THE TIPPING POINT IN THE FINNISH SOCIAL MEDIA START-UP COMPANIES

Yuliya Nesterenko

Bachelor’s thesis
May 2015
Degree Programme in International Business
ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
Degree Programme in International Business

YULIYA NESTERENKO:
The Tipping Point in the Finnish Social Media Start-Up Companies

Bachelor's thesis 100 pages
May 2015

This bachelor’s thesis was commissioned by TeamUp Oy with the purpose to find out optimal and most efficient ways for reaching the tipping point and entering the global market for Finnish social media start-up companies. The problems which the local new enterprises face during their first years of operations were identified with the help of a SWOT analysis of TeamUp Oy and the overall start-up ecosystem in Finland. The qualitative and constructive research was conducted by interviewing experts in the field of social media and entrepreneurship, and by collecting secondary data obtained in analysis of the world’s most successful social networking sites.

Relying on theoretical background on the tipping point, diffusion of innovation, the social media ecosystem, lean process improvement and globalization, the current thesis reviews the preceding events and approved tactics, and offers solutions for making improvements which would lead companies to reaching a critical mass of users and successfully spreading a new innovation.

Most recommendations offered in the current thesis have to do with the Lean Start-up method, at the core of which lie the design of Minimum-Viable Product that is implied to be tested and reviewed by potential or existing customers. Due to the nature of the social media industry, collaboration with Influencers, Early Adopters and celebrities is essential in order to build momentum. The research revealed that Finnish social media platforms could benefit from constant participation in international activities, seeking for foreign investments and partnerships, and testing online services abroad at the early phase of the company’s operations.

The implementation of external and internal strategies will have a positive effect on the user traction, the network expansion and the efficiency of the short- and long-term strategic plans. The practical suggestions proposed to TeamUp Oy have already been partly implemented which enhanced the company’s status bringing it closer to the tipping point.

Key words: social media, Finnish start-ups, the tipping point, globalization, lean, diffusion of innovation, development, entrepreneurship
## CONTENTS

1 INTRODUCTION ............................................................................................................. 4  
  1.1 Background of the research problem .................................................................. 4  
      1.1.1 The start-up ecosystem in Finland ......................................................... 6  
      1.1.2 The example of TeamUp Oy ................................................................. 8  
  1.2 Research questions and objectives .................................................................. 12  
2 RESEARCH METHODOLOGY .................................................................................. 14  
  2.1 A model for qualitative research design ......................................................... 15  
  2.2 Data collection methods ................................................................................. 16  
      2.2.1 Interviews ............................................................................................... 19  
  2.3 Data analysis methods ..................................................................................... 21  
3 THEORETICAL FRAMEWORK ............................................................................. 23  
  3.1 Social media companies in the 21st century ................................................... 23  
  3.2 The tipping point on the diffusion of an innovation model ......................... 26  
  3.3 Lean start-up .................................................................................................... 32  
  3.4 Globalization in social media start-ups ......................................................... 36  
  3.5 Preliminary hypothesis ..................................................................................... 41  
4 ANALYSIS OF INTERNATIONAL SOCIAL MEDIA COMPANIES .................. 42  
  4.1 Background information on the selected cases ............................................. 42  
  4.2 The tipping point of international social media networks ......................... 44  
  4.3 Patterns of relationship ................................................................................... 55  
5 INTERVIEW RESULTS .......................................................................................... 57  
  5.1 Conclusions ...................................................................................................... 70  
6 SUMMARY .............................................................................................................. 71  
  6.1 Conclusions and recommendations ............................................................... 71  
  6.2 Practical suggestions for TeamUp Oy ........................................................... 78  
  6.3 Recommendations for future research ........................................................... 80  
  6.4 Personal learning experience ......................................................................... 81  
REFERENCES ............................................................................................................. 82  
APPENDICES ............................................................................................................. 88  
  Appendix 1. Analysis of three customer segments of TeamUp Oy .............. 88  
  Appendix 2. Practical suggestions for TeamUp Oy ......................................... 90
1 INTRODUCTION

1.1 Background of the research problem

As a result of globalization and rapid technological development, social media are becoming more and more popular. The Internet has revolutionized the way people work, study and communicate with each other. Social networks have become a routine part of everyday life for 1.6 billion people all over the world. This number has been growing immensely and it is expected that the amount of social network users in 2018 will reach 2.44 billion people worldwide (Statista 2015). This leads to the conclusion that social media have inevitably become a crucial part of social and work life. Their expansion and penetration has a considerable social impact due to their constant presence in the users’ lives. Correspondingly, the number of new social media platforms which capture a particular market niche is growing fast.

Due to a high level of competition and diversification of social media websites, it is getting more complicated for social media start-ups to attract a larger audience, to guarantee sustainability and to enter an international arena. The purpose of the current thesis is to investigate social networking sites in use and analyse causal inference of events which lead social media companies to the tipping point of their business prosperity.

The main objective of social networking services is to initiate social relations among people with common interests, backgrounds, real-life connections, activities, hobbies, life or work goals (Boyd & Ellison 2008, 210-230). It is all about connections that appear in a virtual world substituting an actual contact. The majority of social networks aim to combine people’s diversified interests and to satisfy the goals of various target groups. By becoming universal, user-friendly and multifunctional, social web platforms enter into a severe competition. For example, the current market leader Facebook has surpassed 1 billion registered accounts including users of all ages with different cultural backgrounds, occupations and reasons to join a social network (Statista 2015). Besides Facebook, there are other leading social network platforms which are classified in figure 1 by their number of active users.
Despite the oversaturated market, the number of social media start-ups is growing. This creates barriers for social media newcomers because 74% of adults online are already members of some social media (Statista 2015). The overwhelming amount of information, the lack of privacy and the time-consuming virtual activities have created a new tendency. When the initial buzz of a new social media website goes away, it stops being mainstream. Then its customer retention starts to decrease. For the past 4 years, over 11 million young people have quit Facebook (Matthews 2014). Consequently, it becomes rather complicated for newcomers in the social media industry to find the right niche in the overflowing market when it targets a specific area of activity, goal or audience.

The information that the current thesis provides is unique due to the fact that there is no similar research conducted in Finland on the tipping point of social media start-ups. Moreover, the current thesis aims to support local businesses in the area of social media, and develop practical suggestions, based on theoretical learning, which could help social media start-ups in Finland overcome the competition and become globally successful social networks.
1.1.1 The start-up ecosystem in Finland

In order to understand the specifics of environment in which social media companies operate, an overview of the general start-up ecosystem in Finland needs to be provided. Entrepreneurship in Finland is an old and prevailing phenomenon. Finland was the second largest investor in early stage startups in Europe in 2009 measured by Venture capital as a percentage of GDP (Bilton 2011). According to Tekes, the country was also highly ranked in various international comparisons regarding the level of competitiveness and innovation potential throughout the 2000s (2015).

By building dialogue between companies, the public sector and research institutes, it has become possible to create a proper business environment and social platform for start-ups such as Hybrid Graphics, Jaiku, Rovio Entertainment, Supercell, Jolla, Elinademy, and others. To conclude, according to the Ministry of Employment and the Economy, the Finnish start-ups have higher chances to succeed because of high-quality education system, long-term investments in research and development by the private and public sectors, and the well-functioning network of institutions (2009).

There are several reasons why the Finnish start-up ecosystem has proven to be an excellent platform for researching, testing out and developing new products and services. Firstly, the Finnish government is highly supportive in providing financial assistance to start-up companies (Dickey 2013). Based on financial statements of 2014, the Finnish publicly funded agency Tekes invested 135 million in start-up development and growth. This organization aims to support and advance a wide range of innovation activities in industry, the service sector and research communities (2015). With the goal to provide funding to young companies, the Finnish government's investment in technology develops the idea of creating growth by boosting innovations. This has led to impressive results where Finland, having only 4% of Europe's population, has been able to create 26% of Europe's existing start-ups (Cuthbertson 2014).

Secondly, it has been observed that the general situation in the Finnish start-up ecosystem is changing. As stated by Antti Vilpponen, CEO and co-founder of ArcticStartup, after Nokia’s big changes, Finland is heading towards diversification of its entrepreneurial ecosystem. That caused a new tendency where many start-ups have, perhaps rightly so, realised that being independent from industry giants is healthy and provides better prospects (Vilpponen 2011).
Thirdly, there is a lot of potential for companies operating in the sphere of social media since the world is rapidly moving towards a digital revolution. In the Startup100 ranking, there are quite a few Finnish social media start-ups with an exceptional performance based on the track of their monthly online marketing activities. The list of the most successful social media and application start-ups in Finland include: FinnChat, Flockler, Viikonloppu, NAU, Vivas, Audiodraft, Scoopshot, SmarpShare, Dreambroker, Thinglink (The Hottest Startups from Finland).

A brief analysis of the above mentioned companies indicates that there are three major factors which distinguish them from other not so successful social media. Firstly, almost all of the examined start-ups have an English version of their website or application which ultimately aims to attract a broader international audience. Secondly, they have good visuals and a simple in-site navigation which create a strong brand identity and memorable layout. Thirdly, these social media start-ups offer an advanced customer service where users are able to directly ask question in the chat section and get a prompt response. It is reasonable to assume that these similarities between these social media start-ups have placed them at the top of the ranking.

One of the reasons that make Finland a proper platform and location for running a start-up is the range of conferences and innovation events that the country hosts. Since the beginning of the 2000s, the Finnish economy has rapidly become internationally open. For example, Finland is a permanent organizer of the biggest start-up conference in Northern Europe and Russia – Slush (Cuthbertson 2014). The annual Slush tech conference provides start-ups with additional visibility giving them the opportunity to pitch ideas, concepts and plans in front of an audience.

Moreover, Finland has generally obtained a strong image of a high-tech country due to the corporate heritage of companies such as Nokia, Rovio, Metso, Glaston etc. The close collaboration of businesses, universities and the government, and the reputation of a highly-developed country have made it possible for start-up companies to move forward faster in Finland in comparison to other countries (McGregor 2014).

Furthermore, the technological evolution in Finland and the rapid growth of start-ups is also the result of the highly rated free education available for local and foreign residents. One of the most significant indicators of the nation’s competitiveness is the scientific knowledge and the considerably high level of the education because the human capital needed for inventions and technological breakthrough is produced within the
education system (Schienstock & Hämäläinen 2001, 126-159). As stated, there are two major elements in a nation’s technological competitiveness: the nation’s ability to produce new innovations and the extent to which technological diffusion and adaptation occur. In order to establish a dynamic innovation process, Finland has moved its education system towards skill-based technical change (Breshnahan, Brynjolfsson & Hitt 1999). Moreover, the country reacts to both the changes in the labor market and the trends in the knowledge-based economy. The practice-oriented approach and the “learning by interacting at the workplace” method have significantly improved the education system in Finland, and, consequently, built a strong foundation for producing high-class student material.

According to the Government Programme, in order to enhance the productivity and competitiveness of the national economy, the innovation policy needs to be given a broader basis (2009). This became the foundation for establishing innovation and business incubation centres which provide assistance to start-up companies in Finland and abroad. The existence of organizations such as Startup Sauna in Helsinki and New Factory in Tampere, helps to develop innovative programs, and encourage high-tech startups for competition on the local and global markets (Cord 2014). Those start-ups have proven to be important on the national level since they create new working places, boost innovativeness and entrepreneurship, and positively influence a structural change in the industry. The most creative and potentially profitable teams are granted financial support and premises during the first months of their activities. Moreover, the most experienced mentors are regularly giving training sessions in order to educate and direct young entrepreneurs to build unique selling propositions and wise business strategies. One of the start-up companies, born in the New Factory innovation centre, is the social media platform TeamUp Oy. TeamUp has originated in a business incubator and continued its operations independently in 2013.

1.1.2 The example of TeamUp Oy

The current thesis is commissioned by the start-up TeamUp Oy, which was founded in 2012. It is located in Tampere, Pirkanmaa region, southern Finland. TeamUp is a social media platform, a fan-site for sports, music and arts. The company’s mission is to build a community that is the best way to support and sponsor talented individuals and groups. The website of TeamUp is a functional, modern-looking and interactive platform where fans, talents and sponsors can actively communicate with each other. It is
based around three main customer segments that constitute the entire business model of TeamUp. Those are Talents, Fans and Sponsors. In order to understand the specifics of the start-up’s operations, range of capabilities and unique selling point of service, an analysis of the company’s business model and target segments is shown in Appendix 1.

Currently, TeamUp has a fan base of around 6000 users, has attracted more than 430 talents, has made 80 partnership connections and has brought together 66 businesses. The majority of the users of TeamUp are Finnish talented individuals and groups, their fan base and mainly local companies which participate in sponsorship deals. However, due to the large networking capabilities of the company’s co-founder, besides headquarters located in Finland, TeamUp Oy also has departments in the US and Japan. Apart from the employees responsible for the website’s maintenance, the rest of TeamUp’s personnel are international students and interns. This creates a multicultural working atmosphere and brings diversified opinions and experiences together.

The company is striving to reach the tipping point and become the global leader in digital sponsorship marketing and fan engagement with its social media community. In order to reach a favorable effect, there is a need to identify relevant patterns and a set of strategies implemented by the leaders in the social media industry. The current thesis aims to analyze social media networks which have achieved global success, and to create proper strategic plan for Finnish social media start-ups and, particularly, TeamUp.

There are some hindering factors which prevent a company from reaching the tipping point, surpass the limitations of the local market and enter the global one. The challenges that TeamUp has been facing for the past 3 years are illustrated in the SWOT analysis in figure 2.
TeamUp has built a unique business model which has not been used in any social media networks worldwide. Simply put, Facebook, Twitter and other giants in the industry are not meant as platforms for talented individuals to build a fan base and to make profit. TeamUp guarantees 100% of organic reach of fans for both sponsors and favourites without any extra fee or digital advertisement. It means that 100% of unique users who were shown website updates and profile post are reached through unpaid distribution. If Facebook requires approximately 1 euro per page like in order to reach a larger audience, TeamUp provides a full control of fanship for free. However, due to TeamUp’s complex concept and marketing message, it is hard to boost the traffic of incoming users and establish strong reputation on the local market and worldwide. The company is experiencing a lack of publicity since the slow movement of information and insufficient word-of-mouth effect do not allow the platform to increase its public awareness.

The SWOT analysis of TeamUp Oy helps to define external threats which can also be applied to all social media start-ups in Finland. First of all, it is highly important to emphasize the fact that Finnish users are categorized as early majority in the diffusion of the innovation model. This means that customers adopt an innovation after a certain period of time which is, usually, considerably longer than the Innovators or Early Adopters. Every invention requires a change in customers’ behaviour and a certain amount of time to adapt to a new social media platform. This slows down the process of building a community.
Due to the fact that TeamUp is a fan-site for sportsmen, musicians and artists, the Finnish market is relatively small since the total population of the country is around 5.5 million. This explains the reason why the company is striving to offer a globalized service, to discover diverse group of talented individuals and to bring international celebrities to its growing community.

Approximately 60% of Finns have a smart phone in their own use and mobile web browsing is becoming an absolutely indispensable tool for work, studies and contacts (Valtari 2013). Furthermore, in Finland access to the Internet (Wi-Fi) is available in almost every public place. And even though statistical data reveals that there are 2.4 million Finnish users of Facebook, this does not necessarily mean that these users are easily able to accept and adapt innovations in the sphere of social media. Finland is not a trend-setter but rather a trend-follower in the field of social media; meaning that culturally and economically, local users tend to use products and services which have proved their concept and are trusted. When it comes to digital economy, or Internet economy, as a whole, Finland is slowly receding in the rank of digital evolution (Chakravorti, Tunnard & Chaturvedi 2015).

The Digital Evolution Index (DEI), designed by the Fletcher School at Tufts University is based on the following factors: supply-side factors, demand-side factors, innovations, and institutions. Finland’s performance according to the DEI index from 2008 to 2013, places it the Stall Out trajectory zone. This means that technologically and digitally Finland has achieved a high level of evolution for the past years but it is constantly losing momentum and risks falling behind. The main reason for this rapid change is the demographical situation and the country’s mainly localized products and services. This is one of the fundamental reasons why Finnish start-ups have difficulties in reaching the tipping point and becoming global. The location of Finland on the map of digital capacity is illustrated in figure 3.
FIGURE 3. The rate of change in digital evolution by country designed by the Fletcher School at Tufts University (Chakravorti, Tunnard & Chaturvedi 2015)

1.2 Research questions and objectives

As stated in the previous chapter, the main topic of the current thesis is the tipping point of social media companies. The purpose of this thesis is to offer practical suggestions to Finnish social media start-ups for reaching the tipping point. The main objective of the current research is to answer the following research questions:

1. **What are the patterns in the tipping point of social media companies around the globe?**

2. **How to turn a local Finnish start-up company (TeamUp) into a global product?**

The answer to the main research questions will be used as a base for the creation of a methodology the implementation of which would allow Finnish start-ups in the field of social media to successfully establish themselves on the market. In order to answer the main research questions, several sub-questions will be answered first:

1. **What are the differences and similarities between successful social media companies in terms of preceding events that caused the tipping point?**
2. What are the influential factors that bring companies to the tipping point and to going global?

3. What are the techniques used by leading social media companies that brought them to the popularity and critical mass of users?

4. What should Finnish social media start-up companies do to achieve success on the local and global markets?

There are several crucial steps in the research process which are (1) to examine international and successful social media networks by conducting desk research, (2) to compare the organizational structure and business development stages of the selected cases in order to find out the optimal path for creating a tipping point, (3) to find patterns of success which can duplicate itself when applied to a start-up company, (4) to interview experts in different fields related to the start-up ecosystem and social media industry, and (5) to research and develop the most relevant methodology, a set of patterns or mechanisms which provide guidelines to Finnish social media start-ups for reaching the tipping point in the in the fastest and most efficient way.
2 RESEARCH METHODOLOGY

The nature of the current research is qualitative. The aim is to understand a phenomenon and to explain its influential factors (Kananen 2015, 64-65). Due to the fact that the phenomenon of the tipping point in social media companies has not been researched in depth, this qualitative research intends to explore issues and to answer questions by analysing huge amount of disorganized data. There are some well-defined advantages of conducting a qualitative research due to the scope of the current thesis, the time constraints and the initial research questions:

(1) it identifies intangible factors, such as social norms, human behavior, economical factors etc.; (2) it determines the causes of a particular event such as, as used here, steps and tactics on the way to reach the tipping point; (3) it gives relatively flexible instruments to conduct research that can be modified during the research process (interview questions, number of participants, amount of literature researched etc.); (4) it describes individual experience and unique cases which allows to structure scattered data into versatile and comprehensive guidelines for reaching the tipping point; (5) its interview consists of open-ended questions which encourages a meaningful answer using the interviewee’s own knowledge, feelings and expertise; (6) it explains the pattern rather than generalizes it (Mask & Moodsong 2005, 1-10).

Apart from collecting qualitative data, the research aims to produce original data and develop new contribution which is a constructive approach. In this thesis, constructive research is used to test theories and their practical applicability, and formulate conclusions regarding the tipping point based upon preliminary hypotheses, and case studies. Gradually building assumptions, facts and theories on top of each other, constructive research aims to solve real-world problems by linking prior theoretical knowledge and communication between researcher and interviewees (Lukka 2000, 113-128).

To conclude, the combination of data collection and data analysis methods applied in the qualitative and constructive research provides the most suitable and comprehensive foundation for answering the research questions.
2.1 A model for qualitative research design

According to Joseph A. Maxwell, a properly planned design, in which the elements jointly act together, promotes successful and efficient functioning (Maxwell 2013, 214-249). In comparison to other sequential models, which do not consider the changeable nature of qualitative research, a current model for qualitative research design is reflexive, inductive and flexible. It helps to classify features, and build statistical models in order to explain what has been observed. Due to the fact that the structure and research findings of the current thesis are expected to be adjusted throughout the process, an interactive model of qualitative research needs to be designed. The core of this model is a set of research questions which, correspondingly, creates the basis for other segments, such as goals, methods, validity and conceptual framework.

In this case, goals refer to an actual value of research conducted. They explain the purpose of investigating a particular topic, and give clarifications regarding the issues raised.

Conceptual framework, in turn, illustrates the holistic picture of the theories, literature, preliminary studies, research findings or beliefs which support the research problem being studied.

As already mentioned, research question represents a central hub which connects all the other elements of a research design. In this model, it specifies an addressed question which needs to be studied, answered and understood.

In turn, methods simply represent a summary of the techniques and approaches used in the data collection and data analysis processes. This helps to establish a methodology and create the components of a design such as selection of sources, people, settings; strategies for analyzing gathered data, and relationships established with the participants.

The last element of the system, validity, gives a speculative assumption concerning the limitations, challenges and constraints which can change the outcome of the research (Maxwell 2013, 216). The model for qualitative research design of the current thesis is systemized in figure 4.
FIGURE 4. An interactive model of the research design for a study of the tipping point of social media companies (Maxwell 2013, modified)

2.2 Data collection methods

The research problem of the current thesis is solved with research methods that are closely linked with collecting data and analyzing the gathered material. Due to the fact that the topic’s background is based on analysis of social media networks, the major part of the research is conducted online. Nowadays, the trend reveals that people’s actions and companies’ operations take place more and more often on the Internet. The Internet, in this case, becomes an operational environment and platform for social media (Kananen 2015, 9-14). Data collection methods are transferred to the Internet, where the web is one of the tools of conducting research. There are two methods of gathering qualitative data online - primary and secondary.
1. *Primary research, or field research*, is compiled through an in-depth interview with experts in a field of business, entrepreneurship, social media and start-ups. Field research is characterized as qualitative research which involves a variety of well-defined methods such as informal interviews. It generates the original primary data.

2. *Secondary research, or desk research*, is conducted through analysis of literature, statistical reports, previous research, and media files (videos, movies). It is a synthesis of existing second-hand material from external or internal sources. The theoretical framework of the current thesis is composed through an analysis of secondary data which is contained in the scientific articles written by marketing experts, statistical reports of international social media networks, documentaries about the era of virtualization, and well-developed theories and strategies that answer the research question.

The summary of the data collection methods is illustrated in figure 5.

**FIGURE 5.** Summary of the data collection methods
Due to the nature of the current thesis, desk research takes a significant part in obtaining the data and answering the research question. In order to outline the significant factors which lead companies to the tipping point, 6 international social media networks have been investigated. These were Facebook, Twitter, Instagram, Foursquare, Vkontakte, and Linkedin. These companies operate in different geographical areas, provide various user experiences and attract a diverse audience. Data obtained from a variety of multi-profiled social media websites increased the chances of discovering new areas of specialization where the tipping point takes place.

The choice of the study cases is determined by two major factors. First of all, all of the following social media networks have been able to build a user base of 1 million during the first 3 years of operations. This demonstrates their efficient customer traction, customer retention rate and successful trend transmission. The user growth statistics is presented in figure 6 where all the numbers are taken at year-end. In this case, the year of establishment is irrelevant since statistical data aims to illustrate the social media websites’ growth in terms of user base as an indicator of successfully spread innovation.

The second reason for the selection of these companies is that they were able to internationalize their business by expanding it to at least 2 other countries. The time frame of 2-3 years is thus specified as a timeline needed to reach the tipping point and spread the new technology internationally (Gladwell 2000).

To conclude, an international company is defined as organization that has reached 1 million of active users during the first 3 years of operations and has expanded to at least 2 foreign countries.
2.2.1 Interviews

In order to gain qualitative data straight from the primary source, the in-depth interviews were conducted. Inquiry by interview helped to collect valid information that is relevant to the research question and the objectives of the current thesis. The nature of the interviews was unstructured, exploratory and non-standardised (Saunders, Lewis & Thornhill 2009, 320-321). The main purpose for conducting an in-depth interview was to obtain diverse opinion and facts on the subject of the tipping point and the start-up ecosystem in Finland. It provided an opportunity to dig deeper into the answers given by the interviewees in order to get a thorough explanation of the phenomena and the personal opinion of the respondent. It has been initially planned to interview 6 experts in different fields of business and entrepreneurs in order to get valuable recommendations of how Finnish start-up companies can reach the tipping point as fast and as efficient as possible.

Since some of the interviewees are not located in the same geographical area where the research was conducted, the in-depth interviews were partly obtained through a video
conferencing tool – Skype. Skype is an application software which provides its customers worldwide with a high-quality video chat and voice calls from different electronic devices via the Internet. Skype was chosen because it has become the most popular and secure business tool which connects people and organizations from around the world (Serafin 2015).

Despite the fact that the interviews’ structure is relatively flexible, the initial set of questions was formulated. It helped to obtain knowledge on the subject of the investigation, and to predispose participants to the conversation. An open theme interview is derived by researcher of the initial ideas about the subject of the research (Kananen 2015, 87). There are several predetermined topics to be discussed during the interviews. A combination of answers to the following questions will create a formula for both a path to the tipping point and retention of the organization’s global success.

1. How do you define the tipping point in a start-up company?
2. What are the characteristics and features that differentiate an already successfully established company from a start-up?
3. What are the events and causes that can lead a company to being successful and internationally integrated?
4. Which strategies, tactics and concepts do you advise start-up companies to use in order to reach the tipping point and expand the company’s operations abroad?
5. Following an up-to-date tendency, what are the ways to attract a wider audience and make sure that the customer retention remains stable?
6. From your perspective, how does the future of the social media industry look like in general and Finland in particular?
7. If you could describe a step-by-step the path for reaching the tipping point, what would be the essential elements?

Due to the scope of the research and the nature of the qualitative research, there are some limitations that needed to be taken into consideration.

First of all, one of the main requirements for conducting an online interview is proper technical software and program competence (Kananen 2015, 87). Involvement of two or more parties in the interview process increases the possibilities for errors. That’s why, it is highly important to consider the time zone differences, to fix the web-camera and the
microphone before the video conference, and to negotiate the length, purpose and subject of the meeting beforehand.

Secondly, due to the fact that the interviewees and the researcher are geographically dispatched, verbal and non-verbal miscommunication might occur. It is crucial to use a neutral language, avoid unnecessary informal dialogues and interpret the meaning of the questions.

Thirdly, the current qualitative research inevitably involved face-to-face communication with powerful and influential figures in business. According to Yeung H. W., it is recommended to approach elite informants with a procedural (perceived) credibility (Marschan-Piekkari & Welch 2004, 180-185). It is crucial to have clarity and publicity of the steps to be undertaken during an interview, and to further utilize the obtained data. Exploratory and theory building studies need to motivate and encourage the interviewees to participate in active discussion. In order to avoid face-to-face or voice-to-voice interview rejection from high-level executives, researchers must either send multiple interview requests, or reconsider the list of social media networks to be examined. In current thesis, 100% of invited interviewees have agreed to have a face-to-face or video meeting because the importance of scientific research and topic description has been given already within the first email. It has resulted a positive response rate. Moreover, the set of interview questions has been sent to all the experts 2 days before an actual meeting, which prepared a basis for a productive interview sessions and eliminated stress that respondents could face when answering unfamiliar questions.

2.3 Data analysis methods

Based on the fact that qualitative research contains non-numeric unquantified data, it represents a complex structure of analysis which allows developing a theory from raw data (Saunders, Lewis & Thornhill 2009, 480-491). Certain procedures of analysing qualitative data may vary depending on the amount of collected information, the purpose of the research and the objectives. According to Saunders M., Lewis P. and Thornhill A., there are three dimensions of qualitative analysis. The data analysis methods of the current research are based on inductive reasoning, structuring of facts using narrative, and summarizing of the meaning.
The current research uses inductive reasoning since it starts with observation of phenomena (interviews), continues by developing patterns and hypotheses, and ends with a formulated theory concerning the tipping point. It is also a summary of meanings, or condensation, where huge amount of facts is logically concluded. The dimensional distribution of this qualitative data analysis is illustrated in figure 7.

![Diagram showing thesis research approach with dimensions: less structured, more structured; relies on interpretations, more formalized; inductive, deductive](image)

FIGURE 7. The dimensions of the qualitative analysis (Saunders, Lewis & Thornhill 2009, 491, modified)

In this thesis, the data analysis methods were divided into three categories: (1) analytical induction, (2) transcribing qualitative data and (3) SWOT analysis. **Analytical induction** was used to develop well-grounded explanation and causes of the specific phenomenon of the tipping point by examining a selected number of cases. The data collected from the in-depth interviews has been audio-recorded and subsequently transcribed to be further summarized or graphically systematized in order to compare the social media networks, find similarities and differences, and create an alternative mechanism which refers to the interview results. **SWOT analysis** was used to study a company’s case from the point of view of its strengths, weaknesses, threats and opportunities in order to track a certain aspect of the company’s operations in regard to its location, activities, internal situation, customer bias, etc. (Saunders, Lewis & Thornhill 2009, 480-491). The analysed data was used in finding patterns and influential factors for the tipping point, as well as to serve as a base for recommendations for the Finnish social media start-ups.
3 THEORETICAL FRAMEWORK

In order to study the diversity of the phenomenon more in-depth, essential topics related to the tipping point were examined. Each of the following subparagraphs represents an alternative solution of reaching the tipping point in a start-up company as fast and as efficiently as possible. The topics mentioned above are: social media ecosystem, the tipping point, the diffusion of innovation, lean start-up and globalization. The main idea was to apply these theoretical elements to identify influential factors which lead new enterprises to reaching the turning point. The success of global social networks is hardly measurable because every case has its unique origination, set of strategies and different customer groups. However, the current theoretical framework is focused on finding and categorizing aspects which can impact the tipping point, or improve the company’s productivity in general. The fundamental objective of this part of the current thesis was to formulate initial hypotheses, which later on laid the foundation for conducting interviews and examining company cases.

3.1 Social media companies in the 21st century

According to the standard definition, social media are a “group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content” (Kaplan & Haenlein 2010, 61). Based on mobile and web-based technologies, users are able to communicate over the Internet via e-mail and instant messaging, to update personal data, to share news, to co-create, to discuss, and to modify content. To specify, social-media technologies take various forms such as journals, forums, blogs, social gaming, micro-blogging, wikis, social networks, podcasts, picture database, virtual worlds, video sharing, rating, social bookmarking, etc. (Aichner & Jacob 2015, 257–275).

Since the introduction of social network sites (SNSs) such as Twitter, Facebook, Linkedin, YouTube, a large quantity of users were able to integrate these web platforms into their daily practices, to pursue a wide range of personal interests, and to communicate with people around the globe. Generally speaking, the major function of social network sites can be formulated as web-based services which allow users to (1) build a publicly open profile within a limited system, (2) to generate a list of contacts within a mutual online community, and (3) to view and distinguish the list of connections within the system (Boyd & Ellison 2008, 210-230). Social media networks also allow their
users to engage in commerce, to educate and learn, to organize daily activities. Nowadays, 1.5 billion people are on the Internet, and the number of mobile phone subscriptions has reached 5 billion. Connectivity, interaction and virtual socialization is the result of social media penetration where digital literacy has become as essential as other basic skills taught to the modern generation of people (Rheingold 2010, 16-22).

Social business as such is defined by the social media platform, online networks, social tools, and virtual technologies that allow companies and individuals to communicate and exchange information within certain communities. Social media industry, apart from its main function which is communications, supports brand building, crowdsourcing innovation, and delivering new products and services. Social media networks have transformed the way businesses enter the market. This provides companies with an opportunity to publicly launch a product and introduce it to mass users, to closer engage with customers and re-identify established brands. Nowadays, social media websites have reached 82% of the world’s population, and it is expected that the significance and impact of social networks for business and individual users will increase by 250% by 2016 (Social Media at the Tipping Point).

The most popular social networks consistently demonstrate a high number of registered accounts and active user engagement. Moreover, social network usage by consumers is vastly diverse. The number of only major active and worldwide popular social networking websites has surpassed 200 (Statista 2015). However, by no means they are designed for the broad masses of users. For example, LinkedIn is a business-oriented social network, while Instagram is distinguished for its online mobile photo- and video-sharing service. Google+ is mainly oriented towards organizing interactions between friends and family. Twitter is focused on instant communication between the system and its users. Some social networks are designed to build a community or display user-generated content. Facebook, however, has embraced all of the mentioned functions and services in some form; it is used for both personal interaction and business activities. This is one of the reasons why Facebook has become one of the most popular social media platforms. It simply offers the easiest and the most convenient way to multitask with the help of only one online instrument. The current work aims to identify complementary factors that can become fundamental principles of launching a successful social media platform.
When building a piece of social software, one of the most crucial aspects to be taken into account is a design of social traction; meaning that usually companies, that have not reached the tipping point within the first 3 years of operations, simply didn’t create the traction of first users in order to spread the word about the innovation. Moreover, according to statistical data, out of 100% of users who started the sign-up process, only 14% made it to the getting started screen. When the new web application if offered to an individual, he/she is going through four major stages which are illustrated in figure 8.

FIGURE 8. Usage life-cycle in social media networks (Porter 2011)

There are several tactics that can bring customers from the first phase of sigh-up to the full engagement. First of all, the sign-up problem revealed that the audience is interested in the social network but does not join it due to a highly complicated sigh-up system. This means that companies should simplify this phase by explaining the value to the first-time users and changing their minds about the offered software. The preconditions of sign-up, that can turn interested individual into sigh-up users, should give knowledge about the product and its comparison with other alternatives, or reiterate the value proposition. In order to guarantee immediate user engagement, social media platforms are advised to switch strategies from ”sign-up – use – engage” to ”use – sign-up – engage” by offering a trial period of network usage or product tutorials. Moreover, by adding a “learn more” section or a promotional video, users can instantly realize an added-value and are more likely to start using a new social media site (Porter 2011).

Secondly, due to the oversaturated social media market, customers tend to be more careful when committing to a new website. This means that social media companies should reduce the commitment by offering a one-time setup that takes minimum time to try or sign up for. Moreover, a customer support service can encourage users to explore an online network relying on the assistance they can get. Users are more likely to be con-
vinced to use a new service when their friends are already in the system. It is a powerful and socially influential feature to optimize the connections in a way when new users can be offered a list of contacts they might know. Finally, a decent customization offered to users can make a network personally important for people. For example, adding avatars improves response rate by 15-20% (Porter 2011).

Thirdly, the motivation to engage within a new social media network depends on the social influence and hierarchy, increased sense of efficacy and sense of belonging to like-minded people. Some of the important features of the network can be closed for non-sigh-up users which motivates them to make the first step towards the registration process and engagement. A person eager to be intrinsically rewarded for some actions can motivate users to be more active within a community. Passionate users can be created when they obtain more knowledge and skills. Designing a flow channel that lies between challenges that a network can solve and skills that customers can utilize, the social network can become an alternative way to improve users’ productivity and network capability (Porter 2011).

3.2 The tipping point on the diffusion of an innovation model

Every new social media network launched on the local market is going through a lifecycle when its users either adopt the new idea or reject it. With time, only successful companies reach the start-up tipping point which verifies that the original idea is actually a viable business. As mentioned previously, the social media industry is intensely saturated which makes it harder for start-ups to launch new websites, attract other platforms’ users and survive in a complex environment. Besides a unique concept, risk management and budgeting, social media start-ups are recommended to develop a plan of reaching the tipping point and to predict possible digressions at the earliest stage of the company’s operations.

The tipping point is a well-known phenomenon which was introduced in 1962 by the professor of sociology Everett Rogers. With the help of his theory, called Diffusion of Innovation, it became possible to quantify when an innovation usually reaches a tipping point. It includes an assumption that every successful new innovation is linked with a specific time line of acceptance (Carol 2011). Simply put, it aims to explain the method, the reason and the concept of how new ideas, innovations or technology spread through cultures. The tipping point comprises one of the most important parts of the theory.
To clarify the definition of the tipping point, it is a critical moment when things can change all at once; it is a transformation of previously unknown phenomena, technology or event into a successful product/service; it is a rapid spread in the occurrence of something; it is a big effect caused by a little change; it is a social epidemic that “infects” mass users; it is a dramatic point at which there is a change in motion or direction; it is a turning point in an evolving situation that directly leads to a new development (Gladwell 2000).

As reported, usually start-ups reach the tipping point on the 2\textsuperscript{nd} or 3\textsuperscript{rd} year of company’s operations. The most famous study related to the tipping point was conducted by Malcolm T. Gladwell, the Canadian journalist and bestselling author. In his book \textit{The Tipping Point: How Little Things Can Make a Big Difference}, he broadly explains the different ways in which companies, people or social occurrences reach the tipping point. He identifies the term of the tipping point as a social epidemics that is driven by a strong power of social impact. It is a dramatic moment when a little cause makes an unexpected change and sets in motion the concept of change to a certain acceptance. According to Malcolm, there are three fundamental principles of the epidemic, which are (1) The Stickiness Factor; (2) The Law of the Few; (3) The Power of Context. These theories give practical suggestions which can help Finnish social media start-ups make a little change to cause a big effect (Gladwell 2000).

The Stickiness Factor means that a particular social or business message is memorable and makes an impact. It has to be remarkably emphasized, and repeated several times to its target user/listener. Exclusive content that is repeatedly translated through different media channels can create a certain association in people’s minds (Gladwell 2000, 89-133).

The Law of Few is one of the major parts of the epidemic philosophy because it deliberately highlights that roughly 20\% of the participants create 80\% of the work. In order to initiate a word-of-mouth effect in social media start-ups, only a little percentage of people are required to build a momentum. These people, who are naturally capable of starting an epidemic and distributing the message, are described as Connectors, Mavens and Salesmen (Gladwell 2000, 30-89).

\textit{The Connectors}, being sociable, energetic and self-confident, act as a network which links people from different circles together, and introduces new information to those people. It is recommended to build a network consisting of influential people in the
spheres of marketing, public relations, or politics who can easily distribute news through various channels. The high connectedness of those people is a function of their versatility and extraordinary ability to co-exist in different subcultures (Gladwell 2000, 30-89).

*Mavens* are problem-solvers who are gratuitously eager to provide a message regarding new product and service. Just like “youtubers” who are recording instructional video materials or uploading simplified content, Mavens tend to share information, be helpful, communicate actively and solve other people’s problems. People who carry a huge amount of data are necessary and important for social media start-ups because they can unintentionally distribute information about new innovations in the marketplace. Mavens are usually trend-followers, high-tech experts, students or enthusiastic individuals in the industry where the company’s message is supposed to be generated (Gladwell 2000, 30-89).

If Connectors unite people and Mavens spread an idea, *Salesmen* are meant to persuade potential consumers who are not convinced and ready yet to adapt and accept what they hear. Owing to the power of positive thinking and belief in product uniqueness, Salesmen are using persuasive implications of verbal and non-verbal cues to incite people to buy. They contribute a decent input into starting word-of-mouth epidemics (Gladwell 2000, 30-89).

The Power of Context refers to the scientific fact that diffusion of new technology occurs under certain conditions and circumstances of the times and places. It means that every trend that has been set is contagious and starts with a domino effect. People gain impetus and change behaviour towards new social mainstream or innovation not because of a person but rather due to an element of the environment. For instance, if TeamUp Oy, originally being a fan site for sportsmen, would have started its operations during Winter Olympic Games and positioned itself as a social media platform for sport celebrities, the system would have harmonized with the community. Moreover, Gladwell also raised the topic of socialization explaining that the maximum number of individuals with whom people can easily build relationships is 150. Within a given environment, a potential user of a new social media network can be influenced by a limited group of socially connected people (Gladwell 2000, 133-169).

To conclude, in order to spread the epidemics of a new technology or idea and create a contagious move, start-up companies must first undergo micro-changes. This is the
main paradox of the tipping point. Figure 9 provides a concise summary of the three rules of the epidemics.

FIGURE 9. The three rules of the epidemics of the tipping point

Since the fundamental principle of the tipping point is addressed to multiple disciplines, the current thesis aims to investigate the process of reaching the tipping point in social media networks around the globe and in Finland. In this case, it is highly significant to analyze the position of the tipping point in the Diffusion of Innovation model because it gives an insight into three aspects of social change:

- What characteristics create a transmission of innovation;
- The significance of peer-peer conversations and peer networks;
- Understanding the demands of various user segments (Robinson 2012, 109-145).
These insights have been tested in more than 6000 research studies and field tests and that is why this is the most reliable source when examining the phenomena of reaching the tipping point in social media companies (Robinson 2012, 109-145). Innovation is always a change that is communicated through particular channels over a certain period of time among the participants in a social system. To transform innovation into a self-sustained product or service, it needs to be widely adopted and to reach critical mass. According to the diffusion of innovation theory, there are 5 successive categories of consumers that differently adopt new technology: innovators, early adopters, early majority, late majority, and laggards. The model of Diffusion of Innovations is illustrated in figure 10.

FIGURE 10. Diffusion of Innovation Adoption Curve developed by Everett Rogers (Rogers 2003)

The general idea of an innovation adoption lifecycle dictates that the world has been divided into different categories of users based on a classification of individuals within a social system. The main criteria for classifying members of society to a particular adopter group are their level of innovativeness, their readiness to accept a new technology, and the length of time required to adopt an innovation. The tipping point is a certain stage when a considerable number of individual adopters ensure that the technology or innovation is self-sustaining (Rogers 1962, 134). Rate of adoption, in this case, identifies the speed at which users adopt an innovation. Once the innovation reaches an adoption rate from 15% to 18%, it starts spreading rapidly and eventually reaches a
saturation level of acceptance (Carol 2011). As demonstrated in the diffusion of innovation curve, after one out of six people (the innovators and early adopters) accept something, the following adopter group approves the new technology and its diffusion level, or market share. In this case, every successive group of users act as influencers for the next group of users (Rogers 2003). That is why, it is crucial to come upon the right moment and to launch the product in a place where early adopters can take over and distribute innovation through socio-communication channels. That is where the tipping point occurs.

Early Adopters represent a group of individuals with the highest degree of opinion leadership and the ability to easily socialize, communicate and influence. According to Rogers, Early Adopters are “Visionaries”. Once they start demonstrating the value of new innovation - the tipping point – other categories of consumers will follow. Early Adopters usually have higher education and advanced social skills, and are known for being financially independent. They have the power to determine innovation success by testing, evaluating and describing it to other user segments (Rogers 1962, 283). Since Early Adopters occupy an important place in the Innovation Adoption Curve as trend-followers, it is reasonable to concisely describe the ways of communicating to them.

Firstly, in order to test the new technology, strong face-to-face communications and support need to be offered to a limited number of Early Adopters. The second step is to examine the trials thoroughly in order to discover how to make an innovation marketable, convenient and relatively easy to use. Thirdly, early adopters, being an important community in the innovation adoption process, it is recommended that they are rewarded with media coverage. In order to establish a powerful feedback cycle and motivate Early Adopters to spread an idea, they need to be promoted as fashion leaders. Finally, it is very important to recruit and mentor some of them as peer educators (Rogers 2003).

When the new social media platform appears on the market, the adoption of the innovation might decelerate due to the saturation with existing social media networks and limited digital advertisement through the competitors’ channels. That is why, it is crucial to closely follow the 5-steps decision-making process in order to provoke diffusion of the company’s unique selling concept (Rogers 1962, 79). The five steps of diffusion of the innovation process are summarized in figure 11. Researcher’s recommendations for a possible action plan for social media companies are also included in the bottom row of the graph.
To conclude, there are three main adoption strategies that can stimulate a spread of new innovation among high amount of participants. Firstly, an instinctive, natural desire for a specific innovation or word-of-mouth effect can be partly controlled by producers of a new innovation or mass users. Secondly, the innovation can be adopted by highly respected and influential individuals such as Connectos, Mavens or Salesmen within a social network. Thirdly, an artificially infused innovation to a particular target group can boost the usage of the technology, positive reactions, instant feedback, and benefits for early adopters. Focusing on reinvention rather than persuasion, Diffusion of Innovation aims to improve products and services in order to meet the needs and demands of its end-users, and to make a new technology easier to use, quicker, cheaper, and more beneficial.

3.3 Lean start-up

As mentioned in the previous section, different customers adopt an innovation in different ways. Understanding the complexity of a new idea’s acceptance can encourage a start-up company to become a receptive listener to users’ wants and needs.Launching a new enterprise such as a social media platform always presents a set of unknown problems and solutions. According to a recent research conducted by Harvard Business School’s Shikhar Ghosh, approximately 75% of all start-ups fail (Blank 2013).

When TeamUp Oy was founded, the management team had ideas and a plan to accelerate sales as soon as possible. However, many start-up companies wrongly assume that
they offer an excellent product that customers are in need of. It has been proved that new a business does not start with a perfect product, but rather with the diverse opinion of potential users and a validation of a business idea. The core of this strategy lies in the Lean Startup method.

Nowadays, the lean start-up has become a key for successful business development. Introduced by the experienced entrepreneur Eric Ries in 2011, the lean start-up philosophy aims to primary consider the customers’ needs above other factors involved in the production. Defined by Eric Ries, start-up is an institution that is dedicated to innovating and developing new ideas under conditions of extreme uncertainty, it is a temporary organization that is seeking for a repeatable and scalable business model. That’s why it is recommended that start-up companies aim their attention to discovering a viable business model. A Lean Startup seeks to minimize wasteful actions and maximize value producing practices during the phase of a product’s development (Ries 2011).

The core philosophy of the Lean Startup lies in understanding and experimenting with an idea before producing an actual product or service. In other words, it helps to identify (1) how doable is the production of a certain product or service, (2) should the product exist on the market in terms of current demand, and (3) can this product or service provide a sustainable business (Ries 2011). Consequently, an experiment allows estimating the probability of success, making a decision regarding the implementation of the product or service, starting initial campaign by attracting Early Adopters, enlisting employees to each further experiment, and setting up an actual product or service.

The main goal of a start-up company is to find the right product to build where lean start-up helps to reorient entrepreneurs on fast iteration and customer insight. There are several approaches which differentiate a lean strategy from a traditional one. In the current thesis, it is crucial to make a distinction between the traditional business methods, used by the social media start-up TeamUp Oy, and an up-to-date lean strategy which can result in an increase of productivity, the production of a valuable service, and the creation of a sustainable long-lasting business. The comparison of differently built start-ups is illustrated in figure 12.
The Lean Startup method suggests several fundamental principles which create conditions for reaching the tipping point and for gradually generating a successful business model. (1) Instead of developing a concise and quite often unrealistic business plan, start-up organizations are advised to accept a series of untested hypotheses. Later on, these assumptions lead to creating a business model canvas. (2) A company-wide culture of decision-making needs to be generated based on real facts rather than on subjective opinions (Blank 2013). (3) The Lean Startup recommends building a cross-functional working team within a start-up company that would follow common milestones rather than dividing the organization into disconnected departments such as sales, accounting, human resources, etc (Ries 2011). (4) Lean Startup practices an agile development which helps to save time and resources by developing the services or products iteratively and incrementally. (5) Instead of sticking to a secrecy model, the Lean Startup directs companies towards holding up theirs prototypes to the target audience (Blank 2013).
The Lean Startup offers market newcomers a way of rethinking an original business model that wound not require huge external financial support, superlative product or service, and amplifying a detailed business plans. It simply helps to learn, measure, and build faster a business which works by analyzing customer feedback and tailoring a product or a service to the consumers’ needs (Ries 2011). It refers to one of the core philosophies popularized by Eric Ries – Minimum Viable Product (MVP). This is the product or service with the highest return on investment versus risk. New ventures should rapidly assemble MVP in order to get immediate feedback from potential users. MVP represents a basic mock-up of the product which can be shipped to early adopters, prospective clients, who are able to provide valuable feedback and influence the decision-making process regarding the modifications which need to be made (Gleeson 2012).

MVP is based on the Build-Measure-Learn feedback loop which works in cycles. It provides the start-up management team with an experimental learning of how to build a sustainable business, optimize the process and validate the decisions before they are made. The information that start-up organizations receive during the feedback loop is more valuable than any other factor usually defined as the company’s success such as profitability or publicity. The practical tools used in the Build-Measure-Learn stages are summarized in figure 13. It is implied that the following instruments and techniques are also applicable and can be effectively implemented by social media start-ups. This particular industry requires regular measurement of website analytics, online communication with users and the validation of the service’s usability as frequently as possible (Gleeson 2012).
FIGURE 13. The Lean Startup: MVP (Minimum Viable Product) model (Ries 2011)

To summarize the highlights of the lean start-up methodology, social media networks are advised to search for an evident demand before launching the web service and to build an easy-to-modify product that can observe real user behaviour. An Internet-based start-up, such as a social media website, is certainly advised to use lean start-up methods in order to generate decisions based on scientific facts and statistical data. This provides the ability to learn quickly, fail at an early stage, recover without major budget losses and adjust the digital service according to users’ feedback. This will unconditionally accelerate the reaching of the tipping point.

3.4 Globalization in social media start-ups

Social media companies operate digitally in a virtual environment which makes it possible to expand their operations without physical relocating to a different country. Therefore, when launching a social media enterprise on the Finnish market, which is relatively small, it is very important to explore the opportunities of other markets which will attract a larger audience, diversified user segments and, consequently, create a viral effect in order to spread the innovation through cyber space and reach the tipping point.

As stated perilously, the current thesis aims to provide Finnish social media start-ups with guidelines for reaching the critical mass of users and becoming globally successful.
However, due to the fact that modern enterprises cannot exist long without foreign investments and international cooperation, most of them have already established relationships with foreign markets or expanded their businesses to at least one more country. For example, TeamUp Oy, using a virtual assistance system, has been operating in Finland, Japan and the USA, which makes it explicitly an internationally integrated company. Therefore this chapter primary aims to investigate possible solutions for social media start-ups to enter the global market.

Globalization is a process of international exchange of knowledge, product, ideas and cultures, and it is the act of expanding worldwide. In other words, it is social, economic and cultural connectivity with people around the world. Globalization has dramatically changed the world of R&D. Nowadays it is driven by multinational as well as small and medium-sized companies. Due to global R&D networks, the technological evolution has built a foundation and a need for inventing social media platforms and creating a virtual community (Boutellier, Gassmann & Zedtwitz 2008, 3-10).

There are several advantages of going global first for start-up companies because it allows to (1) lock up markets quickly, (2) explore markets that can unlock unexpected growth, (3) discover unexpected use cases of the company’s offerings, (4) learn the specific of foreign markets and run cheaper testing, (5) save costs, and (6) avoid copycats occurred on the local market (Bernardi 2013).

In the rapidly changing global business environment which is cardinally dominated by innovation and knowledge, start-up organizations must enhance their understanding of modern trends and phenomena. The welfare and sustainability of social media start-ups are impacted by globalization. The current trend reveals that there is a gradual shift from tangible manufacture-based structures to intangible knowledge-and-service based business models. This means that globalization, apart from its positive impact on international trade and knowledge exchange, challenges innovation policies (Squicciarini & Loikkanen 2008, 5-20). Being outstanding and innovative is a key factor in companies’ competitive strategies. Particularly, European competitiveness is based on ideas, knowledge and competence.

The World Bank Institute has rated Finland according to 14 different variables such as its number of Internet users, adult literacy rate, researchers in R&D, etc. According to KAM (knowledge economy index), Finland is the 2nd worldwide. This means that the competitiveness and knowledge economy in Finland are considered to be well-
developed which increases the country’s chances to produce excellent services such as a social media network (Squicciarini & Loikkanen 2008, 63-65). However, this does not necessarily mean that it is easy for Finnish start-ups to go global before the local market partly accepts and adapts a new technology.

TeamUp Oy is striving to enter the global market due to the fact that the potential for expanding within Finland is relatively small and the company needs a foreign investment. Companies, which are not dependent on their geographical location, type of product/service or size, are advised to use one of the global strategy levers in order to maximize their worldwide performance, and gain additional visibility through integrating and sharing. Globalization dimensions include Market participation; Product offering; Location of value-added activities; Marketing approach; and Competitive moves. Since TeamUp Oy does not offer a tailored and localized social media site but rather a standardized core product, minimal local adaptation is required (Gupta & Westney 2003, 39-50).

In order to survive in the social media market and develop an efficient worldwide strategy, a start-up company has to go through three essential stages of market expansion: (1) development of core strategy which basically describes a competitive advantage of the company’s unique selling points; (2) internalization of the core strategy that aims to expand the international activities and speed up the adaptation process; (3) globalizing an international strategy that incorporates the strategy across several target countries (Gupta & Westney 2003, 40). An example of a global strategy which is possibly applicable to Finnish social media start-ups is illustrated in figure 14.

![Figure 14. Total Global Strategy (Gupta & Westney 2003, 40, modified)](image-url)
When the international strategy has been established, a company has to take into consideration other important factors when globalizing its services in order to reach the tipping point.

Social media networks are a feasible business even with limited resources because they are a high-tech and relatively low-cost service. This means that the focus needs to be shifted from seeking sponsorship to international partnership. Previous international experience of the company’s management unit and a culturally-diverse group of employees can help to establish personal and business relationships with partners from abroad (McDonald, Mayer & Buck 2004, 219).

Despite the fact that social media companies offer comparatively standardized services, they can be misapprehended by a different country or culture. That is why, it is highly important to enhance learning about international markets and gaining background information before entering the respective foreign market. Such knowledge can be gained by exposure to a target market, from personal experience, from a local partner or a parent company (McDonald, Mayer & Buck 2004, 220).

Internalization, inherently, means the ability to communicate with different parties. It refers to the shared interests and a common language. Since English has become a leading language and third-most spoken language in the world, it is crucial for social media start-ups to provide an English version of their website. This minor aspect can make incoming consumers abstain from using a new social media (Lewis, Simons & Fennig 2015).

Due to the diffusion of the Internet, entrepreneurs are not bound to the local geography when building a new business. However, even web-based services like social media companies are required to have human interactions and active participation in the business life within an industry. This means that if a company is hardly getting visibility online, it needs to have a regular presence in the business forums, competitions and other events where start-ups can promote themselves in the familiar environment. A harmonious combination of online and offline marketing can boost the globalization process (Sasi 2011, 62-170).

Despite the fact that the fast reaching of the tipping point inevitably measures a company’s success, it is recommended to first spread the new technology on the local market before entering the global arena. This brings an additional advantage and eliminates
the risks of failure on the foreign market. A rapid international commercialization and an early time of entry can cause a loss of foreign investments since the product or service has not been properly tested yet on the local market. Most of the emerging market conditions tend to inhibit innovation rather than improve the advantages of the first-mover. A start-up company’s attempt to speed up the process of globalization by involving other parties and participating in global competition can be rather risky (Gupta & Westney 2003, 107-114).

Some areas of business naturally tend to offer a global rather than a domestic product, especially service-providers such as social media networks. This means that once the technical part of designing a social media website has been solved, there is no need for extra logistics or technical expenses. The company is operating in the world-wide web which is accessible everywhere and by everyone. The majority of social media platforms are globally-oriented and easy-to-maintain. However, there is one socio-cultural aspect that creates the tipping point and allows companies to become global. That is customer relationships which are primarily based on trust. Based on the information given by the Ministry of Employment and the Economy, historically Finland has obtained the image of a trustworthy country which makes it easier for the country to build a brand and attract foreign consumers. In order to scale up, a strong relationship between local users, global users and the company needs to be established at the early stage of the company’s operations. In this case, a product-oriented business turns to be a people-oriented business (2009).

The most powerful way to reach a larger audience, to receive social publicity, to trigger a word-of-mouth effect and to accelerate sales is digital marketing. Simply put, using social media sites as marketing channels can guarantee that a certain percentage of Internet users would get acquainted with the services a company offers. It is obligatory for social media start-ups to address their potential customers through the most famous social media platforms which have already established a globalized presence (Kaplan & Haenlein 2009, 59-68).

A new enterprise should globalize its business by localizing management recourses including finances, administrative know-how and personnel while, at the same time, sharing management, business expertise and technological maintenance with the global companies (Boutellier, Gassmann & Zedtwitz 2008, 347-355).
In conclusion, social media start-ups which aim to globalize their services, are advised to use global networks for virtual development, attract foreign investors, bring R&D management from abroad, localize the resources, focus on people-oriented business, slowly build a foundation for global entry, and investigate an international market before offering the service to a particular target group.

3.5 Preliminary hypothesis

According to the research conducted within the theoretical framework, the initial hypotheses have been formed. It is assumed that social media start-ups should constantly test the web-based services they provide and obtain regular feedback from a specific audience of potential users such as Influencers, Early Adopters, Connectors, Mavens and Salesmen. It is presumed that the diffusion of an innovation would happen if the local and international markets are saturated with a remarkable and clear message that the company aims to deliver, and when the company strives to globalize its business by networking with foreign investors and users, learning the specifics of foreign markets and shifting from a product-oriented business to a people-oriented business. When creating the tipping point in social media platforms, it is highly important to search for an increasing demand and to analyze the preliminary feedback gathered from potential users or experts before launching a certain tailored social web service or modifying an existing social media platform.
4 ANALYSIS OF INTERNATIONAL SOCIAL MEDIA COMPANIES

The second part of the current thesis is a summary of the desk research conducted with the purpose of gathering the most relevant and significant facts that have positively influenced the acceleration of the tipping point in global social media networks. In total, 6 social media networks have been researched according to the preceding events of the tipping point and general strategies. It has been noted that 6 analyses are the optimal amount of data since the saturation point has been reached during the research.

4.1 Background information on the selected cases

Facebook (facebook.com) is a social network that was created by several students of Harvard University led by Mark Zuckerberg in 2004 with the initial purpose to offer a rating online system that allows its users to evaluate the attractiveness of other people based on the pictures they have submitted to the platform. Later on, Mark Zuckerberg coded an entire social media website where people can create their profiles, communicate and share. He pursued the goal of creating an exclusive network that takes the entire social experience of college and turning it into the online community (The Social Network). The modern version of Facebook’s structure includes News Feed; Friend; Wall; Timeline; Like; Messages and inbox; Notifications; Networks and groups. As stated previously, it is a cross-functional social network that allows its users to communicate in a chat system, upload pictures and videos, organize commercial activities, read and publish news, search for friends, organize events, etc. Nowadays, the number of Facebook’s monthly active users exceeds 1.44 billion, and the amount of active advertisers reaches 2 million (Statista 2015).

Twitter (twitter.com) is an online social networking service which was founded in 2006 based on an idea proposed by Jack Dorsey, an undergraduate student at New York University. Twitter enables its users to share and read short messages limited to 140-characters. These messages are called tweets; the name has immediately obtained popularity and was added to the Oxford English dictionary. Owing to the hash-tag system, users are able to optimize the search, find relevant information, or tag another individual, group or organization. Twitter’s innovative and simplified concept brought the network to the top in the ranking of the most-visited websites. It was described as "the SMS of the Internet" (Alexa Internet). Nowadays, approximately 302 million people are actively using Twitter on a daily basis.
Vkontakte (vk.com) is a leading social media website in Russia, Post-Soviet Union countries and some of the Eastern European republics that was founded in 2006 by Pavel Durov, then a recently graduated student of St Petersburg State University. Vkontakte is translated from Russian as “in touch”. Based on its core features and core functions, it has obtained an auxiliary name - the “Russian Facebook”. The online social network has rapidly gained popularity within the first year of the company’s operations because apart from its key functionalities, such as chat, groups, public pages, events, shares, and images, it offers the possibility to limitlessly listen to almost any kind of music, watch short videos and movies, store documents and play browser-based games. At the moment, Vkontakte has over 300 million registered account (Statista 2015).

Linkedin (linkedin.com) - a social networking service founded in 2002 by Reid Hoffman and the founding members of two other companies - Socialnet.com and PayPal with the purpose to offer a business-oriented online platform where professionals from different fields can network. The user profile network allows users to obtain first-, second- and third-degree connections, to seek for job opportunities or offer placements based on recommendations, to create an extended online version of their CV and Job Resume, to organize communities and open discussions, to notify a target segment about new job openings, to follow achievements and career growth of their friends, relatives, colleagues, etc. Linkedin has become the most popular, reliable and widely spread professional social network translated into 2 languages with over 364 million users (Statista 2015).

MySpace (myspace.com) - a social networking service that was founded in 2003 by several eUniverse employees who were inspired by the concept and social networking features of Friendster. With a strong music emphasis, MySpace also enables its users to update their status and moods, share music and video, subscribe to channels, customize their profile, create groups with common interests etc. Moreover, a mobile application has been recently redesigned together with an entire site concept when the famous singer and actor Justin Timberlake joined the company as a co-owner. Even though this social media website has been radically overtaken by Google and Facebook, it still has a significant influence on pop culture and music. Nowadays, the number of MySpace monthly active users is 50.6 million (Statista 2015).
**Instagram** (instagram.com) is an online mobile social networking service which was released in 2010 by Kevin Systrom and Mike Krieger. The network’s name originates from "instant camera" and "telegram". Instagram enables its users to take photos and 15-second videos, upload them, apply digital creative filters, follow and be followed, organize commercial activities and media files through various social network platforms, such as Facebook, Twitter and Tumblr etc. Users of iOS, Windows and Android can install the program. In 2012, Facebook acquired Instagram for about 1 billion dollars. At the moment, the mobile app has gained huge popularity, and has surpassed 300 million of active users (Statista 2015).

### 4.2 The tipping point of international social media networks

**Facebook**

Facebook, being the first social media network that aimed to connect people by their interests, has become successful because it captured the main functions and features that the original target group, students, needed. Facebook’s founder, Mark Zuckerberg was gathering ideas directly from potential users within a community. He was writing the code of the website gradually adding new characteristics depending on the recent trends in people’s social behavior and the general overview of students’ interactions (Kirkpatrick 2010). For example, a user’s profile gradually added new information sections such as place of study, relationship status, interests, contact information, photo albums etc. The viral effect, and later the diffusion of innovation, was created by users because they had become the main source of information, testing tool and feedback (The Social Network).

A new generation of people born in the 1990s is considered to be the digital natives who grew up with technology which, correspondingly makes them Early Adopters or, at least, increases their level of readiness and willingness to accept new innovations. The timing was critical because Facebook was launched in the right period of time and offered to the right target segment which brought it to the tipping point relatively fast. Furthermore, following the company’s ideology “for all people for all ages around the world”, Facebook’s platform has enabled users to better understand one another and outsiders to build any application that benefits the international expansion of the website (Kirkpatrick 2010).
Facebook has deviated widely from controlling beta versions of the website like other tech companies do. Instead, Facebook is running regular series of quick tests with actual users. With the help of online analytics data, it became possible to monitor the effectiveness and success of new features, and fix them if they do not work. At the root, Mark Zuckerberg has chosen the Lean Startup method as a tool to control both custom-designed hardware and software in Facebook, and to arrange experimental data centers. He emphasized that “the faster we learn, the better we’re going to get to the model of where we should be”. This approach has led the company to the tipping point and to global expansion (Vance 2012).

One of the strategies proven to work for Facebook was a process of application installation or a web-based games center which prompts users to invite friends or to share the post in order to get some benefits or simply to download an app. Due to the nature of both the essential and the entertaining applications, users were willingly following the requirements and conditions, thereby distributing the news and spreading the innovation throughout their personal networks. This led to a chain reaction. Similar to that, if some contacts within a system “liked” particular application or advanced service posted by a friend, they are prompted to install it as well in order to proceed further and check the app. This technique brought 5.9 million users to Facebook Video (Aase 2007). As mentioned previously, based on The Power of Context described in the book *The Tipping Point*, people have difficulties maintaining proper relationships in a group of more than about 150 members. However, Facebook, being a trend-setter, has dramatically escalated this number of effective connections a person can have (Gladwell 2000).

To conclude, Facebook has reached the tipping point by attracting a serious critical mass in a demographic because, at first, 90% of all users were college students which is important for many businesses and organizations. Facebook allowed customers to send messages to friends and post status updates in a fast and easy way which has completely changed the way people communicate. It has revolutionized the usage of Internet and online communications. Moreover, by displaying recent activities performed by the internal connections, a user is more likely to check the updates, join groups, like the pages, install applications, share news which inevitably triggers the process of unstoppable spread of news, growth of networks, and general popularity of Facebook among individuals, businesses and organizations. When it comes to the science of the tipping point, Facebook, by its design, turns every user into the original Connector, or Salesman that spread the digital “epidemics” (Aase 2007).
**Twitter**

Initially Twitter was introduced as an SMS service that allows individuals to communicate within a small group. The idea lied in the foundation of an online service and was directly reflected in its name “Twitter” which means a “short burst of inconsequential information and “chirps from birds” (Sarno 2009). In the beginning of service’s launch, it was used as an internal service for Odeo employees which allowed designers and coders to modify products before its public release in July 15, 2006.

Twitter gained its first wave of massive popularity in 2007 during a South by Southwest Interactive conference. The annual conference represents a range of film, interactive, and music conferences, festivals, trade shows and other popular events. Particularly in 2007, 1400 acts were performed at SXSW music festival, and two top movies, “Elvis and Anabelle” and “Skills like This” were premiered. Bloggers, media representatives and other participants of the conference were actively filling Twitter with constant web, IM and SMS messages. It was reported that the online service usage increased from 20,000 tweets per day to 60,000 during the event (Douglas 2007).

In order to stimulate the massive usage of Twitter as the main communication and information channel during the event, Twitter’s organizer group placed two 60-inch plasma screens in the conference hallways that allowed exclusive streaming of Twitter posts. This created a buzz among the conference participants enabling them to reply to each other’s tweets and follow recent updates. This high-tech Internet innovation spread rapidly which created a positive word-of-mouth effect. Due to its effectiveness, innovativeness and creativity, Twitter’s staff has received the honourable festival's Web Award prize with the remark "We'd like to thank you in 140 characters or less. And we just did!" (Stone 2011).

The next big step in reaching the tipping point was made when a Twitter message was posted for the first time from the International Space Station by the astronaut T. J. Creamer in 2010. Later on, a communal account of NASA astronauts was publishing up to several dozen tweets per day giving visibility to upcoming events, speakers, facilities with the goal to leverage the participants’ social networks at the most. In collaboration with influencers and the off-Earth community, Twitter attracted lots of users (NASA Extends the World Wide Web Out into Space). As a result of Twitter’s strategic action and policy, and its involvement with NASA’s astronauts’ organization, 44% of the users
joined the social network during January - August of 2010 (Yarow 2010). The rapid growth, that consequentially created the tipping point, is demonstrated in figure 15.

**FIGURE 15.** New Twitter accounts created during 2006-2010 (Yarow 2010)

As reported by Compete Blog service, an overall observation revealed that Twitter’s popularity and amount of daily tweets increases during prominent events like the FIFA World Cup, the Eurovision Song Contest, the NBA Finals, during important releases in the innovation industry, and updates from celebrities. By bringing famous individuals, influencers, Twitter has made it possible for fans to personally connect with favourites by using hash-tags and re-tweets (Kazeniac 2009).

The founders of Twitter have played a significant role in making a brilliant product that worked, reached the tipping point and has worldwide coverage. First of all, entrepreneurs, led by Jack Dorsey, tried to avoid the development of elaborate plans and perfect futuristic ideas, but instead they have been constantly making smaller and more affordable investments in order to fail without major material losses, learn quickly, build momentum and networks, and explore unique ideas, concepts and business opportunities while gradually expanding the company’s resources. Secondly, the ideological creator of Twitter, Jack Dorsey, has been learning and researching human behaviour, commu-
cations, interactions, movements which helped him to understand the nature of an online service that needed to fit people’s pace of life, daily habits and interests. The invention of this online network and tweet system was initially based on analyzing people’s needs and social trends rather than offering a ready-made service assuming it would work (Ferriss 2011).

To conclude, Twitter has reached the tipping point, gained international popularity and reached millions of users during the first years of the service’s existence because of the entrepreneurial tactics used by Twitter’s founder; the participation in one of the biggest annual festivals, and the collaboration with NASA’s astronauts. Its original idea, simple functions, and 140-character philosophy was a match which occurred at the proper timing when people’s interaction had moved towards fast talks and quick actions. Twitter’s founding members have been working strategically to get extra visibility for Twitter, and offer a user-friendly, modern, and comprehensive social media platform where users can share, read and tailor certain information, connect with friends, and follow celebrities.

**Vkontakte**

Vkontakte has become a massively popular social media network embracing one of the largest target audiences and rapidly growing market spaces in Russia. One of the factors that led the company to the tipping point was a right market to operate on and right timing to launch the service. In 2006, social networks in Russian were vastly growing but still had a relatively small coverage of people due to some social characteristics, the innovation landscape lagged behind, and general level of readiness to adapt new technology.

Pavel Durov, the founder of the online service, started from building an online platform for students to meet online and exchange ideas. Later on he created a website which allowed students to upload and share essays. This led to Pavel’s alternative invention that expanded from opinion exchange to a broad university forum site. Developing the idea further and investigating local and foreign markets, Pavel Durov launched Vkontakte which, apart from its functionality and innovativeness, brought a whole new culture of using social media platforms in the country. It was a revolutionary idea that had partly duplicated Facebook’s core features but captured a different market and tailored it to the Russian users. In order to spread the new online service, boost a word-of-mouth effect and encourage people to join Vkontakte, the entrepreneur organized a competition.
introduced during the launching. The founder rewarded with a brand-new iPod those users, who had added the largest number of friends to their profiles. As a result of the ongoing competition, Vkontakte reached 3 million users during the first year of the company’s operations (Bessonova 2011).

In order to become physically visible for the country’s population, Vkontakte’s founder invested in renting premises in one of the oldest and historically important buildings in St. Petersburg – “Dom Knigi” (Bookstore). Vkontakte rapidly acquired a positive reputation among both students, and higher class citizens. Known as “Russia’s Facebook”, Vkontakte has a strong position on the Russian market as the most popular platform for people to exchange views on the world. Adding unique features such as music search, video sharing and document storing, Vkontakte has also developed as a key platform for digital media and one of the most convenient, easy and popular online platforms to listen to and share music. Searching for missing gaps in international social media websites, Pavel Durov has coded and embedded functions important for the Russian users (Lunden 2014).

Moreover, it has been observed that Vkontakte has reached the tipping point, and expanded to Ukraine, Belarus, Kazakhstan, Uzbekistan, Germany, and the Baltic countries because influential musicians use the online service for promotional purposes. Notable examples of celebrities, who have uploaded their music tracks to their official Vkontakte pages, are Tiësto, Shakira, Paul Van Dyk, The Prodigy, Dan Balan and others. At the moment, the online network is translated to 76 languages and reported over 300 million of registered users.

To conclude, Vkontakte brought a new wave of online network usage to the Russian-speaking countries at the right time when the industry was rapidly growing. Its founder used a reward tactic in encouraging people to join the social media network, and added considerably important features that, by turn, attracted influential celebrities to the service. Moreover, Pavel Durov has been constantly cooperating with foreign and local investors, stakeholders and partners distributing shares and establishing strong international visibility.
Linkedin

Aiming to connect the world’s professionals and make them more successful, productive and recognizable, Linkedin has become the most successful and widely used professional social network.

Linkedin started with a problem that people needed to solve. Vastly growing network connections, globalization of products and services, higher competition on the job market, elimination of geographical borders and overall digital revolution have created the need for a visualized network, self-updating address book, digital job resume and the possibility to display the professional skills and competences of job seekers and employees. Linkedin has become an alternative online recruitment service and highly efficient network basis that led the company to massive popularity (Guericke 2010).

Later on, the founding members of Linkedin invited around 300 people from their personal contact list in order to spread the innovation and get the first traction of users. While the network was growing, they also interviewed those people who did not join Linkedin after the first invitations were sent. Talking to not-coming customers rather than encouraging them to join the social media network and share it with their friends paved the way to the tipping point (Guericke 2010).

To customize user experience, create the first traction of users, keep the retention high enough, and ensure the quality of the users, Linkedin’s employees were daily looking at every single profile created during 2003. This thorough analytical work and daily monitoring enabled Linkedin to improve its services based on the level of user engagement and the usability of certain features. The professional network found an intersection between every individual and their professional identity on the Internet which consequently led the network to the tipping point (Carlson 2011).

In order to intentionally distribute the product and to drive it to mainstream adoption, Linkedin’s founders were connecting with successful friends and partners that cultivated an aspirational brand and provided valuable feedback. The service’s inventors were having lunch breaks with personal contacts that turned to be in-depth interviews, which revealed that the interlocutors tend to naturally share their honest opinion about Linkedin’s services. Later on, this built up the foundation for Linkedin’s Influencers program the goal of which was to unite over 300 of the world's top thought leaders in order to share their professional insights with 259 million service users. Linkedin
brought notable people and influencers from various sectors to the network with educational and inspirational purposes which in turn created the tipping point. The group of Linkedin Influencers campaign includes Bill Gates, Richard Branson, Barack Obama, Narendra Modi, Greg McKeown, Rahm Emanuel, Jamie Dimon, Martha Stewart, Jack Welch and others (Rao 2012).

Moreover, specializing on the world of professionals, Linkedin has managed to keep the service free of spam invitations by adding a key feature; users could connect with people only when having a personal email address of the target contact or common work or study background. Customer themselves have become a very efficient spam filter which upgraded Linkedin’s reputation as a reliable digital platform for professionals (Guericke 2010).

To conclude, Linkedin has targeted a specific audience collecting a community of professionals from different fields. By pitching the idea to personal connections, Linkedin’s founders were able to gather important feedback, modify the services and establish the first traction of users. Keeping the online service professional, transparent, spam- and commercial-free, the social media network has attracted influential leaders who have simultaneously spread the innovation by sharing professional insights, publishing articles and activating discussion forums. Moreover, Linkedin was involving potential and resigned users to gather feedback and explore problematic areas of the service, monitoring users’ profiles during the first years of the company’s operations and testing new features. The combination of hard work and close engagement with the influencers and first users has made it possible for Linkedin to reach the tipping point and bring 300 million members from over 200 countries to the professional digital platform (Hempel 2013, 69-74).

MySpace

MySpace was launched on the basis of Friendster social network, duplicating its most potentially successful characteristics. MySpace was initially introduced to eUniverse employees which allowed the social media network to test an original product. With the help of a user database consisting of 20 million users and email subscribers, the Internet marketing company eUniverse was able to spread the word about MySpace by leveraging existing contacts. To generate a word-of-mouth effect, MySpace’s founding team held an internal wide-company contest that prompted employees to sign up as many users as possible. This created a snowball effect when invitations were massively sent in
a hyper-connected environment. This was the tipping point of the social network’s success because many of Friendster’s users switched to MySpace. In 2 years, MySpace acquired 580 million dollars (Percival 2008).

Another reason that brought the company to the tipping point was the choice of target segment that dramatically changed the way MySpace operates. The first members invited to join the new social network were mainly people of creative professions such as artists, photographers, designers, musicians and others. Assuming that this particular target audience is more likely to adapt to the new technology, spread the innovation and showcase their personal works, MySpace built a community of artistic and inventive people who have, later, inspired others to join one of the most unique and high-class online platforms. Proper targeting has made MySpace an original social network and embraced a larger audience of users (Percival 2008).

Since one of the most significant characteristics of the tipping point is proper timing of the launching of the products and services, MySpace found a proper niche on the market when the social media sites just started cultivating and penetrating the cyberspace. In 2002, Friendster was the most popular online service that, however, couldn’t satisfy the rapidly changing demand. MySpace was built by former Friendster’s users who were able to invent an advanced network by utilizing their own experience with Friendster, following up-to-date trends in the users’ behaviour and writing an original site code (Percival 2008).

Furthermore, by bringing celebrities and famous individuals to the social network, MySpace quickly gained popularity among teenage and young adult social groups. Initially created as an effective promotional platform for brands and their music, MySpace has connected many celebrities with their fan base. Famous individuals have, by turn, increased the popularity of the social network by activating their personal profiles. The first celebrities who joined the network were Marie Digby, Kate Voegele, Dane Cook, The Arctic Monkeys, Colbie Caillat, Katy Perry and others (Long 2015). Connecting friends along with influences in music and pop culture was at the core of MySpace marketing strategy. This led to multinational companies, such as Adidas and Burger King, along with small businesses which have created MySpace profiles to generate traffic, customer tractions and leads (Percival 2008).

To conclude, MySpace reached the tipping point and expanded globally in a short period of time because it created the word-of-mouth effect with the help of eUniverse em-
ployees, and tested the product internally. Moreover, the reward offered to eUniverse’s personnel in return for bringing decent amount of users was a key factor in generating the first traction of users. By building a community of talented individuals and celebrities, the new innovation was rapidly diffused by existing and coming-yet-users. MySpace has succeeded by taking a specific niche in the market of social media specializing on the culture of music, fan base building and online communications.

**Instagram**

There are several factors that have driven Instagram to the tipping point, but it is reasonable to say that the success of this social network is primary based on its unique concept user-friendly interface. First of all, the company’s founders conducted a preliminary investigation of the market and online analysis which revealed the popularity of photo sharing among the newest trends in the social media industry. Turning this feature into an entire new platform made Instagram the unique place to upload and share pictures socially on a public platform (Eler 2012).

Secondly, since Instagram is an online networking service accessible only from a mobile phone, it became an easy and handy way to check updates on the way, and keep an entire photo archive on one’s phone. Instagram’s timing was perfect based on the historical increase in smartphone use. Starting as an iOS app, it successfully targeted iPhone users who were considered as Early Adopters. Later of Instagram was offered to Android users when it reached nearly 50% of mobile market share (Eler 2012). Instagram has wisely chosen the main device since during the year of its launch the global mobile applications user base has almost doubled up to 70 million people (Statista 2015).

Thirdly, one of the most important aspects that gives an added value for customers is the updates that the service provides on a regular basis, a commercial-free approach that keeps the user interface clean enough, and a free of charge service (Ramesh 2013). Moreover, with the help of creative filters and basic editing tools, Instagram offered users the opportunity to become artists without any basic knowledge of photography. In order to create a positive word-of-mouth effect, Kevin Systrom, Instagram’s inventor, has been actively building up business networks in the Silicon Valley by attending parties, meetings and conferences. He managed to attract a lot of influential techies to try out and test the Instagram application in order to gather feedback from expert users. One of the most critical events which happened during the first years of Instagram’s
operations was a massive flow of new teenage users after Justin Bieber posted his first picture of a traffic jam in L.A. The dramatic user growth has later attracted the attention of many high profile investors (Ramesh 2013).

To conclude, Instagram was able to build a free up-to-date mobile application that instantly attracted a critical mass of users due to its simple functions, photo-sharing orientation and advertisement-free interface. Instagram aimed to be narrow in its offerings and make the competition irrelevant when operating in the same market with Facebook, Twitter, MySpace, etc. Moreover, the social network created a positive word-of-mouth effect owing to the strategy followed by its founder Kevin Systrom: constant participation in activities related to innovation, start-up ecosystem and entrepreneurship, testing with technology-related experts and cooperation with celebrities has brought Instagram massive popularity. A summary of Instagram’s milestones and the most significant steps in reaching the tipping point are illustrated in figure 16.

**FIGURE 16.** The origination of Instagram as a social media network (Vital & Systrom 2011)
4.3 Patterns of relationship

According to the desk research, conducted with the purpose to discover patterns in reaching the tipping point among global social media networks, similarities have been found. Apart from specific steps taken by companies to establish global presence and spread the new innovation among a large number of users, there are 14 factors that can be approached by social media start-ups in order to reach the tipping point and a critical mass of customers. The positive outcome of the qualitative research revealed that some of the aspects and strategies used by social media networks were highly iterative. For example, in order to collect feedback, the examined companies were providing regular testing sessions with potential or existing users at the early stages of their operations. They were also able to capture and highlight the value for users by bringing celebrities to the newly invented online platforms. It has been noted that the majority of the researched social media websites offered their users the opportunity to share pictures and videos as this is one of the growing trends in online human behaviour. Furthermore, the founding members and inventors of nearly all successful social media companies were effectively utilizing their personal network capability to create the first tractions of users. The other factors and methods can be found in table 1 which summarizes the most relevant and significant patterns found during the desk research. The cells coloured in blue mean that the network has been using the particular tactic at the early stage of the company’s operations in order to reach the tipping point.
<table>
<thead>
<tr>
<th></th>
<th>Facebook</th>
<th>Twitter</th>
<th>Vkontakte</th>
<th>Linkedin</th>
<th>Instagram</th>
<th>MySpace</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Involvement of students during the inventing or launching phases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Testing with potential or existing users to collect feedback</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Right timing of introducing the new social media network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Collaboration with Influencers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Collaboration with Early Adopters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Spreading the innovation by bringing celebrities to the new online platform</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Arranging contest and rewards to boost customer engagement, encourage people to sign up and create work-of-mouth effect</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Gaining visibility by participating in conferences and festivals or activities related to innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Offering a highly specialized service to a certain target segment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Attracting young people as first users of the new social media network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Allowing picture or video sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Offering a commercial-free network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Utilizing personal network capability of founding team to create the first tractions of users</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Making regular service updates and modifications based on customer feedback</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 1. The similar patterns used by global social media networks to reach the tipping point
5 INTERVIEW RESULTS

This part of the research provides valuable content since the original data was gathered from interviews with experts in the field of social media, entrepreneurship and business in general. The main purpose for conducting in-depth interviews was to collect practical suggestions, competencies, strategies and recommendations regarding the social media start-ups in Finland from professionals in the business environment. In order to obtain a diversified opinion on the subject of the tipping point and the development stages of a start-up, the interviewees are from different geographical locations: Finland, England, Germany, Canada and Russia. Moreover, the interviewees represent different occupational statuses and spheres of primary expertise. In total, 6 people were thoroughly interviewed. The combination of knowledge gathered through a range of virtual and face-to-face interviews has built a foundation for understanding the fundamental principles and events of the tipping point.

Saku Tuominen (Finland), entrepreneur, innovator, creative director, executive producer, author, keynote speaker, curator.

Being a co-founder and creative executive of Idealist Group, Scool, 925 Design and Klok, Saku Tuominen has a strong entrepreneurial understanding of how the start-up ecosystem in Finland works and what is the fundamental principle of success for social media companies. As stated by Saku Tuominen, the tipping point is not an overnight success that, just like a classic hockey stick growth creates a rapid success from silence to boom. Approximately 89% of start-up companies go bankrupt long before reaching that critical moment. One of the main criteria for reaching the critical moment is regular feedback received from customers. The expert strongly emphasizes the importance of negative feedback from the users’ point of view. Entrepreneurs should not underestimate the value and expertise of the clients, and their capacity to collaborate, reflect and test. Users tend to be the main source of information for a start-up company that can dramatically improve its services.

Saku Tuominen had experienced both business failure and success. Learning from the mistakes and analyzing the previous actions, he has been able to display his ideology in the book Matkanopas, where he gives practical guidelines how Finnish companies can internationalize. (1) Social media start-ups are advised to first operate on the local market, find a reasonable niche within the Finnish ecosystem, gain initial customer traction,
and only then seek for opportunities on the global market. (2) The most important aspect is to offer a unique service, an interesting concept, a clear message and original solutions because this makes customers more flexible, forgiving and open-minded towards innovation despite possible technical defects. (3) It is complicated to become a successful social media company on the Finnish market due to the lack of funding and the general financial struggling of new enterprises. Up to some extent, the budget does not negatively influence a company’s progress, but later on the quality of its services and products deteriorates due to lack of high-class human resources, prototype materials, premises, etc (Tuominen & Kuulasmaa 2011).

Saku Tuominen mentioned that if the service or product solves personal problems of an executive, it can be offered to the mass user with higher chances that there are like-minded people with the same issues of interest who will follow. Moreover, based on his entrepreneurial experience, the key model suggests social media start-ups to be good and interesting despite the highly competitive market. Most importantly, start-up organizations have to stay interesting on a market which changes faster nowadays. This means that with the help of testing, market analytics and general intuition, social media networks have to constantly offer high basic quality which the customers value, key functions that work properly, and an appealing visual outlook. The role of the entrepreneur in reaching the tipping point is very clear. A start-up’s executive has to bring and represent a certain image to the mass audience, namely being the face and the inspirational leader of the company. Constant presence in the media, conferences and other events develops an entrepreneurial view and networks, creates an interesting content, and consequently makes people excited about the company’s offerings. Start-up companies are advised to make the competition irrelevant by offering exclusive innovation instead of benchmarking and borrowing ideas from other sources. In the expert’s opinion, change is the key on the way towards reaching the tipping point. Testing new technologies and trying new functions can cause a positive effect. It is crucial for the company to continue innovating, improving the services, listening to the customers, and solving people’s problems in a simple way.

During the discussion, Saku pointed out that one of the most effective strategies is to extract a sector that works, and concentrate on making a separate business idea out of it. There are higher chances to succeed with 20% of what has been working rather than with 100% of semi-ready, unsatisfying and ineffective services that don’t bring positive results. One of the reasons why Finnish start-ups cannot reach the tipping point is the
country’s overall culture of running a business. Despite the unknown phenomena, model or strategy, start-up organization are advised to regularly conduct ABC testing; to build a dialogue between the customers and the company; to utilize social media channels and prepare a visual representation, such as a promotional video or a monthly newsletter; to understand how different people are and why some of them are not willing to join an online community; and to test services in the physical office with potential or existing users. To conclude, the interview with the entrepreneur Saku Tuominen revealed that social media start-ups should adapt to changes quickly, they should react to every customer feedback without exception, and should keep a balance between knowing when to modify the service and when to remain stable.

**Jan Krebber (Germany), Senior User Experience Consultant at OCTO3 and Sessional Lecturer at Tampere University of Applied Sciences.**

Being a lecturer in the field of mobile phones, games, interaction design, concept design, and usability studies, Jan Krebber is currently mentoring a start-up program at the innovation and business incubator – New Factory. His previous work experience in Germany broadly covers spheres such as consultancy, research, mobile phone UI design, human factors, mobile communication technologies, user experience, etc. Developing an outsider view, Jan Krebber has been training start-up companies for many years helping them to identify the core value and simple ideology they should follow.

Mr. Krebber defined the tipping point as a moment when a company CEO/Founder can dissipate the tension and fundamental pressure of surviving as an entrepreneur, and partly delegate responsibilities to other parties. In other words, a start-up reaches the tipping point when the mechanism has been triggered, the business is running independently, and the pressure for selling has dramatically decreased. He also mentioned that the amount of users, Facebook “likes” or networks are not the main indicators of a company’s success.

Start-ups, in comparison with big corporations, have a better ability to learn and the freedom to fail. A big company has too large an organism to jeopardize its success. Jan Krebber gave an illustrative example: if Nokia, hypothetically, fails to reach the minimum sales rate, it will consequently go bankrupt, while start-up companies with a relatively small business scale can refocus and reinvent themselves in case of failure. It is their flexibility which makes it possible for young organizations to test and validate ideas pursuing the goal to constantly change, reorganize and enhance the products or
services they provide. Moreover, Jan stated that in comparison to the start-up ecosystem of the past, nowadays companies have more resources, clear starting guidelines, business incubators and access to venture capital which increases the amount of newly-found companies and makes it easier to launch a business. However, the level of competition nowadays is, as a consequence, higher which means that more people are competing for money. The interviewee pointed out that modern start-up companies have to be faster, smarter, and more focused on user engagement and experience.

According to the strategies, tactics and concepts applied to a start-up organization, Mr. Krebber has developed his own method that can, in his opinion, bring the company to an understanding of its core values and business model. An expert modified the Lean start-up philosophy by changing minimum-valuable product to a minimum-lovable product. This means that a good product is the one that works and the one that customers are returning to. For example, selling a new social media platform has to have a personal touch with its end-users to bring them back. Jan has been advising his start-up apprentices to follow a strategy thoroughly described in the book *Rocket Surgery Made Easy* by Steve Krug, which is focused on finding and fixing usability problems. Quite often, usability problems are invisible for the producers and service providers, which makes it harder to detect product defects. That is why a usability test is a good exercise which helps watching users utilize the product, and realizing how people actually use things.

The second recommendation given by Jan Krebber was sketching. Nowadays, a lot of start-up companies, which have good visual representation of ideas and concepts, invest in the execution of these ideas too early. The interviewee has been advising companies to, first draw the entire concepts and design using simply pen and paper before rushing on to spend a budget on the implementation of the ideas because that money can hardly be gained later. This reduces the expenditures and saves time. Especially when it comes to a social media network, where the entire concept is tied to a complex website or mobile application, preliminary simple mock-ups help to evaluate an idea, ask for feedback and make changes. Mr. Krebber’s universal formula dictates: “Test early - Test often, Fail fast - Fail cheap”.

The expert has been emphatically advocating start-ups to use social media and digital marketing in general since it is the most efficient way to tailor target audiences. The fact that on average people check Internet updates once in every 7.5 minutes means that the
future of social media networks looks prosperous. Using social media on a daily basis is an addiction and this guarantees that start-ups in this industry will always have a beneficial niche on the market. However, social media start-ups have to establish an engaging platform which brings customers back. Jan Krebber proposes an alternative solution for social media websites how to create a favourable effect. In order to attract people for the first time, a good graphic design, unique icons and a reliable design need to be implemented. While a proper interaction design helps to attract users to continue. To conclude, social media platforms, at their early stage of operations, have to equally pay attention on both graphic design and interaction design because visuals are what makes customers visit a site while interactivity makes them stay.

As a practical suggestion to all start-up organizations, Jan has emphasized that understanding the idea and its solution is not enough in order to build a truly successful business but it is a problem that a business starts from. The tendency reveals that this has become a big issue that new companies overlook while instead focusing on solving their own individual problems rather than the globally important challenges. The expert suggests that, firstly, in order to optimize an understanding of the initial problem, start-up companies have to build a network consisting of target users in order to gain an insight on their daily problems and how the service or product offered can solve those problems. This also refers to the fact that start-up companies should not limit their operations to a local arena since the country borders between markets are rapidly falling down. Secondly, it is crucial to both think big in solving the population’s problems and act big by connecting with potential users from all over the world. Overcoming borders and limitations is the key for companies in order to reach the tipping point and enter the global market. Thirdly, companies should utilize the already existing networks to acquire feedback from people who can freely evaluate their concept and solution. In this case, the application of a social media platform can encourage starts-ups to operate worldwide, and open up to stakeholders and users outside the country.

Toni Hopponen (Finland), CEO and Co-Founder of social media company Flockler.

Being a co-founder and CEO of the social media start-ups in Finland, Toni Hopponen has given practical suggestions regarding the attributes, the approaches and the internationalization of a new enterprise. In his opinion, the tipping point works as a set of milestones and has several stages in its development, which means that a company should not be considered successful even after passing the first tipping point. The first critical
moment is reached when a start-up has found the right idea and the right niche for implementing its concept. The second turning point occurs when a company produces the product or service that customers are happy with, in need of and ready to pay for. The third tipping point is the moment when a start-up starts receiving a positive cash flow, doubles the amount of its users, and increases the sales. The forth and most important tipping point is reached when the entrepreneurs have created a scalable business model, tested the product in terms of user experience and general usability, and found opportunities in a foreign market.

At the same time, Toni emphasizes that nowadays the success of a social media company does not entirely depend on its revenue. For example, Twitter, a top 10 leading social network worldwide in terms of the number of active users, is struggling to increase its revenues. This means that success is a very subjective and individually defined indicator. However, a prosperous idea distinguishes a scalable and saleable business that can become a target for investors and potential acquisitions.

During the discussion, the interviewee concluded that start-ups have obtained a strong brand image for the past decade. He advises new organizations to position themselves as start-ups which are potentially interesting for investors and partners. However, from the clients’ perspective, it is more reasonable to brand a start-up as a growth company that is reliable, successful and relatively big. Generally speaking, an approach for a variety of target groups has to be wisely selected.

Regarding the expansions of a start-up’s operations abroad, the expert has highly emphasized the fact that Finnish companies shouldn’t be restricted by the small local market because innovation adoption is less rapid and less flexible in Finland, and the usage of different social media platforms is limited by only globally popular, thus reliable, networks. Toni Hopponen stated that if a company is striving to globalize its business, it has to test its ideas abroad because the basic core or some separate product elements can be adapted better and sooner on other markets. For example, in comparison to the Finnish start-up ecosystem, in UK it is more likely to get diversified feedback from the project and sales point of view, and embrace a larger group of international users. Moreover, British companies tend to focus more on marketing trying to sell the services based on a big idea rather than a strictly technological product.

The interviewee pointed out some crucial elements for reaching the tipping point in regards to his entrepreneurial experience in the social media industry. All the recommen-
The recommendations proposed by Toni Hopponen are derived from the company case of Flockler, which has already reached its first customer traction in Finland and UK.

(1) Start-ups have to be customer-oriented from the start, and evolve with a potential group of customers to get feedback and modify the existing services. (2) In order to expand business operations, it is recommended that new enterprises find innovation accelerators abroad, connect with local start-up networks and investors, regularly participate in conferences and competitions, and pitch the concept of the start-up as much as possible. (3) Testing helps to build momentum because it becomes possible to already create a fan base for a social media’s services by providing potential users with the opportunity to examine the platform. (4) Start-up companies are advised to always have some marketing materials when attending community events, “inspiration days”, exhibitions, marketing conferences etc. (5) When engaging Finnish customers, social media start-ups should avoid technical talk but instead try to sell a product which solves people’s problems. (6) Business ideas cannot be possibly stolen, that is why young companies should overcome the fear of sharing their thoughts and should constantly ask experts for an opinion regarding the concept, model or technology behind the business. (7) The landscape of the social media industry is rapidly changing which means that start-up companies should follow the trends, should constantly adjust the web services based on the current demands, and should own the demographics by building new services for yet inaccessible consumers. (8) Using the lean start-up method, start-up institutions are advised to build a prototype of the new concept before launching it, offer its new features to 10% of the clients, gather feedback by using website analytics or by interviewing users-testers face-to-face or virtually, and improve the services offered. (9) In order to find the first test users of social media platforms, it is recommended that companies use online services such as Betalist, to optimize and select a particular target group, or to utilize personal networks to test an idea. (10) Most importantly, when launching a campaign to attract first “pilot” users, a reward systems needs to be designed; meaning that small bonuses and benefits offered to test-customers can positively impact the spread of the innovation and stimulate a word-of-mouth effect.

Simon Kibalo (Russia), CEO and Co-Founder of UniFashion, and 5 other successful start-up projects.

Simon Kibalo, a young Russian entrepreneur, has given valuable real-life recommendations based on the fact that his first start-up UniFashion, a producer of sport clothes with
universities’ logos, has reached the tipping point during the first 1.5 years of operations, has expanded to 8 other megalopolises and brought the first 20 million of roubles to the company.

In his opinion, the fundamental principle of a successful company is a clear message that it aims to deliver. The comprehensiveness of an idea is measured by how even the older generation can understand the concept of the product or service offered. Moreover, it is important to narrow down the target group and tailor the product correspondingly because an undefined service’s target can be misleading and too broad which prevents the company’s growth and its penetration of a particular market space. Simon Kibalo stated that a founder or some of the company’s personnel have to be a potential target group for better understanding of the customers’ needs and problems. For example, the interviewee has been running his first start-up, which offers students sport uniforms with logos of educational institutions, while still being a student. This tactic will save money and time by using internal resources to provide additional testing, feedback, customer research and general consultancy.

According to the tactics and methods used by the entrepreneur, a Blue Ocean Strategy has shaped his company in the early stages of its existence. Due to the fact that the social media industry is highly saturated with competitors, it is crucial for start-up companies to create a new demand and unique content, and to offer tailored pricing for its services. During the discussion, Simon mentioned that in order to create a viral effect and spread a new idea or a product, a personal relationship between consumers and the product needs to be established. The marketing strategy needs to be concentrated on the actual usability and usefulness for the consumers rather than on a description of the features it offers. This means that the “Why?”, “How?” and “What?” model needs to be implemented in all start-ups. Based on Simon Kibalo experience, this model is a foundation that leads to the tipping point because it prevents the company from failing by aiming to primarily understand why a particular product or service should exist, how it can be built and solving the customer’s problems, and what the product or service is like.

One of the practical solutions provided by the interviewee is regular collaboration with people who are considered an authority. Those influential figures are the best advertisement of a new product or service because the community trusts and follows them. Simon shared his own experience where work with authorities has proven to be very
efficient. During one of the public events held in Russian, Simon Kibalo attracted the attention of the country’s president by offering him a present from the crowd. This gift was a hoodie produced by UniFashion with the logo of the university where Vladimir Putin has studied. After that, every newspaper in the country has published an article about the young entrepreneur who pursued his dream of creating memorable clothes for students in the exciting years of their lives. To conclude, social media start-ups are advised to utilize important connections by offering free samples, services or web profiles to influential people who, in return, can intuitively spread the innovation within the society.

During the interview, Simon Kibalo pointed out the tactics used in creating the tipping point and expanding a business based on his entrepreneurial competence. (1) Start-up organizations have to gain extra visibility by attending events and performing on stage with short pitches focused on the company’s services. (2) Building networks within a local start-up community can be very beneficial. (3) It is highly important to utilize networks by offering exchange deals to potential partners or users. For example, giving a free social media account to a partner in return for several Twitter posts about the start-up company can be beneficial for both parties. (4) An individual approach and proper customer service can turn the first user into the life-time customers. This means that at the early stage of a start-up’s activities, every customer has to be highly valued because this establishes a long-term relationship and guarantees a word-of-mouth effect. (5) The most efficient business model is built on the triangle: High-quality product – Customer service – Advertisement. (6) The usage of other social media channels is a mandatory condition for the diffusion of an innovation. (7) While presenting a company to other parties, a start-up has to eliminate the “we” effect by focusing on the company and its core values instead of on the owners and their visions. (8) Recruiting passionate personnel who believes in the idea and is familiar with it is the key in reaching the tipping point because a people-oriented organization leads to a product of better quality.

Simon Kibalo, an active user of various social media networks himself, pointed out that the social media industry has a limitless potential because technology embraces nearly everything and everyone. However, every social media platform is a community-based service which means that it aims to unite people with the same interests, problems, goals or characteristics. The expert gives a practical suggestion to all social media start-ups to organize offline activities for an online community of people that have signed up to the new web service. According to Simon’s professional experience, an online com-
munity cannot survive without physical communication and cannot substitute the live interactions between people. Bringing customers to a common event, meeting or concert can dramatically raise the popularity of a social media website and strengthen a virtual community.

Jonathan Macdonald (UK), entrepreneur, world-renowned speaker, author, business advisor.

Jonathan Macdonald has launched a social media platform which aims to expand thinking around the potential of a technology, the shaping of society and the realities of business. His company Thought Expansion Network, as well as public speaking, inspires a deeper understanding of challenges and opportunities. Apart from an entrepreneurial career, Jonathan has been an advisor for Google, Apple, P&G, Unilever, Nestlé and IKEA, enabling people and organizations to modify their approach from one-off change management to the management of perpetual change. During the interview, the expert pointed out the essentials of the modern business ecosystem, and, in particular, the social media industry.

The most important insight of the in-depth interview with this expert is the nonexistence of a universal formula which can bring a company to the tipping point. Jonathan Macdonald strongly emphasized that the success criteria depend on what the entrepreneurs have aimed for, which means that it is possible to provide a start-up with broad recommendations based on the market of the business’s operations, the sphere of the business and its financial status. One strategy cannot work for all start-up companies because one person’s success is another person’s failure.

In his opinion, the tipping point generally happens when users inside the network are communicating with each other. Moreover, when a company establishes a massive impact on clients’ decisions, it automatically gains some power in terms of controlling the audience and, consequently, attracting a larger group of users. It is important to start with a passion which an entrepreneur has, rather than with an ambition in the shape of money or popularity because this will never create a sustainable business and a remarkable product or service. For example, Jonathan’s Thought Expansion Network is striving to reach the tipping point by expanding thinking which enables people to see different things on a deeper level. This type of “currency” can create a positive start for a proper business strategy. During the discussion, the interviewee shared his professional experience emphasizing that companies tend to spend a lot of time researching a proper
business model instead of creating a tailored one based on the company’s progress and customer feedback. The key factor is to ensure that the start-up’s owner believes in the idea. In Jonathan’s opinion, it is essential to create a resonance between the company’s heart and people’s hearts.

When asked “How to find the right audience for the social media platform you are offering”, the expert pointed out the easiest and most efficient way to reach people who fit in the same group of interest. Digital revolution has enabled people to be visible online which allows companies to utilize online tools and applications with simplicity, and find the right people by optimizing their search engines. However, it is important for start-up companies to find people who are ready to be involved in a certain online community; forcing a change in human behaviour. Focusing on the company’s own benefits is a commercial suicide. This concerns especially the Finnish market where users are less flexible to changes.

Jonathan Macdonald also mentioned the importance of the inner structure of a start-up company. A company becomes weaker if its personnel do not believe in its success and values. It is crucial to recruit people who are programmed towards the same goals, interests and passions.

Jonathan Macdonald also pointed out the issue of the future accentuating of social media. Technology does not shape the industry but people/users do. The online community has received tools and weapons of mass communications turning ordinary people into retailers, investors, advertisers, speakers. Based on conducted research, the expert mentioned that Facebook has reached the tipping point so rapidly because it had a computing power which nobody else had. Nowadays, since the world is becoming more connected, a social media network is ultimately owned by the community, not by the company. Even if the social media industry grows and generally exists in the far future, it constantly undergoes changes, which makes it more complicated for start-up companies with limited resources to follow the trends and modify their services as fast as possible. Already now, the young generation of Internet users prefers using simple chat services like WhatsApp rather than Facebook, a big network filled with commercials, long news feeds and browsing tools. Most importantly, Jonathan concludes that people have already found a set of social media sites they want or need to use. This means that there are lower chances that a user of multiple online platforms is willing to join another social media network.
Regarding social media start-ups, Jonathan Macdonald recommended asking those not willing to become users of the platform the reasons why they are not involved in the network because this feedback provides the answers for the company’s success or failure. In his book Business Poison: Diagnosing and Treating the Infectious Poisons That Determine Your Business Success, the author gives practical suggestions that can remotely and entirely change the company’s path from failure to success.

(1) Poison of Zero Negative: companies should not settle into complacency when something appears to be acceptable because some people are using the particular service without complaints not because they like it but because it was the only alternative. (2) Poison of Singular Personas: companies should form relationships with people (potential users) as humans and not as a mass segment, to understand their characters, and embrace semi-factual and semi-human information. (3) Poison of Technology That Can: the technological evolution has presented many opportunities to the companies. However, those who invent due to an existing problem that needs to be solved would succeed more rather than those who create due to a technological capability without addressing an existing problem. (4) The Poison of One Number: start-up companies should put their focus on the negative analytics and statistical numbers rather than on the positive one-time figures, which create a subliminal message influencing users’ opinion about the company’s success, but do not solve the hidden problem. (5) The Poison of Plenty of Time: operating in a rapidly changing environment, social media start-ups should experiment with scenarios that move from a standard 5-year plan to maximum 9-12 months of prediction. (6) The Poison of Presumed Influence: new enterprises should treat the influencers differently from ordinary consumers, and speak with them rather than to them. To conclude, the wrong assumptions which companies often make can slow them down from reaching the tipping point (MacDonald 2014, 7-79).

André Noël Chaker (Canada), Canadian lawyer, writer, entrepreneur, mentor, international speaker, advisor.

André Chaker was selected speaker of the year in Finland 2 years in a row. He has been living in Finland for 20 years analyzing and researching the Finnish culture and business ecosystem which later became the foundation of his book The Finnish Miracle. Being an immigrant with many years of experience in Finland, Andre has provided a fresh view on the start-up ecosystem in the country and a general overview of how the new local enterprises function.
During the discussion, the expert emphasized the significance of the correlation between the start-ups and the giant companies and explained that one cannot survive without the other. Due to the fact that bigger well-established companies function in a world of bureaucracy, comfort, hierarchy and better resources, they tend to focus on producing more rather than on producing more out of something new because they are slow, less innovative and less nimble. This brings up the importance of the start-up organizations up in terms of inventing new technologies. Both global companies and new enterprises depend on each other financially, economically and strategically. This leads to factors which can be beneficial for start-up companies in reaching the tipping point.

First of all, André pointed out that almost any visibility is appropriate and efficient. Start-ups have to be strategic in their communications to attract media attention, to establish international presence and to show a ready-made product or prototype to the users and the investors. Secondly, the tipping point happens when a company gets the right customer who asks the company to solve his problem, not when the company is desperately seeking for the first user. The direction has to go from customer to company. Thirdly, regarding the strategic plan and the methods used, social media start-ups have to create a set of tactical moves in the early stage of their operations considering the impact of failure. This means that start-up companies should be lean, active in financing and open to networks during the first 2 years of their operations, when the cash flow usually remains negative, in order to survive the harsh competition.

In terms of human resource management, the interviewee advised start-ups to keep their personnel diverse enough by hiring professionals from different backgrounds, nationalities and age groups including students. Students can create innovation over time since they obtain contemporary knowledge. When it comes to diversity, André Chaker explains the difficulties that Finnish start-ups can face with specific cultural characteristics in his book *The Finnish Miracle*. Based on his observations, Finnish businessmen tend to over rationalize things by taking the past as a reference for the future which, in turn, does not allow the future to overtake the past. However, the focus needs to be shifted from rationality to intuition when it comes to launching new companies. The other problem that stops start-ups from spreading the new innovations is the cubical issue which does not allow getting out of the comfort zone, interacting with people and exchanging ideas. Moreover, due to Finland’s historical background, it has become rather complicated for local entrepreneurs to delegate, to collaborate, to embrace diversity and in general to communicate. The power of the masses and the middle-class strategy for-
mulate the Finnish values. To conclude, it is recommended to establish international and diversified atmosphere within start-up companies in order to switch from “sameness” and unity to uniqueness and premium which in turn should be reflected in new products and services. Moreover, André recommends to new companies to immediately penetrate the foreign markets by using cheap channels such as social networks, radio, international media and testing with early adopters.

One of the most efficient strategies used by the entrepreneur André Chaker was face-to-face feedback sessions with the 10 most intelligent people from the personal network who can give constructive, honest and valuable review of an idea or a product. Moreover, in order to create stories around hubs of influence, to accelerate the good news about an innovation and to get closer to the tipping point, start-ups should create an educational course that will teach a critical audience about the company’s philosophy, product, or service. This will create a movement, offer an innovative way of distributing the idea, and bring a new technology to the digital fan base. It is also highly recommended by the expert to intensively work with both Early Adopters and Influencer. Working with leaders in the political, cultural, high-tech and business spheres would speed up the process of reaching the tipping point for social media start-ups.

5.1 Conclusions

The main outcome of the interview sessions revealed that apart from controversial opinions given by experts, the common rules and tactics that social media start-ups should follow and utilize in order to reach the tipping point, have been identified. In order to create momentum, companies are strongly advised to regularly test their services with potential users, to seek international opportunities, to work with Early Adopters and Influencers, to be constantly present in the media, to utilize other social networks in getting extra visibility, to modify web services in regard to the trends and changes in the industry, to establish offline interactions between the company and the customers, to shift from product-oriented to people-oriented business, and to attract foreign investments.
6 SUMMARY

The main purpose of the current thesis was to find ways for reaching the tipping point and expanding globally for Finnish social media start-up companies. It aimed to support local businesses in the area of social media, and develop practical suggestions which could help social media start-ups in Finland overcome the competition and become globally successful social networks. The practical recommendations for social media start-ups in Finland, and later for the commissioning company TeamUp Oy, have been formulated based on (1) in-depth interviews conducted with experts in the social media industry, start-up ecosystem and entrepreneurship, (2) desk research on the subject of the tipping point in international social media companies, (3) theoretical framework, (4) researcher’s knowledge gained from business literature, articles and webinars, (5) personal experience and observations of the thesis’s author gathered during an internship at TeamUp and work experience at the business and innovations incubator New Factory.

The qualitative and constructive research in the thesis was conducted by investigating international social networking sites in use (Facebook, Twitter, Instagram, MySpace, Vkontakte, Linkedin), analyzing causal inference of events which lead social media companies to the critical moment of their business prosperity and interviewing experts in the fields of social media, entrepreneurship and start-ups. The research problems were addressed from the theoretical perspective of the tipping point, diffusion of innovation, social media, Lean Startup and globalization. The combination of primary and secondary data collected throughout the constructive research has revealed that generally there is no universal methodology that can assist social media start-ups in reaching the critical moment. However, the comparison of global social media companies and diversified interview results disclosed that there are iterative similarities and patterns discovered that can be efficiently used by new enterprises on the way of creating success. The initial hypothesis, proposed in this thesis, was fully confirmed throughout the research.

6.1 Conclusions and recommendations

According to the commissioning company TeamUp Oy, the research problem revealed that local social media enterprises face difficulties in attracting the first traction of users, entering the global market and massively spreading the new innovation. It has been discovered that, generally, Finnish companies have high chances to succeed because of the
country’s highly rated education system, the long-term investments in research and development by the private and public sectors, the well-functioning network of institutions, government financial assistance, the country’s high-tech and trustworthy reputation, the activation of innovation and business incubators, and the range of international conferences hosted by Finland. However, Finnish users are categorized as early majority in the diffusion of the innovation model which means that local customers adopt a new social media platform after a considerably longer period of time in comparison with Innovators or Early Adopters. The historical and cultural background of Finnish people, the demographical situation, the relatively small market and the mainly localized products and services are the fundamental reasons that prevent many enterprises from reaching the tipping point and becoming global.

There is a lot of potential on the oversaturated market of social media because online networking sites have become a significant part of people’s daily life, and have reached 82% of the world’s population. By building the first traction of users, companies are able to reach the tipping point in the fastest and most efficient way. In order to turn an interested user, who has signed up, into a passionate user, who becomes fully engaged within a community, social networks are advised to simply their sign-up system, to reiterate their value proposition with the help of tutorials, promotional videos and a “learn more” page, to reward users for their in-site actions, to offer decent customization, and to optimize the personal connections of a new customer.

A little change can cause a big effect, and consequently, lead the company to the tipping point, which happens when a considerable number of individual adopters ensure that the technology or innovation is self-sustaining and transformed from a previously unknown technology into a successful service. In order to build momentum, companies should utilize the power of influential people who are able to spread word-of-mouth. These are Connectors, Mavens and Salesmen. They are usually identified as Early Adopters in the diffusion of the innovation’s adoption curve. By utilizing the fundamental principles of the tipping point, The Stickiness Factor, The Law of the Few and The Power of Context, social media start-ups can spread the epidemics of a new technology among potential users.

One of the most effective strategies, observed repeatedly throughout research, is a Lean Startup method that seeks to minimize wasteful actions and maximize value producing practices during the phase of a product’s development. Comparing to the traditional
business model, Lean Startup encourages new enterprises to implement agile development, to enhance services iteratively and incrementally, and to regularly present product prototypes (Minimum-Viable Product) to the target audience for the sake of getting valuable feedback.

Furthermore, considering the fact that the Finnish market is smaller, less flexible in adapting new technology and less reflective to the changes, there is an evident need for Finnish social media start-ups to expand internationally and then globally when reaching the tipping point. Due to the highly accessible Internet, companies have a higher chance to find a target segment through the online optimization systems and start diffusing an innovation through other social media channels such as Facebook, Twitter, YouTube, etc. Finnish start-up companies are highly recommended to seek for international sponsorship and partnership, to enhance their knowledge of foreign markets before penetration, to regularly participate in offline activities, conferences, business forums and competitions, to accelerate their sales in digital marketing and to globalize their business by localizing management resources. The research also revealed a split decision between the most controversial topic which is whether start-ups should establish a strong presence on the local market first and then expand abroad, or start international expansion straight away.

An overlap in the data and regularities have been discovered between the desk research and the in-depth interviews which proves that the recommendations later proposed are practical, relevant and efficient. In order to turn a local Finnish start-up into a global product, companies should recruit people from different backgrounds, nationalities and age groups in order to utilize the company’s tacit knowledge and personal network connections. Collaboration with Influencers, Early Adopters and celebrities seemed to be a decisive factor in reaching a critical mass of users. Previously, the tipping point was reached by being the first, the best and viral. Nowadays, the tipping point of start-ups is in co-existing with other social media platforms due to the oversaturated market and the huge number of Internet users. This means that new enterprises have to offer a highly specialized network for a narrow community of people with specific interests or problems. Turning a small but necessary function into the entire business can help companies to spread a new innovation faster and tailor online services to a particular audience.
A brief analysis of Finnish successful social media start-ups, included in the top 100 best start-ups of the country, revealed common patterns which are: an English version of the website, good visuals, simple in-site navigation, and prompt customer service.

In order to systemize the appropriate measures, tactics and actions suggested for the local social media networks, an illustrative infographic has been created. It includes the most significant milestones that companies are advised to follow, and actions needed to boost the user traction and global business expansion. The graphic is presented in figure 17, and addressed to social media start-up companies which are at the early stage of their operations.

Apart from recommendations demonstrated in the graphics, there are some crucial aspects that can lead companies to the tipping point. Since profitability is not the major indicator of company’s success when reaching the critical moment, start-up companies are recommended to primarily focus on the concept of social network, the values it provides, the usability and practical solutions that are meant to resolve users’ problems. In order to maintain a consistent direction, companies should emphasize on the build-up phase instead of jumping straight to the breakthrough. Following Lean Startup philosophy, presenting an uncompleted product to prospective clients for testing has proven to be more efficient than exhausting the company’s resources to build an entire product that eventually fails. Failing fast, learning fast and recovering fast is the key. Creating a Minimum-Viable product that is good enough to attract initial investments and be tested by users is significant.

Despite the controversial nature of the globalization topic, the researcher assumes that the same tactic, implemented in Lean Startup, refers to international expansion. Instead of wasting time and the company’s resources on researching the foreign market, it is highly advised to make a quick test session with international users; this is the fastest way to test the readiness and suitability of the target market. Like-minded people are located around the world which means that Finnish start-ups should not limit their capabilities to the local market. It should be possible to sell and market their solutions globally through the use of Internet and digital marketing. However, when launching within a Finnish market but striving to expand abroad, social media networks are suggested to position themselves as Nordic companies, which has proven to have an image of high-tech and trust-worthy market.
In order to reach the tipping point as fast and as efficiently as possible, social media start-ups should not underestimate the importance and power of industry leaders such as Facebook, Twitter, Instagram, Pinterest, YouTube etc. Using other social media channels can attract the attention of a larger audience. Those channels can also be used as marketing and promotional platforms when introducing new functions, offers or ongoing competition. In order to motivate users to join a new social network or engage themselves already within a system, it is recommended to use a reward technique by arranging any kind of contests among users or employees. For example, “get a new iPhone by bringing 100 of your friends to sign-up” could turn a user’s effort into a huge word-of-mouth campaign.

In order to create momentum, companies are strongly advised to regularly participate in local and international conferences and events. This constantly draws media attention and offers unique partnership opportunities. Even Internet-based services like social media companies are required to have human interactions and active participation in the business life within the industry. Seeing the inventors of a social network in person can motivate people to adapt the technology faster and get inspired. This means that if a company lacks online visibility, it needs to have regular presence in business forums, competitions and other events where start-ups can promote themselves in a familiar environment. By building personal connections, entrepreneurs tend to simultaneously expand the online networks within a social media platform. Nowadays, a community, not a start-up company, is the most powerful source that makes decisions whether to build connections around a certain network or not.

Nowadays, online human behavior is driven by both practical and emotional motives. This means that social media start-ups are advised to offer a truly unique and highly specialized service which does not aim to compete alongside with Facebook but offers features and functions that can be tailored for a specific target segment. Establishing a people-oriented business and creating a community of passionate users with the same interests or problems can cause positive resonance.

Regarding the service-oriented suggestions, the visual look, the service’s language and user-interface play a significant role in turning the interested individuals into passionate customers. Nowadays, the trend is moving towards a simple layout with minimum functions which is easy to use, interactive and commercial-free. As observed, one of the main features of modern social media sites are photo- and video-sharing, chat service,
hash-tags system and post sharing that allows self-expression. Furthermore, it is recommended to introduce the new social media platform on multiple devices simultaneously. For example, the usage of mobile applications nearly exceeds the web-based services which make it mandatory for companies to implement a cross-functional online platform suitable for various gadgets.

Finally, a new social media network has to bring a change than unlocks unequalled opportunities for its users. As described in the Power of Context, the diffusion of the new technology occurs under certain conditions and circumstances of the times and places which means that depending on the nature of the online services, the social media companies should solve the painful, real-world problems of its users when it is most needed. For example, if a network is specializing on football fan engagement, it would be reasonable to launch a network or provide extra visibility to an existing one during the World Cup. Social media start-ups are advised to provide tools of communication for different targets that change human behavior in a virtual environment, the daily habits of using the Internet and sources of information. Starting with a story-telling can make a new service more personal and interesting for potential users. A published article, a promotional video, an educational course can make people believe in the idea, and, consequently, quickly spread the new technology.

After implementing the suggestions offered in this thesis, it is expected that Finnish social media start-ups could reach the tipping point and successfully establish global presence by utilizing the main findings of this research as a foundation for further improvements. A set of practical guidelines suggested particularly for TeamUp Oy has been already partly executed and has brought positive results in the company’s effectiveness.
FIGURE 17. The path of reaching the tipping point in Finnish social media start-ups
6.2 Practical suggestions for TeamUp Oy

As mentioned previously, the general recommendations for Finnish social media start-ups have been presented and can be used by any new enterprise within this industry. However, due to the specific business orientation and the nature of the services provided by the commissioning company TeamUp Oy, a tailored set of practical suggestions has been formulated. The concrete suggestions cover major topics such as marketing, branding, networking, business planning, crowd funding, etc. In order to reach the tipping point and establish strong global presence, TeamUp Oy is recommended to implement following strategies.

It is advised to formulate a clear message and shorten it to 155 characters like, for example, "TeamUp is an online platform for inspirators, fans and sponsors". Furthermore, the news feed and the general website layout needs to be simplified by using icons, color differentiation or drop-down menu.

Creating a promotional video that would embody educational, instructional, or inspirational meaning can spread a viral effect among users. Moreover, the favorable effect can be achieved by massive distribution of a TeamUp patch for student overalls throughout universities and student parties. It is also advised to implement the method of “one pen” at the core of which lie the distribution of a pen, a laptop sticker or a memory stick with the company's logo to all guests, users and investors to spread the word.

It is recommended to attract at least one famous celebrity that has a huge fan base and influence, preferably in music or cinematography, who is also involved in charity or volunteering activities. By using tagging system in Twitter as a tool for reaching famous individuals, celebrities or influencers, it is possible to invite them to join TeamUp and gain extra visibility. With the help of web tools, it is also possible to optimize a target sample in a search engine and send mass mailing to promote TeamUp globally (approximately 22% of people open the email).

It is important to add one of the fastest growing communities – gaming, apart from music, sports and the arts. Company is suggested to position its services as strategically important for national growth in music, sport, high-tech, gaming and the arts in order to gain government support and raise funding (Olympic Games, Eurovision, Hockey championship, Gaming contests, Innovation forums).
It is recommended for TeamUp to scan universities for talented students as both potential users and employees, and organize a monthly information and recruitment booth. As for existing employees, they must be trained to be able to pitch the idea of the company's offerings and ideology to potential users, investors, partners and customers (universal 2-minute pitch). In order to keep unpaid employees motivated, it is suggested to reward the most productive and hard-working ones with the possibility to join a business trip which has proven to be educational and encouraging.

It is efficient to regularly check analytics and invite most passive users of the services to a face-to-face meeting to gather constructive feedback (focus group, interview, observation). Moreover, shifting a focus towards analysis of negative statistical data helps to stay realistic and quickly react to changes in customer behavior. In order to save time and money, it is advised to test new features of the web service with users to understand its relevance and importance before making further modifications.

TeamUp is also suggested to organize offline meetings, events and activities to bring the community together and, consequently, to activate it online. One of the solutions can be an annual brand event or party that would become famous throughout Finland and popular among local celebrities and entrepreneurs. The company itself should also participate in all possible local and international conferences and competitions to get funding, visibility, a pitching slot and networks (Slush, Mindtrek, The Pirate Summit, Re.work, Webrazzi Summit, Idce, Numa, The Summit, Ted Talks). With a purpose of getting additional financial support, it is recommended to actively and regularly participate in crowd-funding activities (FIBAN - Finnish Business Angles Network).

Apart from the website, it is important to utilize a power of technological evolution by offering gadget, application or a feature produced and designed in cooperation with high-tech start-ups. The most effective way would be cooperation with business and innovation incubators, such as New Factory Tampere, to connect with local and international start-up networks and investors to get visibility, share ideas and offer beneficial exchange deals.

It is highly recommended to create a physical and digital photo gallery with celebrities (musicians, artists and sportsmen) to utilize the power of influencers, and additionally visualize the company's activities and philosophy by uploading pictures to Instagram which attracts the younger generation and creates the company's photo archive.
The intended outcome of the current research has been summarized in a guidebook which can be found in Appendix 2. Currently, TeamUp Oy is at the critical timeframe of reaching the tipping point which increases the importance and value of the research findings. The commissioning company has been satisfied with the concrete recommendations and patterns suggested by the thesis’s author in a high-quality, visual and well-structured booklet. Moreover, some of the strategies and methods have been already implemented by TeamUp Oy, and this has positively influenced the company’s status bringing it closer to the tipping point. It has also helped to explore the company’s developmental potential and to adjust the short- and long-term strategic plans oriented towards global expansion.

6.3 Recommendations for future research

Due to the fact that this research has a broad leverage of various theories, each of the discovered elements can become a continuation of the current thesis. There are several recommendations for future research. Areas yet to be investigated proposed in a form of research questions:

1. How does a detailed background of existing social media companies in Finland look like in terms of the world’s ranking, the companies’ activities, the reasons of success or failure and the strategies implemented within organizations?

2. What are the characteristics and specifics of fan-oriented social media platforms? How do fan engagements and sponsorships function in regards to changes in human behavior and general tendency within an industry?

3. How strong is the Finnish brand identity, and how should companies utilize the power of national branding to positively influence the decision-making process of customers, partners and investors?

4. How to recognize a certain user segment of Innovation Adoption? What is the most efficient approach when communicating with innovators, early adopters, early majority, late majority, and laggards in order to stimulate various target audiences to adapt a new technology?
6.4 Personal learning experience

Apart from the actual theoretical and practical knowledge obtained during the research process, I have been able to discover the inner core of a start-up ecosystem in Finland directly from its representatives. My thinking was widely expanded during the interview sessions with highly respected professionals in the fields of social media and start-up environments. The response rate reached 100% which made me realize that quite often entrepreneurs are willing to share their personal and professional experiences with younger generation. I have been able to build useful networks with businessmen in Finland and Europe. The current topic has enhanced my professional expertise and gave me freedom to be innovative, original and creative. My communication skills along with written language skills have been dramatically improved. As a result of the wide and detailed analysis, my general level of erudition has been increased as well. Moreover, the outcome of the current thesis and indispensable experience I have received encouraged me to already begin writing a business plan for the start-up company I am planning to launch in the near future.
REFERENCES


http://business.time.com/2014/01/15/more-than-11-million-young-people-have-fled-facebook-since-2011/.


Appendix 1. Analysis of three customer segments of TeamUp Oy

<table>
<thead>
<tr>
<th>Target group</th>
<th>Available features and benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Talents</strong></td>
<td>✓ Keep in touch with fans; ✓ Provide maximum return for sponsors; ✓ Reach 100% of fans; ✓ Full control in decision-making; ✓ Keep 100% of revenue from item store, sponsorship and social media activities; ✓ Receive fan ranking; ✓ Organize competitions and rewards for fans; ✓ Sell items in the online store; ✓ Get direct support from fans and sponsors; ✓ Link sponsors to the profile; ✓ Share media files, events, news, achievements; ✓ Contact fans directly via personal messages; ✓ Categorize the talent in the search engine; ✓ Organize multiple group profiles; ✓ All the updates are shared automatically; ✓ Connect to the mobile application; ✓ Connect and share updates/posts in Facebook. Twitter, Instagram.</td>
</tr>
<tr>
<td><strong>Fans</strong></td>
<td>✓ Discover individuals and groups; ✓ Receive 100% of updates from fan pages; ✓ Purchase fan items; ✓ Earn fan points; ✓ Get rewarded; ✓ Receive benefits from the sponsors of the fans followed; ✓ No advertisements; ✓ Private information is not used; ✓ Direct contact with individuals and groups that are followed; ✓ Participate in regular competitions organized by sponsors and talents; ✓ Connect to the mobile application; ✓ Connect and share updates/posts in Facebook. Twitter, Instagram.</td>
</tr>
</tbody>
</table>
| **Everybody who follows favorites’ activities** | }
<table>
<thead>
<tr>
<th>Sponsors</th>
<th>Businesses, sport teams, brands, companies etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Sponsor a target, support individuals and groups;</td>
</tr>
<tr>
<td>✓</td>
<td>Activate and measure sponsorship in social media;</td>
</tr>
<tr>
<td>✓</td>
<td>Earn fans for the brand by linking profiles together with talents;</td>
</tr>
<tr>
<td>✓</td>
<td>Get visibility;</td>
</tr>
<tr>
<td>✓</td>
<td>Connect directly with Fans of Talents that are sponsored for a direct marketing channel;</td>
</tr>
<tr>
<td>✓</td>
<td>Connect with businesses and consumers who share a common interest;</td>
</tr>
<tr>
<td>✓</td>
<td>Show to your customers and prospective customers your social responsibility;</td>
</tr>
<tr>
<td>✓</td>
<td>Reach 100% of audience;</td>
</tr>
<tr>
<td>✓</td>
<td>All the updates are shared automatically;</td>
</tr>
<tr>
<td>✓</td>
<td>Connect and share updates/posts in Facebook, Twitter, Instagram;</td>
</tr>
<tr>
<td>✓</td>
<td>Offer positive benefits to the fan base;</td>
</tr>
<tr>
<td>✓</td>
<td>Activate sponsorship deals automatically.</td>
</tr>
</tbody>
</table>
Appendix 2. Practical suggestions for TeamUp Oy
MESSAGE.

SHORTEN THE MESSAGE TO 155 CHARACTERS. "TEAMUP IS AN ONLINE PLATFORM FOR INSPIRATORS, FANS AND SPONSORS."

CREATE A PROMOTIONAL VIDEO THAT WOULD BE EITHER EDUCATIONAL, OR INSTRUCTIONAL, OR INSPIRATIONAL.

MARKETING.

DESIGN A PATCH FOR STUDENT'S OVERALLS, AND MASSIVELY DISTRIBUTE IT THROUGHOUT UNIVERSITIES AND STUDENT PARTIES TO TAKE THE VIRAL EFFECT.
VIP.

Attract at least one famous celebrity that has a huge fan base and influence, preferably in music or cinematography industry who is also involved in charity or volunteering.

GAMING.

Apart from music, sports and the arts, add one of the fastest growing communities - gaming.

STUDENTS.

Scan universities for talented students as both potential users and employees, and organize monthly information and recruitment booth.
FOLLOW ANALYSIS AND INVITE MOST PASSIVE USERS OF THE SERVICES TO A FACE-TO-FACE MEETING TO GATHER CONSTRUCTIVE FEEDBACK (FOCUS GROUP INTERVIEW, OBSERVATION).

USE TWITTER AS A TOOL TO REACH FAMOUS INDIVIDUALS BY TAGGING THEM IN THE INVITATION TO JOIN TEAMUP.

USE COMPANY'S SERVICES AS STRATEGICALLY IMPORTANT FOR NATIONAL GROWTH IN MUSIC, SPORT AND THE ARTS TO GAIN GOVERNMENT SUPPORT AND FUNDING (OLYMPIC GAMES, EUROVISION, HOCKEY).
TEST.

To save time and money, test new features of the web service with users to understand its relevance and importance before making modification.

OFFLINE.

Organize offline meetings, events and activities to bring community together, and, consequently, activate it online.

GALLERY.

Create a physical and digital photo gallery with celebrities (musicians, artists and sportsmen) to utilize the power of influencers.
TRADITION.

Arrange an annual brand event or party that would become famous throughout Finland and popular among local celebrities and entrepreneurs.

HIGH-TECH.

Offer uniqueness by creating a gadget, app or feature, apart from the website, in cooperation with high-tech start-ups.

THE PEN.

The method of pen: give a pen, laptop sticker or memory stick with company's logo to all guests, users, investors etc. to spread the word.
PITCH.

TRAIN EMPLOYEES TO BE ABLE TO PITCH AN IDEA ABOUT COMPANY’S OFFERINGS AND IDEOLOGY TO POTENTIAL USERS, INVESTORS, PARTNERS, CUSTOMERS (UNIVERSAL 2-MINUTE PITCH).

PARTICIPATE IN ALL POSSIBLE LOCAL AND INTERNATIONAL CONFERENCES AND COMPETITIONS TO GET FUNDING, VISIBILITY, PITCHING SLOT AND NETWORKS (SLUSH, MINDTREK, THE PIRATE SUMMIT, RE.WORK, WEBRAZZI SUMMIT, IDCEE, NUMA, THE SUMMIT, TED TALKS).

CONFERENCE.

SIMPLE.

SIMPLIFY THE NEWS FEED AND GENERAL WEBSITE LAYOUT BY USING ICONS, COLOR DIFFERENTIATION OR DROP-DOWN MENU.
FOCUS.

FOCUS ON NEGATIVE STATISTICAL DATA RATHER THAN POSITIVE TO STAY REALISTIC AND QUICKLY REACT ON CHANGES IN CUSTOMER BEHAVIOR RATHER THAN CELEBRATE SHORT LIVED SUCCESS.

VISUALIZE COMPANY'S ACTIVITIES AND PHILOSOPHY BY UPLOADING PICTURES TO INSTAGRAM WHICH ATTRACTS YOUNGER GENERATION AND CREATES COMPANY'S PHOTO ARCHIVE.

INSTAWORLD.

IN ORDER TO KEEP UNPAID EMPLOYEES MOTIVATED, REWARD THE MOST PRODUCTIVE AND HARD-WORKING ONES WITH A POSSIBILITY TO JOIN A BUSINESS TRIP WHICH IS BOTH EDUCATIONAL AND ENCOURAGING.

REWARD.
CONNECT.
Utilize business and innovation incubators, like New Factory Tampere, or services, like Betalist, to connect with local and international start-up network and investors to get visibility, share ideas and arrange exchange deals.

CROWDFINANCING
Actively and regularly participate in fundraising activities since it's the most efficient way to get financial support (FIBAN - Finnish Business Angels Network).

SEARCH.
With a help of web tools, optimize a target sample in a search engine and send mass mailing to promote Teamup globally (approx 22% of people open the email).
THERE IS NO UNIVERSAL FORMULA IN REACHING THE TIPPING POINT, BUT THERE ARE SOME TACTICS WORTH TRYING.

“ENTREPRENEURS SEE WHAT OTHERS CAN’T, DO WHAT OTHERS WON’T, AND ACCOMPLISH WHAT OTHERS DREAM.” (RYAN LILLY)