Brands Working With Startups

Consumer Technology Association™ | ANA

JANUARY, 2016

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Chapter 1:
About This Research

ABOUT THIS RESEARCH

Purpose

THIS RESEARCH REPRESENTS A JOINT EFFORT BETWEEN THE CONSUMER TECHNOLOGY ASSOCIATION (CTA) AND THE ASSOCIATION OF NATIONAL ADVERTISERS (ANA).

The purpose of this study is to explore marketers' perceptions, attitudes, and behaviors toward engaging the startup community in the advertising and marketing space. Specifically, it examines how brands work with startups, approaches to using startups, activities associated with startups, pros and cons of using startups, experience with startups, and expectations of startups.

According to Wikipedia, a startup company is an entrepreneurial venture or a new business in the form of a company, a partnership or temporary organization designed to search for a repeatable and scalable business model. This survey is focused on startups for marketing and advertising.

Methodology

THIS STUDY WAS CONDUCTED IN TWO PHASES:

1. A survey sent to members of ANA. The ANA (Association of National Advertisers) provides leadership that advances marketing excellence and shapes the future of the industry.

   - 171 responses

   - Data quantified and analyzed to document trends

   - Some respondents volunteered to take part in phase-two interviews

2. In-depth telephone interviews of marketing executives recruited from the survey.

   - 12 respondents

   - 30 to 45 minute one-on-one dialogues

   - Interviews recorded, transcribed, summarized, and analyzed to document trends

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ABOUT THIS RESEARCH

Key Findings

1

Companies are not buying technology. They are buying solutions.

2

Brands work with startups in the advertising and marketing space for many reasons, including innovation, new capabilities, and fresh thinking.

3

The biggest barrier to engagement lies in a startup's inability to articulate what it is offering in a way that is meaningful and relevant to the marketer.

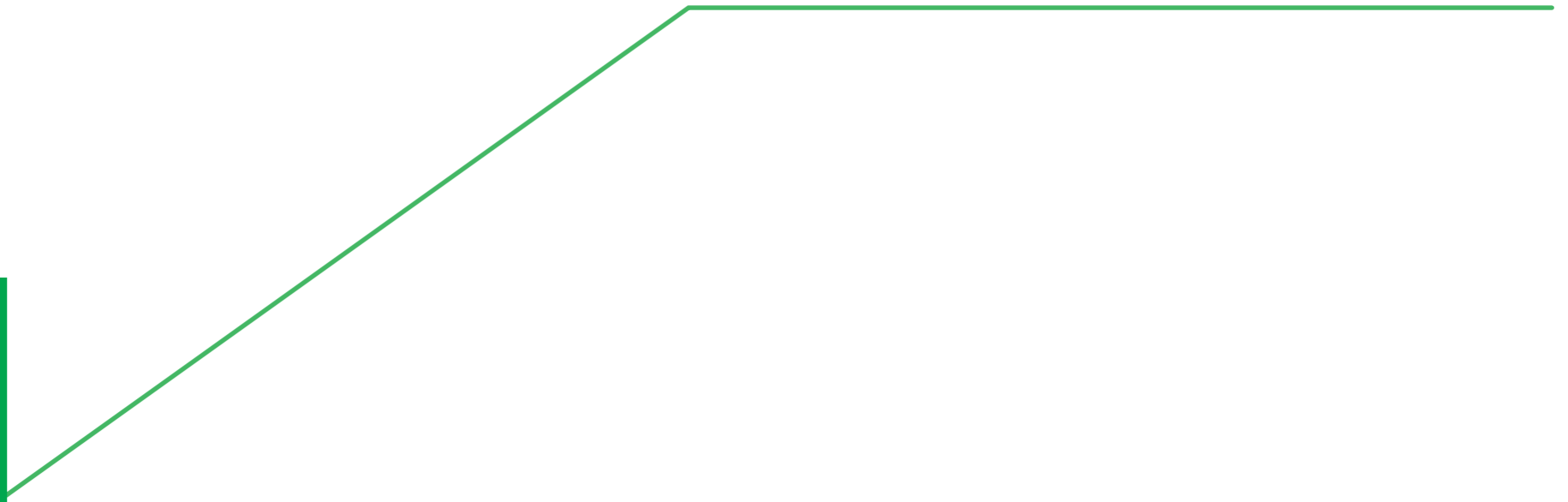**4**

Large companies will not change to accommodate startups.

5

Companies measure success in relation to business outcomes.

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Chapter 2:
ANA Member Survey
on Startups
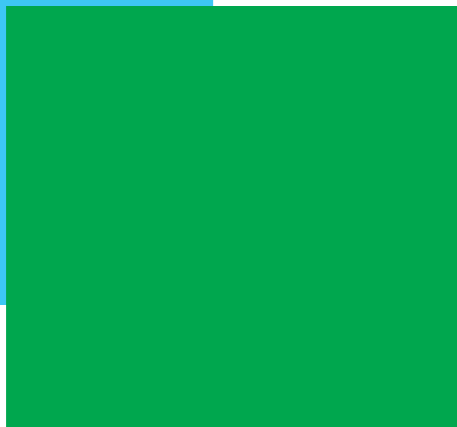
Both business-to-business and business-to-consumer segments were represented.

39%
BOTH B TO B
AND B TO C

18%
B TO B

43%
B TO C
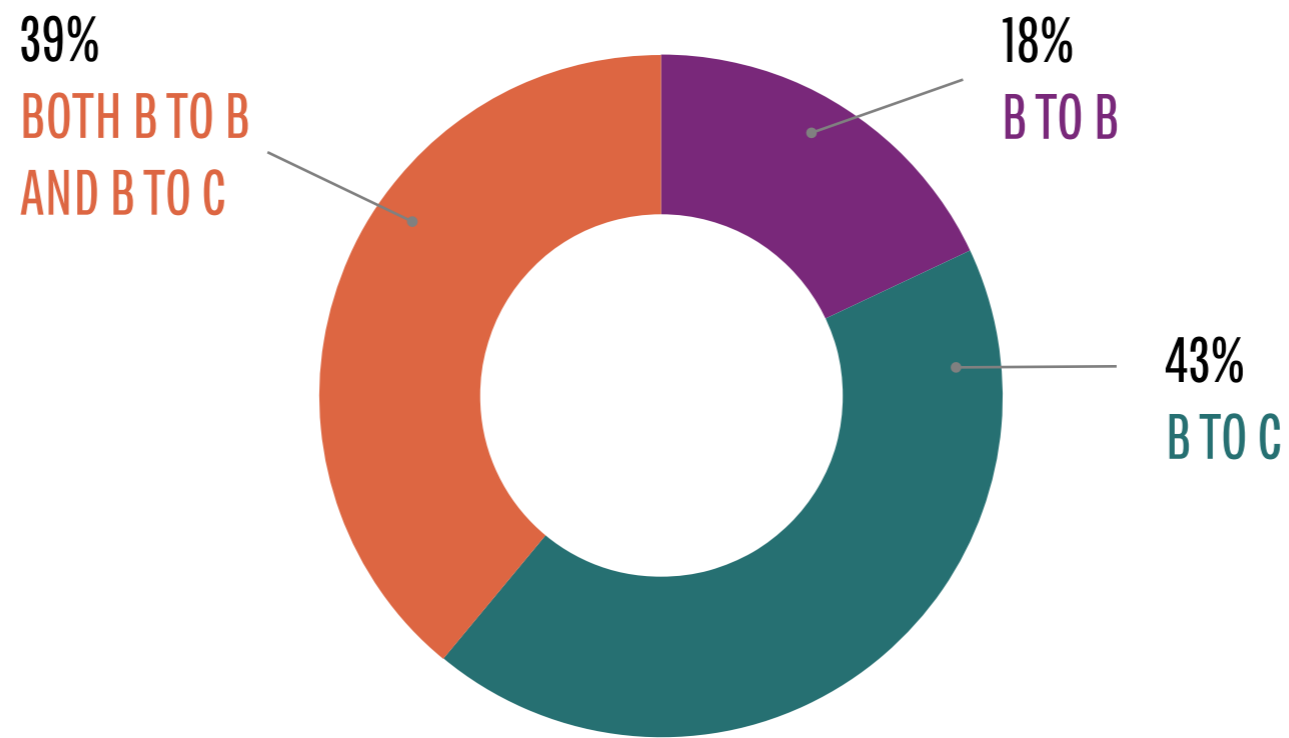
QUESTION: WHAT IS YOUR PRIMARY BUSINESS? BASE: 133

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Diverse roles within a company manage relationships with startup organizations.

- CHIEF MARKETING OFFICER / SENIOR VICE PRESIDENT
- VICE PRESIDENT
- DIRECTOR
- BRAND OR PRODUCT MANAGER
- MANAGER/ASSISTANT MANAGER
- OTHER
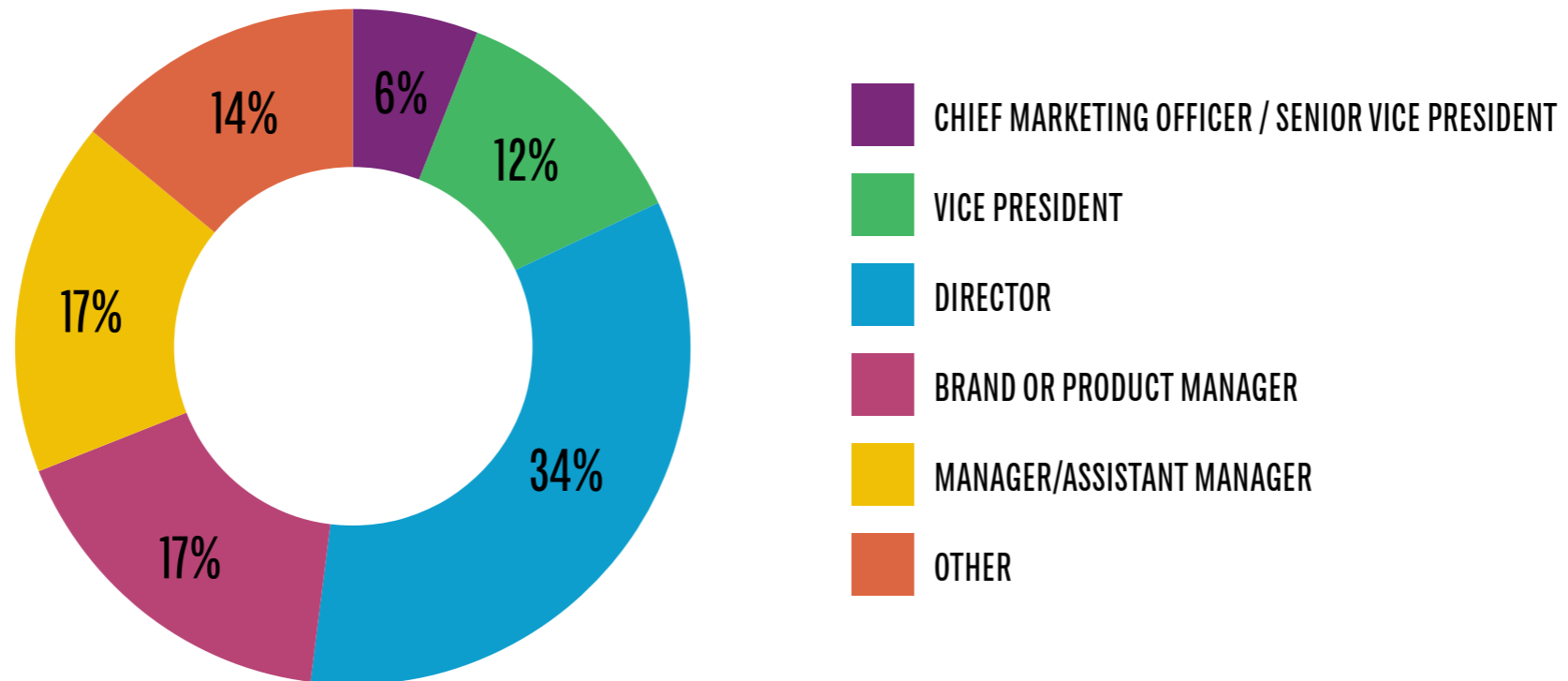
QUESTION: WHAT IS YOUR JOB LEVEL? BASE: 138

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Over one-third of the marketers worked with startups in the past year.

17%
NOT SURE

47%
NO

36%
YES
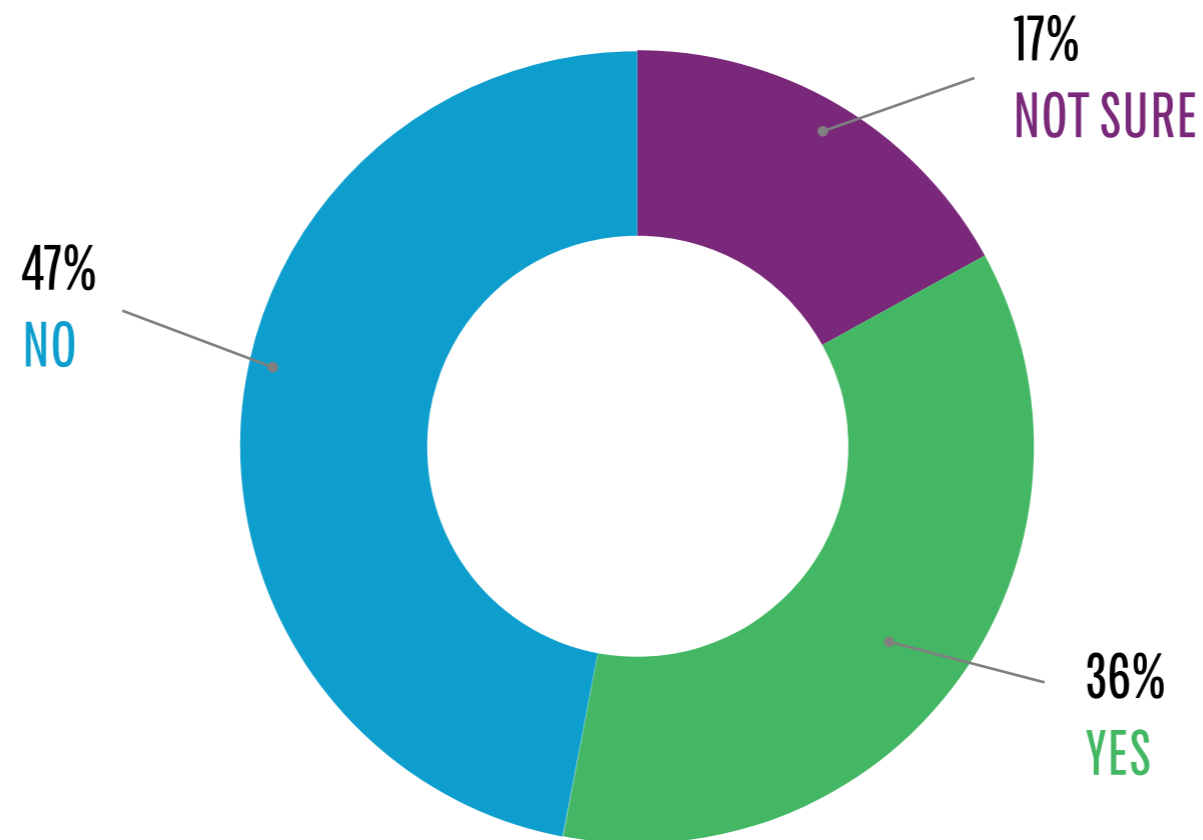
QUESTION: HAS YOUR COMPANY WORKED WITH STARTUPS FOR MARKETING AND ADVERTISING IN THE PAST YEAR? BASE: 171

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ANA MEMBER SURVEY ON STARTUPS

Companies work with startups to leverage up-and-coming technology to stay ahead of trends, remain innovative, and gain competitive advantage at a reasonable cost.

When we asked marketers why their company works with startups in the marketing and advertising space, representative responses included:

"Looking for first mover status in the tech space."	*"Three reasons: 1) To understand changing marketing and technology landscape, 2) To stay on-trend or slightly ahead of trends with consumer behavior, 3) To understand how we can 'think like a start-up' by learning from them."*	*"We work with startups as they offer a new approach or technology not available from other, more established, companies."*	*"Looking for out the box solutions with more cost efficient programs since they are hungrier to get things moving and proving out the concept. Less risk in the price."*	*"They bring innovative products/services that allow us to show we are credible or cutting edge."*

QUESTION: WHY DOES YOUR COMPANY WORK WITH STARTUPS IN THE ADVERTISING AND MARKETING SPACE? BASE: 54

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ANA MEMBER SURVEY ON STARTUPS

Top reasons for not working with startups include high risk, wanting to work with larger established companies, and the inability to provide measureable and proven results.

When we asked marketers why their company _does not_ work with startups in the marketing and advertising space, representative responses included:

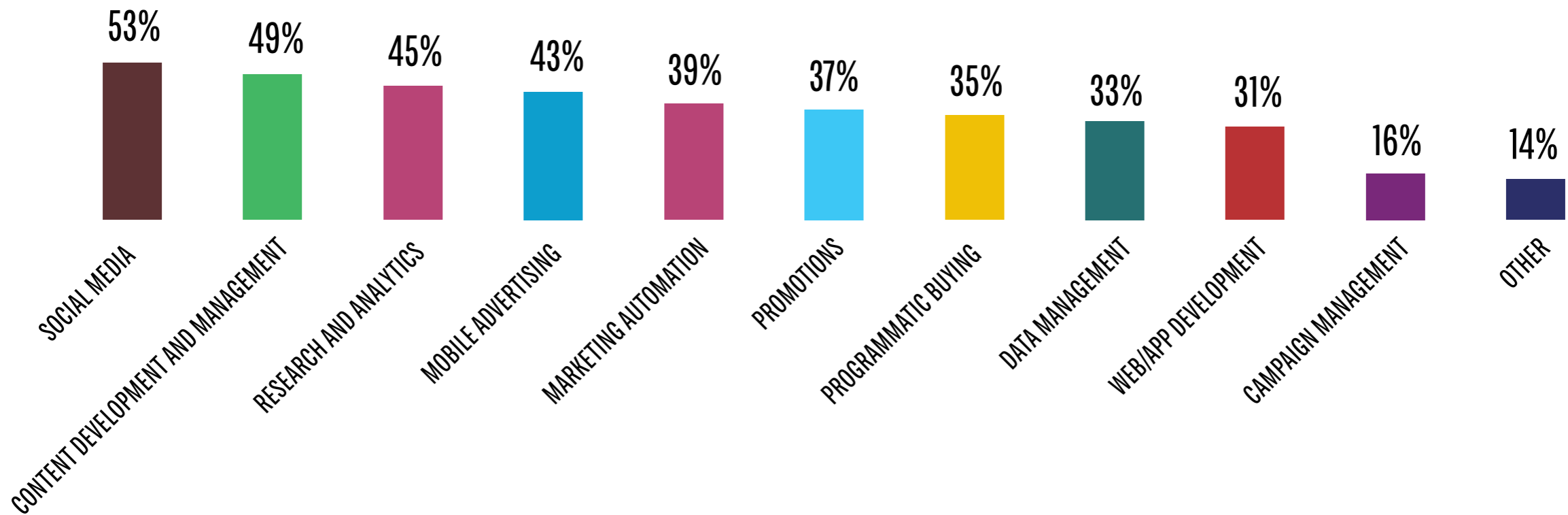|				
"Too much risk. Not able to scale. Unproven technologies. Lack of resources to meet our brand's needs."	_"Conservative culture that is adverse to risk taking."_	_"Lack of measurement to understand its value."_	_"Need for speed and proven track record of success."_	_"We are too big of a company. We need more established companies to be able to manage our business needs."_

QUESTION: WHAT IS THE MAIN REASON YOU HAVE NOT WORKED WITH A STARTUP FOR MARKETING ANDADVERTISING IN THE PAST YEAR? BASE: 64

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Startups are used for a variety of activities involving technology. The most frequent uses are social media, content development and management, research and analytics, and mobile advertising.

53%	49%	45%	43%	39%	37%	35%	33%	31%	16%	14%
SOCIAL MEDIA	CONTENT DEVELOPMENT AND MANAGEMENT	RESEARCH AND ANALYTICS	MOBILE ADVERTISING	MARKETING AUTOMATION	PROMOTIONS	PROGRAMMATIC BUYING	DATA MANAGEMENT	WEB/APP DEVELOPMENT	CAMPAIGN MANAGEMENT	OTHER

QUESTION: WHAT TYPES OF ACTIVITIES INVOLVE STARTUPS FOR MARKETING AND ADVERTISING AT YOUR ORGANIZATION? SELECT ALL THAT APPLY. BASE: 51

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Companies that engage startups largely do so within existing marketing budgets.

88%

WITHIN EXISTING
MARKETING BUDGETS

26%

SPECIAL VENTURE
CAPITAL OR INNOVATION
BUDGETS

22%

FROM INCREMENTAL
BUDGETS (NOT PART
OF THE MARKETING
BUDGET)

6%

OTHER (PLEASE SPECIFY)
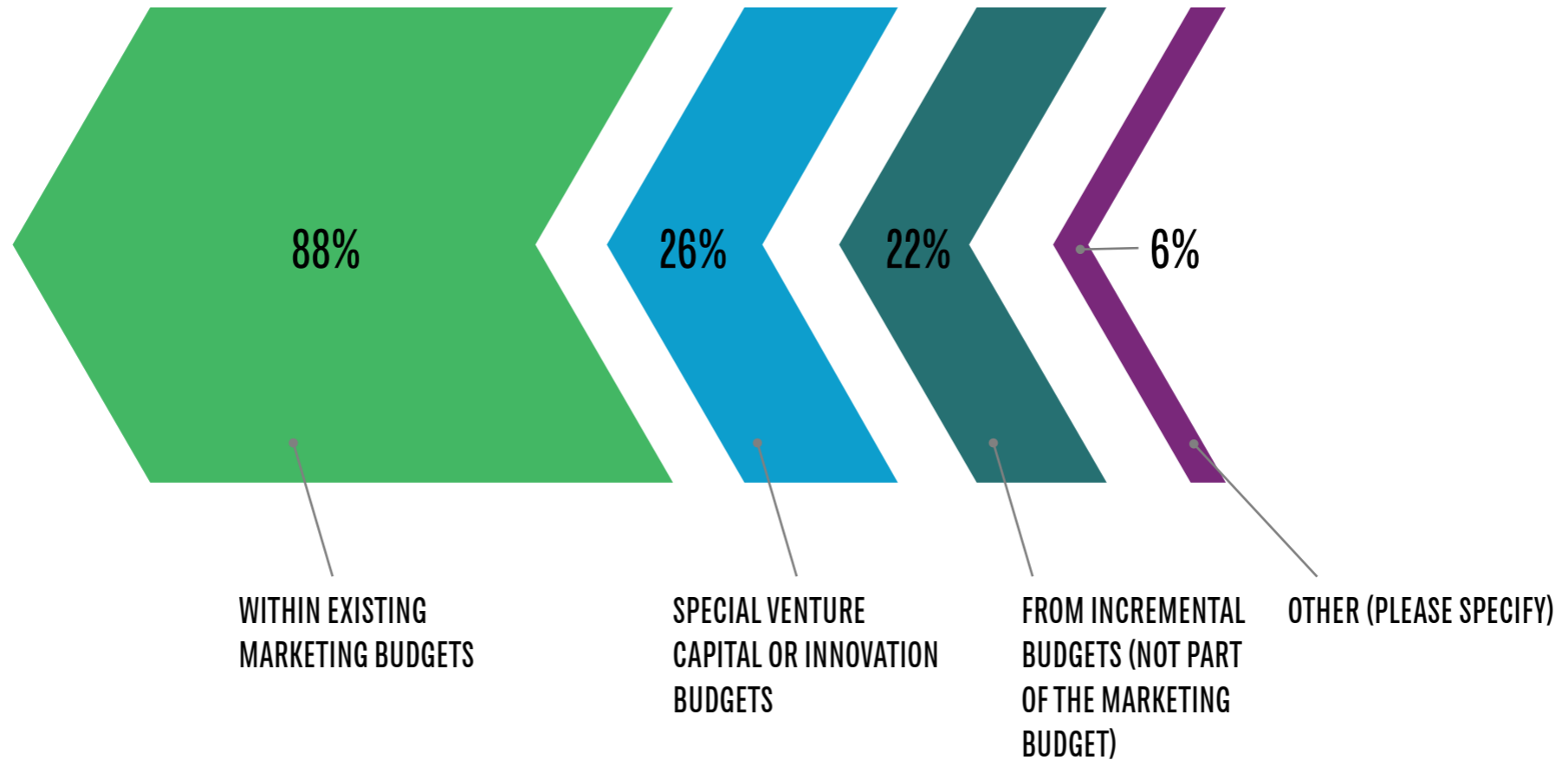
QUESTION: IN YOUR ORGANIZATION, HOW DO YOU BUDGET TO SUPPORT THE MARKETING
AND ADVERTISING ACTIVITIES YOU ARE WORKING ON WITH STARTUP PARTNERS? SELECT ALL
THAT APPLY. BASE: 50

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Companies that work with startups tend to do so within existing management teams.

56%
WITHIN CURRENT MEDIA MANAGEMENT TEAM

56%
WITHIN CURRENT DIGITAL MANAGEMENT TEAM

40%
WITHIN CURRENT BRAND MANAGEMENT TEAM

18%
SEPARATE DEPARTMENT/ INDIVIDUALS RESPONSIBLE FOR STARTUPS

14%
OTHER (PLEASE SPECIFY)
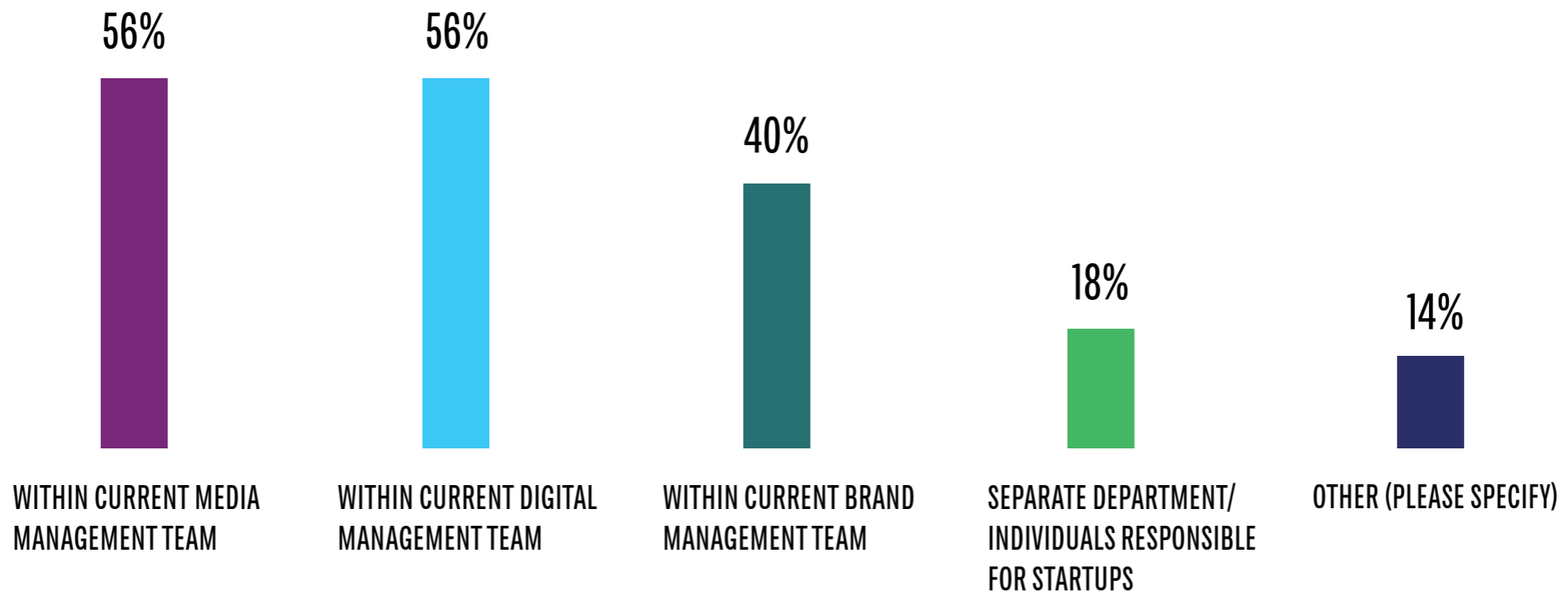
QUESTION: HOW IS YOUR COMPANY STRUCTURED INTERNALLY TO WORK WITH STARTUPS FOR MARKETING AND ADVERTISING? SELECT ALL THAT APPLY. BASE: 50

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ANA MEMBER SURVEY ON STARTUPS

Companies seeking to work with startups often use agencies to find them.

53%
YES

47%
NO
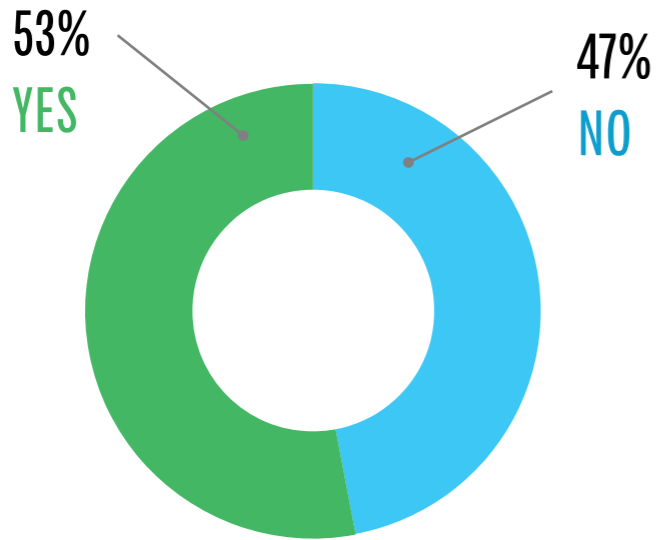
QUESTION: DO YOU WORK WITH AGENCIES TO PARTNER WITH STARTUPS FOR MARKETING AND ADVERTISING? BASE: 51

25%
YES

75%
NO
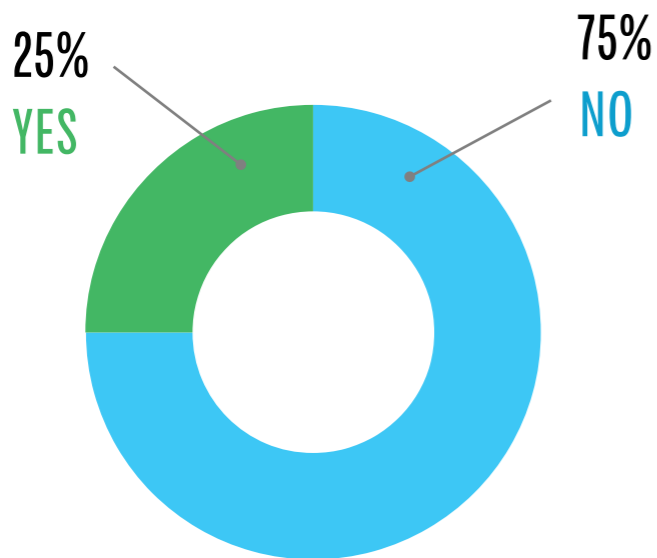
QUESTION: DO YOU WORK WITH OTHER EXTERNAL VENDORS TO PARTNER WITH STARTUPS FOR MARKETING AND ADVERTISING? BASE: 51

When we asked why agencies are used when partnering with startups for marketing and advertising, representative responses included:

"Approved agency partners may bring in startups for test opportunities in conjunction with a program the agency is recommending."

"Vet new partners and link to technology companies that they have established relationships."

"Payment and management"

"Agencies can be used for a number of tasks including user testing for new messaging, design or development work and most often, search (SEM/SEO)"

QUESTION: WHAT ARE AGENCIES USED FOR WHEN PARTNERING WITH STARTUPS FOR MARKETING AND ADVERTISING? BASE: 22

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Chapter 3:
Executive Interviews

EXECUTIVE INTERVIEWS

Respondents

Respondents include 12 marketing executives from companies that engage in national advertising across a variety of industries.

All respondents either participated in the ANA Member Survey on Startups or were referred by someone within their company who participated in the survey.

	TITLE	DEPARTMENT	TYPE	INDUSTRY
1	Director	Shopper Marketing	B-to-B	National food company
2	Senior Manager	Local/Shopper Marketing Communications	B-to-C	National beverage company
3	Senior Manager	Global Social Analytics and Customer Care	B-to-C	National banking company
4	Senior Vice President	Marketing Product and Market Development	B-to-C	National financial transactions company
5	Vice President	Marketing	Both	Agency aligning startups and national advertisers
6	Vice President	Online Advertising	Both	Regional financial services company
7	Director	Marketing and Media	B-to-C	National entertainment company
8	Vice President	Digital Marketing	B-to-C	National food company
9	Director	Digital Innovation Lab	B-to-C	National personal and healthcare product brand
10	Exec. Director	Global Category Marketing	Both	National entertainment company
11	Director	Marketing	B-to-C	National advertiser in gardening and pet brands
12	Director	Ventures	Both	International petroleum products producer

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EXECUTIVE INTERVIEWS

Marketers are ultimately concerned with one thing— solving a business problem.

Marketers are highly focused on business objectives, and vendor engagements typically center on solving a business problem.

- Advancing the business

- Attracting new customers

- Generating a profit

- Maintaining a presence in an ever-changing environment of digital media

Oftentimes, marketers view technology as the vehicle through which to solve business problems.

- Digital forms of marketing communication

- Connecting with customers on an individual level

- Designing offers around unique needs and preferences

- Maintaining a strong social media presence

- Analyzing data and gaining insights from social media content

"Our goal is to think about digital as a more immersive, everyday part of how we go about our business. We think about business problems, or customer challenges and needs, and work from that back to where there are technologies and opportunities that could help us deliver on those challenges that we identify."
Vice President, Digital Marketing, National Food Company

"We have to mirror where customers are going, so our strategies reflect that. As more people are shifting to their mobile devices, social media has become much more prominent. We're definitely focused more heavily on the digital side than ever before."
Director, Marketing and Media, National Entertainment Company

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Startups are seen as excelling in creating solutions that enable the use of technology in marketing.

IMPRESSION OF STARTUPS

Startups are generally viewed as innovative, eager, and on the cutting edge of technology.

DEFINITION OF STARTUPS

Most companies do not have precise definitions of a startup organization, but most view startups as:

- Small (1 to 500 employees)

- Young (less than two years old)

- Reliant on venture capital or private investment

- Not publically traded or part of a larger holding group

- Involving CEOs or senior management in client relationships

USE OF STARTUPS

Startups are used almost exclusively for technology solutions.

"We want to stay on the cutting edge, not the bleeding edge. To do that, we use startups to solve business problems in a testable fashion."

"New technology creates new opportunities for engagement, interaction, and commerce. Sometimes existing vendors have a harder time than startups in seeing how to fully take advantage of that."

Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

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EXECUTIVE INTERVIEWS

Marketers have distinctive approaches to working with startups, depending on their environment and priorities.

Marketers are bound by their companies' policies and business priorities. A company's level of commitment to innovation and threshold for risk will directly impact its relationships with startups.

INVESTMENT IN STARTUPS

Some companies actively promote startup partnerships through in-house incubators, venture capital programs, and/or departments designated to work with startups, while other companies are more conservative in engaging startups.

PREFERRED LEVEL OF INVOLVEMENT

Some marketers foster a close relationship with startups through side-by-side immersion workdays, frequent meetings, and collaborative product development, while other companies prefer a more traditional vendor relationship.

LEVEL OF CUSTOMIZATION

Some marketers value a high level of customization and an ability to pivot during the product development phase to meet specific needs, while other marketers value products that are fully developed and have already been tested in the marketplace.

Companies learn about startups in a variety of ways.

Common methods of finding startups include:

- Agencies that serve startups

- Agencies that serve clients (brokers)

- Relationships with venture capital firms

- Networking relationships
  (*LinkedIn, word-of-mouth referrals from business associates*)

- Referrals from brand managers or staff specializing in startup relationships from within the company

- Online databases

- Incubators (internal or external)

"There are a number of different ways to learn about startups. Sometimes it's after a startup's been lucky and had a really big campaign. Some companies have spent time and money in building out small teams, and all they do is evaluate startups. Other times you're approached by someone on social media. And there are still cold calls. There isn't necessarily a single ingredient for how people are learning about startups."
Vice President, Marketing, Agency Aligning Startups and National Advertisers

"We have relationships with venture capitalists, incubators, and accelerators. Sometimes startups just come through either referral or through LinkedIn."
Vice President, Digital Marketing, National Food Company

There is a lot of variation among startups.

Startups vary considerably, depending on their stage of development, particularly in terms of:

- Product development

- Funding

- Size/Number of employees

- Production

- Sales and revenue

*"Saying 'startup' is kind of like saying 'car'—
there are Ferraris and there are Yugos."*

Senior Manager, Local/Shopper Marketing Communications,

National Beverage Company

STAGES OF FUNDING

Some marketers categorize startups in terms of funding stages:

- Seed or Angel Funding—early stage, few employees, exploring marketplace, may or may not have prototype

- Series A—some outside funding, working prototype, being sold in market, generating some revenue

- Series B—scaled up product, facing competitors, working business model, generating net profit

- Series C—gaining market share, developing more products/services, possibly preparing for acquisition, final stage of growth before IPO

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EXECUTIVE INTERVIEWS

Companies vary in their willingness or ability to work with certain types of startups.

Most large companies prefer to work with startups that are somewhat established, and beyond the seed or angel funding stage of development.

"I'd love to be able to work with earlier-stage startups, but we're not resourced to handle the additional work that's required to engage those. So we focus on startups that have hit Series A or beyond. Series A startups vary pretty broadly, but the signposts typically are that the model has been proven out and has achieved some sort of scale."

Director, Digital Innovation Lab, National Personal and Healthcare Product Brand

Aside from that, marketers vary in their engagement with startups in different stages of development.

- Some marketers prefer to work with less established startups in order to obtain a higher degree of partnership, customization, or product ownership.

- Other marketers prefer to work with more established startups in order to minimize their risk.

Ultimately, the marketer is looking for a startup that is a "good fit" not only in terms of technology solutions, but also in terms of stage of development.

"With newer, emerging companies, we are able to actually get in on the ground floor and work through their offering with them."

Vice President, Digital Marketing, National Food Company

"What we've realized over time, through trial and error, is that it's better to work with startups that have some tread behind them."

Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

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EXECUTIVE INTERVIEWS

Large companies have established processes of engagement than can be challenging for startups.

SELECTION

The selection process can take a long time, as multiple departments and internal funding sources weigh in on the candidates.

- Marketing team
- Technology staff
- End users
- Other teams within the company
- Global partners

PROCUREMENT

The procurement process often involves lengthy contracts and thorough vetting by the company's legal department. Areas of friction might include:

- Exposure to risk
- Contractual language
- Delays to the project timeline

> *"You're basically campaigning for a really long time to get the support internally for a startup. You become an extension of the sales team. You have to convince people internally to get the money first. And then you have to convince folks organization wide that this is the right vendor to do this kind of thing."*
>
> Senior Manager, Global Social Analytics and Customer Care | National Banking Company

> *"We have a big organization, and we have to follow specific processes that are in place from a procurement and legal standpoint. Startups are like, 'Come on, come on—we want to get going!' It's a matter of different perspectives on timing and urgency, and when and when not to take risks. These are core differences that can lead to frustration points. Startups have to be prepared for the processes they'll encounter in working with a larger organization."*
>
> Director, Shopper Marketing | National Food Company

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Marketers consider their own needs first and foremost when selecting startup vendors.

Companies will engage startups only if it is clear that the startup has the potential to positively impact the business.

Oftentimes, startups fail to pitch themselves in terms of the unique value they might bring to a client. Marketers respond best to startups that:

- Articulate their value proposition in terms specific to the needs of the company
- Clearly identify ways in which they are different from their competitors

Most companies have no formal requirements of startups.

Rather, they follow common practices in regard to what types of startups with which they are willing to work:

- Somewhat established, in series A, B, or C of development
- Proven concept
- Proven track record of working with large companies
- Sufficient funding
- Ability to scale

"The most common thing we see is that startups assume we'll have a problem and then they come and tell us how they're going to solve it. They haven't validated whether or not the problems exists, and we're saying, 'Well, we don't have that problem.' That's usually when they fail to get my attention: They haven't done their homework on what I'm interested in."

Director, Ventures, International Petroleum Products Producer

"Whatever your proposition is, make sure it's tight and it's different than what else is in the marketplace. Know who else in the marketplace is close to your space, and know what your differentiation is between those different players because that's the first thing my organization looks at."

Director, Shopper Marketing, National Food Company

"You want them to have some experience working in the real world because the difference between theory and practice is usually significant. We're also looking for startups to be well funded, because unforeseen things can happen and the startup needs to have enough runway to absorb those things."

Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

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EXECUTIVE INTERVIEWS

Companies generally use startups to meet a need that cannot be met elsewhere.

INTERNAL IT DEPARTMENTS

There is very little indication of companies looking in-house for needs that are typically met by startups.

- They often see their own companies as too cumbersome and/or too slow to move.

- They may view their own IT technicians as lacking in expertise and/or inclination to invent new technologies.

- Their own IT department may be busy managing critical business functions and unable or unwilling to spend time working on new customized solutions.

LARGER OR MORE ESTABLISHED VENDORS

While larger and more established vendors are often easier to work with, marketers view them as unable to provide the types of solutions that startup companies can provide.

- Larger companies are generally seen as slower and less adaptive.

- Established companies are generally seen as less innovative.

"Our IT department is responsible for a lot of critical business functions—making sure the computer systems and operations work. For us to go and develop, say, a social listening platform, it would be too arduous to do. We would rather just outsource that to a startup vendor. That's why they exist, so they can reduce inefficiencies and be lean and provide that value."
Senior Manager, Global Social Analytics and Customer Care, National Banking Company

"We look at large organizations that, especially on the marketing side of things, are not structured to make changes very quickly, or even adapt to changes in the market. With startups you're in a place where you can scale quickly and respond to changes, and you have the flexibility to reprioritize."
Vice President, Marketing, Agency Aligning Startups and National Advertisers

"I think the reason we tend to test more with startups is because well-established vendors often try to adapt their existing offerings to the new landscape. Many times those end up being less-than-ideal solutions."
Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

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Strengths of Startups

ATTITUDES

- Small and **nimble**

- **Passionate** about what they do

- **Driven** to meet the client's needs

"Startups are hungry to get things done, so they go above and beyond. What I like best about startups is the excitement they bring to the space."
Director, Marketing, National Advertiser in Gardening and Pet Brands

SOLUTIONS

- Focused on providing **customized solutions** that will help advance the company

- Provide solutions at a **lower cost** than more established companies

- **Innovative** and creative

- Enable **new ways of reaching customers**

- Very good at **testing concepts** and ideas

- **Modern and cutting-edge**

"We love startups because they have a significantly different approach to how they solve business problems."
Vice President, Digital Marketing, National Food Company

IMPACT

- Provide **competitive advantages**

- Positively impact the **internal corporate culture**

- Keeps the company abreast of **new technologies and developments**

"Through our startup partnerships, we've gotten smarter because we work with people who are really sharp and on the cutting edge of whatever they're creating. They have a different mentality and bring that entrepreneurial spirit forward, so it has an organizational development impact."
Director, Shopper Marketing, National Food Company

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Common Challenges in Working with Startups

RISKS

- **Security risks,** particularly with sensitive data

- **May not be able to deliver** on what they say they can do

- **Legal and compliance issues**

- **Many go out of business** before the project is completed

- **May be bought out** before the project is completed

"There's always a little bit of concern about data. The customers put a lot of trust in our technology and marketing, and we don't want to violate that trust."
Vice President, Digital Marketing, National Food Company

"The biggest risk in working with a startup is that it might go out of business."
Director, Shopper Marketing, National Food Company

WORKING RELATIONSHIPS

- **Fascination with ideas,** but inability to understand and articulate the value, use, or impact of that idea within a corporation

- **Immature;** do not know how to work with large corporations

- Need to create **new contracts** with every new startup relationship

"A typical startup is usually younger folks who don't have a lot of experience navigating a corporate environment. It's going to be more labor intensive on our end, with a lot more hand-holding."
Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

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Startups are evaluated by their performance.

Programs are ultimately evaluated by results, tangible outcomes, and the overall impact on advancing marketing initiatives.
While positive working relationships are important, they will not make up for inadequate technology. Considerations in evaluating the success of a startup relationship may include:

- Degree to which it solves a business problem

- Reliability of the technology

- Effectiveness in reaching customers

- Capability of being continued and/or scaled up

- Overall impact on business objectives

Marketers are generally accepting of pilot experiences in which they feel they learned something, even if the project was ultimately unsuccessful.
Though it is rare, companies are sometimes willing to continue working with a startup even if the pilot did not perform quite to expectations. These cases are typically marked by exceptionally good working relationship between the startup and the marketing team.

- Mutual learning and growth

- Honesty and transparency

"Everything is performance based. We establish goals up front and we track the results to see how the startup performed. If it didn't perform based on what it suggested, recommended, or planned, we will cut the company loose. If something fails, my name's attached to it. So I need to make sure my level of confidence is to the point where we're comfortable to move forward."
Director, Marketing and Media, National Entertainment Company

"We always run pilots for a new technology program. Pilots will reveal weaknesses—some we can live with, some we can't. We decide whether we can perfect the product, and whether there is potential to grow and work with the startup."
Executive Director, Global Category Marketing, National Entertainment Company

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EXECUTIVE INTERVIEWS

Companies would prefer long-term relationships with startups.

Establishing new partner relationships is difficult, and marketers generally stay in a relationship if it is working. However, there are two main reasons why a startup relationship would not continue:

- The startup goes out of business
- The startup does not perform to expectations

Barring those situations, most companies who engage startups hope to continue working with the startup beyond the pilot stage, even if the company is no longer considered a startup.

"Ideally, we would love to have a partnership go longer than a simple pilot. My goal is to get something tested and then figure out how to scale it."
Director, Shopper Marketing, National Food Company

"Ultimately, we won't work with any startup unless we think it can scale within the company. We have limited resources and the goal is to find a significant business problem that a startup can solve, which typically only happens if we can scale the solution across multiple parts of the business."
Director, Digital Innovation Lab, National Personal and Healthcare Product Brand

"The money we spend with startups tends to be with testing. When we have successful tests with those startups, our expenditure will increase as we scale those solutions. And as we scale those solutions, they will cease to be startups."
Senior Manager, Local/Shopper Marketing Communications, National Beverage Company

CASE STUDY 1

The Situation:

Company A invests in external startup companies to help them understand how technology is being adopted, where the market adoption is taking place, and what the results are. They use this information for long-term strategic planning.

"When we make an investment in a small company, we're seeing firsthand who knocks on their door, who stays a customer, why that customer is interested in that new service operation, and what that enables them to do. It either reinforces insight that we've already seen, or it creates new insight that we have not previously seen ahead of everybody else, and we get a richer set of insights because we're experiencing it directly by participating. We get a much deeper and richer set of insights on that market than we otherwise would."

The Startup:

Company A has invested in Startup B , which manufactures a device that collects data on individual consumer use of specific products. They can then predict the customer's future needs, and facilitate more relevant and timely communication from the company.

The Result:

Startup B tracked customer usage data and used this to provide the company with specific recommendations about communication with individual customers. "They were able to pull that data, understand what was happening, and relay that back and say, 'If you want to contact the customer, don't send them anything yet because they don't need anything. But send them an email in six weeks because that's when they'll need it.' You're able to reduce the number of emails you send out to people and increase the relevance of the email so that you get a better response from the customer."

The Company's Assessment of the Partnership:

Company A was very pleased with the partnership. "The results that came in were just phenomenal! It was better than anybody expected. That's the kind of insight that we wouldn't get anywhere else."

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CASE STUDY 2

The Situation:

Company X produces a line of consumer packaged goods that are sold in convenience stores. The company is always looking for ways to better connect with customers at the point of purchase.

The Startup:

Startup Y operates a smartphone navigational system that informs users about real-time traffic and up-to-date local gas prices. Users can also access convenience store coupons through the system.

The Result:

Company X partnered with Startup Y to test the navigational system. They then did another test with one of their convenience store partners, and later did a third test with a different convenience store partner. "With each of those programs we scaled up in different manners, over a 12-month horizon. The first test was purely communication. The second test included couponing. Then the third test included messaging and couponing. Each program got better and better because we were learning from each of them."

The Company's Assessment of the Partnership:

Company X chose to continue working with Startup Y. "We loved them. When we test and scale, we're usually scaling something that's first to market. To me, that's exciting and potentially game changing for not only the startup, but also for us because we're bringing something to the market that's not out yet."

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CASE STUDY 3

The Startup:

Startup D is a dashboarding company that helps manage media costs and performance data across marketing campaigns over time.

The Situation:

The marketing executive at Company C knew someone who worked at Startup D. "That's how they got in the door. Beyond that, they were proposing a solution that I had already understood was necessary when I was on the ad agency side. It was challenging to know, 'How much have we spent year to date? How much have we spent by vertical? How much have we spent on brand, by channel?'"

"When these folks came in and had that solution, we were already at a point where we really needed it. But the most important part of it was owning our own data. I noticed that we tended to move away from agency relationships over a short period of time, and lost data as a consequence of that. So this was an opportunity to preserve our historical data, sufficient that we could see trends over time. At the time we weren't aware of anything else out there like it, so we approached it as a pilot with the ability to scrap it if it didn't work out."

The Result:

"In the beginning, they couldn't actually do all the things they said they could do. We invested a lot of time pulling our data together, and they invested a lot of time manually sorting out what I thought was an automated process. As a trade-off for that, we were patient, because we understood what the outcomes were going to be. Over time it has become much more automated, so they have done all of the things that they initially said they could do."

The Company's Assessment of the Partnership:

Company C has chosen to continue its partnership with Startup D. "It has evolved and improved exponentially quarter after quarter. We told them, 'You guys need professional services. This is something that we can't take on without some help,' and they said,' We don't have professional services, but we'll think about that.' They eventually added that expertise to their company, and they still provide the professional services we need to this day." The partnership is ongoing, and has been active for almost three years.

Chapter 4: Implications

IMPLICATIONS

The Marketer's Bottom Line

COMPANIES ARE NOT BUYING TECHNOLOGY. THEY ARE BUYING SOLUTIONS.

Companies are trying to stay abreast of and utilize advances in technology to reach customers in more personal, timely, and compelling ways in order to positively impact their bottom line.

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This core desire is what leads companies to work with startups. They are essentially looking for a result and they believe startups are the vehicle through which they will achieve that result.

"We will probably never invest in the technology just because we think the technology is great. We'll only invest in the technology when we think it's redirecting a problem that is very painful for somebody in the market."

Director, Ventures, International Petroleum Products Producer

Path to Engagement

IT IS OKAY TO BE EXCITED ABOUT TECHNOLOGY, BUT THAT IS NOT THE END GAME.
THE END GAME IS PRODUCING A RESULT.

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The biggest challenge lies in a startup's ability to articulate what it is offering in a way that is meaningful and relevant to the marketer.

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The startup's proposition must address the core value the company will place on the startup. This means that a startup must shift its focus away from its technology and toward its prospective customer to understand their objectives, goals, and business environment.

"Do your research. You never want to be in a position where you finally get a meeting and you are not prepared. You need to listen to what's going on in the market, but also with your client."
Vice President, Marketing, Agency Aligning Startups and National Advertisers

Relationship Pitfalls

LARGE COMPANIES WILL NOT CHANGE TO ACCOMMODATE STARTUPS.

Large companies move slowly. They worry about exposure, particularly with data. They have internal policies and procedures that they must follow. These things are intrinsic to large companies and are not going to change.

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Companies do not accommodate small startups. They are not forgiving of shortcomings, and they expect a startup to learn to accommodate a company of their size, business style, and needs. They may offer more or less help to startups in the form of incubators, funding sources, or mentors, but it is help that they're giving, not accommodation.

Relationship Pitfalls

LARGE COMPANIES WILL NOT CHANGE TO ACCOMMODATE STARTUPS.

"A lot of startups need to better understand how Fortune 500 companies operate. They don't quite understand the budget process, the amount of time it takes. They also sometimes don't grasp the politics and the relationship building that needs to take place."

Senior Manager, Global Social Analytics and Customer Care, National Banking Company

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If a startup wants to do business with a large company, it needs to be willing and able to adapt to the company. A startup's technology may be impressive, but it is largely irrelevant unless the startup can focus in on a business priority or objective that the company wants to achieve, and work within the culture and context of that company.

Consumer Technology Association™

ANA

IMPLICATIONS

Successful Relationships

COMPANIES MEASURE SUCCESS IN RELATION TO BUSINESS OUTCOMES.

Large companies have pronounced financial discipline and demand measurable outcomes of financial impact.

If a startup meets a core business need of the company, then the relationship is considered successful.

While positive working relationships are important, they will not make up for a startup's inability to deliver results.

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Appendix

ABOUT ANA

The ANA (Association of National Advertisers) provides leadership that advances marketing excellence and shapes the future of the industry. Founded in 1910, the ANA's membership includes nearly 700 companies with 10,000 brands that, collectively, spend over $250 billion in marketing and advertising. The ANA also includes the Business Marketing Association (BMA) and the Brand Activation Association (BAA), which operate as divisions of the ANA, and the Advertising Educational Foundation, which is an ANA subsidiary. The ANA makes a difference through advancing the interests of marketers and promotes and protects the well-being of the marketing community.

ABOUT CTA

The Consumer Technology Association (CTA), formerly the Consumer Electronics Association (CEA), unites 2,200 companies within the consumer technology industry. Members tap into valuable and innovative members-only resources: unparalleled market research, networking opportunities with business advocates and leaders, up-to-date educational programs and technical training, exposure in extensive promotional programs, and representation from the voice of the industry.

1: DIRECTOR, SHOPPER MARKETING | NATIONAL FOOD COMPANY

2: SENIOR MANAGER, LOCAL/SHOPPER MARKETING COMMUNICATIONS
NATIONAL BEVERAGE COMPANY

3: SENIOR MANAGER, GLOBAL SOCIAL ANALYTICS AND CUSTOMER CARE
NATIONAL BANKING COMPANY

4: SENIOR VICE PRESIDENT, MARKETING PRODUCT AND MARKET DEVELOPMENT
NATIONAL FINANCIAL TRANSACTIONS COMPANY

5: VICE PRESIDENT, MARKETING
AGENCY ALIGNING STARTUPS AND NATIONAL ADVERTISERS

6: VICE PRESIDENT, ONLINE ADVERTISING | REGIONAL FINANCIAL SERVICES COMPANY

7: DIRECTOR, MARKETING AND MEDIA | NATIONAL ENTERTAINMENT COMPANY

8: VICE PRESIDENT, DIGITAL MARKETING | NATIONAL FOOD COMPANY

9: DIRECTOR, DIGITAL INNOVATION LAB
NATIONAL PERSONAL AND HEALTHCARE PRODUCT BRAND

**10: EXECUTIVE DIRECTOR, GLOBAL CATEGORY MARKETING
NATIONAL ENTERTAINMENT COMPANY**

**11: DIRECTOR, MARKETING
NATIONAL ADVERTISER IN GARDENING AND PET BRANDS**

12: DIRECTOR, VENTURES | INTERNATIONAL PETROLEUM PRODUCTS PRODUCER