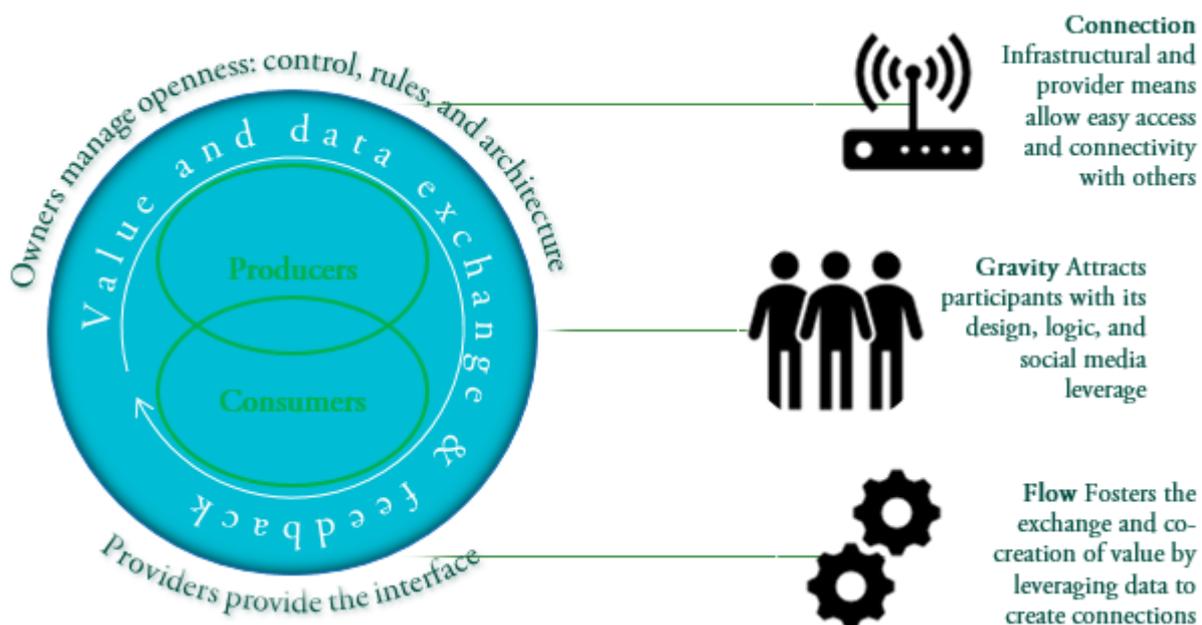


Figure 18. Digital platform logic.⁸²

You want to make sure that the owner of the platform manages the openness of the platform to an optimal level: for true efficacy and high value creation to take place, noise in the form of excess and low-quality content and misbehaviour must be eliminated. The degree of openness is managed with access control, rules, and architecture. For example, a distribution service that screens the quality of content and products creates higher value for consumers through reduced effort and risk, which attracts more consumers, which in turn brings the producers, and owners, and ultimately providers, more value.⁸³

Entering various marketplaces and arenas is easy and cheap, which can make pursuing omnipresence tempting, but such a strategy can quickly become a mess to track and manage. What you should do instead is to critically select a combination that has the highest target consumer usage rate as well as the most appropriate commercial rewards for your objectives. A clear prioritization system is needed to direct investments and support most effectively (Figure 19).⁸⁴

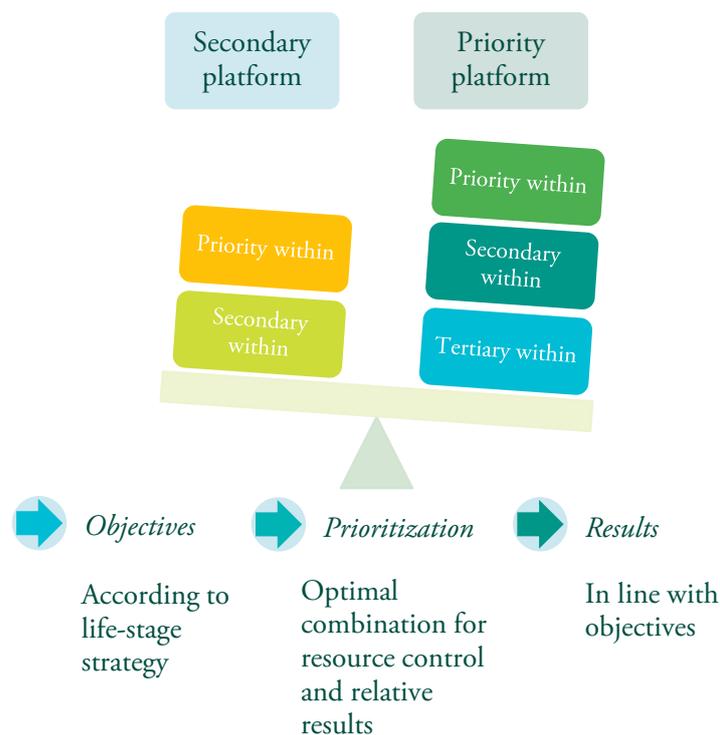
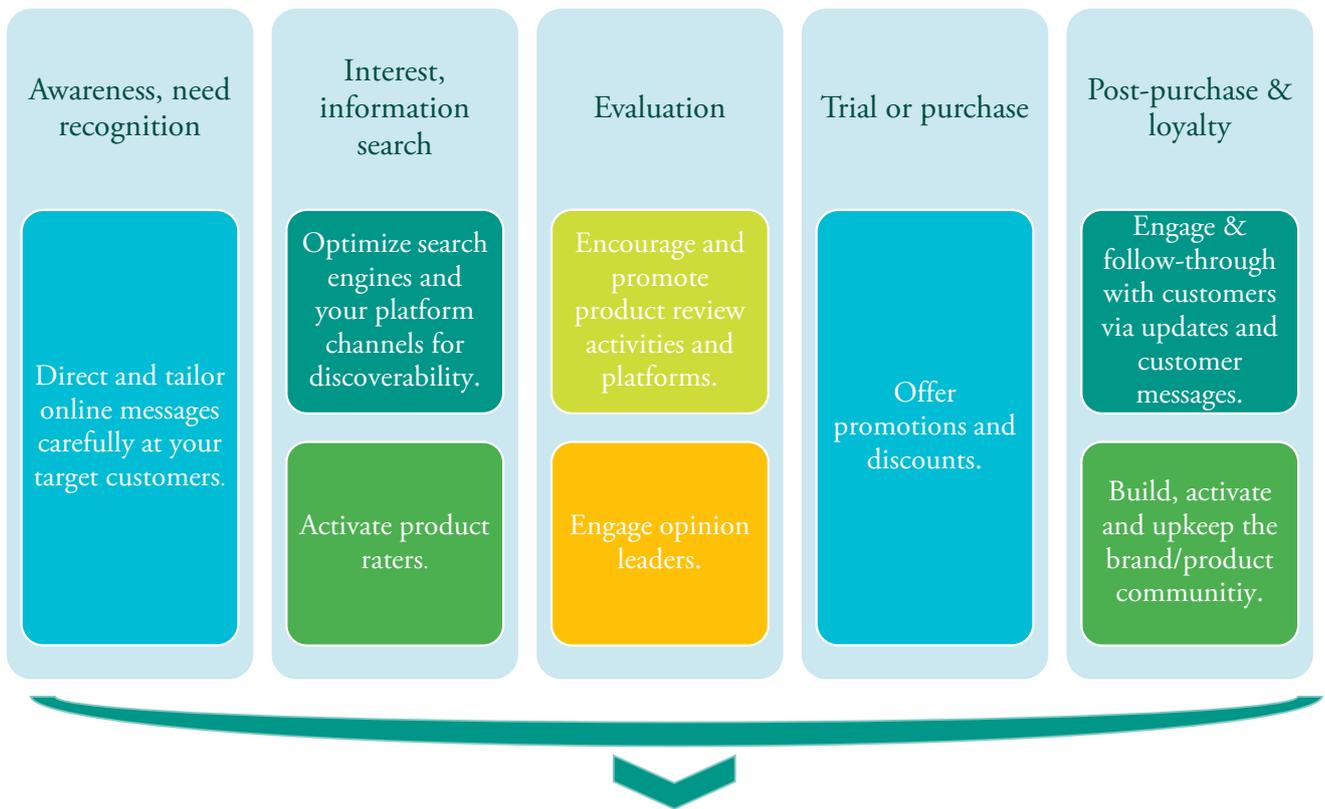


Figure 19. Platform prioritization.⁸⁴

Promotion

To design a comprehensive communication strategy, look to the individual adoption process for a guideline. In each stage, the consumer has needs that must be fulfilled so that they will move on to the next. By providing what they need, you can greatly speed up the adoption process. You need to create awareness; contribute material the consumer looks for when interested; encourage them to evaluate the product and brand; create the optimal situation for them to make the purchase; and finally follow through and upkeep the relationship and loyalty (Figure 20). As you will always have different consumers in different stages, it's important to provide suitable messages via suitable channels for each stage at all times, even if your main focus may vary from time to time.⁸⁵



Utilize **social networks** consistently, throughout the journey.

+ Optional, based on needs and means: offline mass media channels, service calls, and consumer groups.

Figure 20. Communications strategy over the individual adoption process.⁸⁶

Maintaining an optimal online presence has an immense impact on consumer perceptions, meaning your content has to be just right and in the right amount. The best thing you can do is to be there and to show genuine interest and initiative to conversing with customers in a consistent fashion. You must strive to make the content and conversation meaningful. And meaningful doesn't necessarily mean informative and businesslike. In fact, going out of the box may be exactly what you want to do in order to avoid dull and impersonal content. In the ideal situation, when your customers engage in your content and conversations, they get something of value out of it – be it entertainment, relevant information, emotional connection, or any of the other sources of value.⁸⁷

Remember, that 1) you're telling a story, one that is constantly progressing; 2) the story is about your customers more than the company or product; and 3) you're creating and telling the story together with the customers (Figure 21). Keep yourself and the customer engaged in the story and its potential, and you can create messages that reinforce your identity and vision and invite the customer to discuss theirs.⁸⁸ By involving global consumers early on, the story will be built on globally shared meanings, making it easier to appeal to consumers globally later on as well.



Figure 21. The brand story.⁸⁹

There are two dimensions to the conversation around the product: one directed and driven by you, the company; and one taking place among consumers, involving both explicit and implicit exchange of information. When the latter catches on, it becomes the extremely important *viral buzz*. As you know, the majority and mass markets are imitators, who want to observe the product displayed and evaluated by opinion leaders, and no one else can persuade them quite the same. Due to the individual's inability to efficiently seek out and evaluate the massive amounts of information available, the wisdom of the crowd has become highly valued. But to induce the viral buzz and reap the cost-effective benefits of the enthusiasm over positive changes the innovation brings, you need to take an active approach: you create the buzz network, the buzz network creates the buzz (Figure 22).⁹⁰

The viral strategy is driven by globality. As interesting and exciting information and ideas spread fast across networks, people around the world become audiences before you even know it.⁹¹ It's a double edged-sword: a reaction or opinion expressed anywhere may spread like wildfire and influence perceptions everywhere. While it has its risks, viral marketing is at the heart of innovation marketing, for it creates widespread awareness and publicity.



Figure 22. Viral marketing logic.⁹⁰

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- ¹ Laudon 2017, 52-54.
 - ² McKinsey Global Institute 2016, 94.
 - ³ Laudon 2017, 330.
 - ⁴ Laudon 2017, 52-54.
 - ⁵ Adapted from Laudon 2017, 52-56.
 - ⁶ Adapted from Hämäläinen 2016, 189-192.
 - ⁷ Hollensen 2017, 506-508.
 - ⁸ Adapted from Hollensen 2017, 507 and Mooradian et al. 2014, 346.
 - ⁹ Mooradian et al. 2014, 345-346 and Trott 2012, 67-69.
 - ¹⁰ Mooradian et al. 2014, 344-345
 - ¹¹ Adapted from Mooradian et al. 2014, 344-345.
 - ¹² Chaffey 2015, 233. 367-368 and Moore 2014, 249-251.
 - ¹³ Chaffey 2015, 367-368.
 - ¹⁴ Daniels et al. 2015, 500-502.
 - ¹⁵ De Mooij 2010, 82-83; 285-287.
 - ¹⁶ Daniels et al. 2015, 92-99, 62.
 - ¹⁷ Kingsnorth 2016.
 - ¹⁸ Kerin & Peterson 2013, 638.
 - ¹⁹ Hollensen 2017, 26-27.
 - ²⁰ Hollensen 2017, 518-521.
 - ²¹ De Mooij 2010, 269.
 - ²² McKinsey Global Institute 2016, 90.
 - ²³ Kingsnorth 2016.
 - ²⁴ McKinsey Global Institute 2016, 88-89.
 - ²⁵ Daniels et al. 2015, 500-502.
 - ²⁶ Daniels et al. 2015, 98-99 and McKinsey Global Institute 2016.
 - ²⁷ Strauss 2012, 199.
 - ²⁸ McDonald 2017, 118-120.
 - ²⁹ Hollensen 2017, 506-508.
 - ³⁰ Nagji & Tuff 31 May 2012.
 - ³¹ Wood 2014, 87-88.
 - ³² Chaffey 2015, 209.
 - ³³ Chaffey 2015, 209-210.
 - ³⁴ Chaffey 2015, 209-210.
 - ³⁵ Ind 2016, 140-143.
 - ³⁶ Nagji & Tuff 31 May 2012.
 - ³⁷ Kotler et al. 2017b, 11.
 - ³⁸ Evans 2017.
 - ³⁹ Hollensen 2017, 114; 117-118.
 - ⁴⁰ Debruyne 2014, 5-8; 14-15.
 - ⁴¹ Hollensen 2017, 118; Evans 2017.
 - ⁴² Kotler et al. 2017a, 141; 144.
 - ⁴³ Kotler et al. 2017b, 47-48.
 - ⁴⁴ Kotler & Armstrong 2016, 222-223.
 - ⁴⁵ Kotler et al. 2017b, 47-48.
 - ⁴⁶ Mooradian et al. 2014, 345-346 and Trott 2012, 67-69.
 - ⁴⁷ Debruyne 2014, 120.
 - ⁴⁸ Kotler & Armstrong 2016, 232-237.
 - ⁴⁹ Chaffey 2015, 233. 367-368 and Moore 2014, 249-251.
 - ⁵⁰ Debruyne 2014, 56.
 - ⁵¹ Debruyne 2014, 59.
 - ⁵² Kotler et al. 2017b, 26-28.
 - ⁵³ Trott 2012, 402-403 and van der Pijl et al. 2016, 182-184, 218.

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- ⁵⁴ Trott 2012, 402-403 and van der Pijl et al. 2016, 182-184, 218.
- ⁵⁵ McDonald 2017, 36-41 and Debruyne 2014, 56.
- ⁵⁶ Kotler & Armstrong 2016, 238-241.
- ⁵⁷ Kotler et al. 2017a, 156-159.
- ⁵⁸ Kotler et al. 2017b, 52.
- ⁵⁹ Kotler & Armstrong 2016, 238-241.
- ⁶⁰ De Mooij 2010, 282.
- ⁶¹ Kotler et al. 2017a, 128-129; 131-133.
- ⁶² Strauss & Frost 2012, 226.
- ⁶³ Kotler & Armstrong 2016, 241-243.
- ⁶⁴ Debruyne 2014, 105-117.
- ⁶⁵ Kotler et al. 2017a, 141; 144.
- ⁶⁶ McDonald 2017, 36-41 and Debruyne 2014, 56.
- ⁶⁷ Kotler et al. 2017a, 156-162.
- ⁶⁸ Adapted from Kotler et al. 2017a, 160.
- ⁶⁹ Kotler et al. 2017b, 52.
- ⁷⁰ Kotler et al. 2017b, 50-51.
- ⁷¹ Mooradian et al. 2014, 342-343.
- ⁷² Hollensen 2017, 506-508.
- ⁷³ Ind 2016, 140-143.
- ⁷⁴ Mooradian et al. 2014, 348-349.
- ⁷⁵ Moore 2014, 249-251.
- ⁷⁶ Chaffey 2015, 367-368.
- ⁷⁷ Moore 2014, 252-253.
- ⁷⁸ Mooradian et al. 2014, 370-371.
- ⁷⁹ Mooradian et al. 2014, 371-372 and Laudon 2017, 421-422; 615; 626; 622.
- ⁸⁰ Chaffey 2015, 53.
- ⁸¹ Hämäläinen 2016, 36 and van Alstyne et al. 2016.
- ⁸² Hämäläinen 2016, 36; van Alstyne et al. 2016 and Bonchek & Choudary 31 January 2013.
- ⁸³ Van Alstyne et al. 2016.
- ⁸⁴ Chaffey 2015, 220.
- ⁸⁵ Laudon 2017, 382.
- ⁸⁶ Adapted from Laudon 2017, 382.
- ⁸⁷ Kotler et al. 2017a, 128-129; 131-133.
- ⁸⁸ Kotler et al. 2017a, 128-129; 131-133; 160-161.
- ⁸⁹ Kotler et al. 2017a, 128-129; 131-133; 160-161; Soskin 180-181 and Webb 2011.
- ⁹⁰ Mooradian et al. 2014, 347-350; Soskin 2010 75-76; 179-180 and Moore 2014, 251-252.
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