



Common borders. Common solutions.

BASICS OF ENTREPRENEURSHIP FOR TOURISM AND CULTURE OPERATORS





Project funded by
EUROPEAN UNION



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Tbilisi 2022



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Published under the project Tourism, Heritage and Creativity (THC)

THC is implemented with the support of the ENI CBC Black Sea Basin Programme 2014-2020 and funded by EUROPEAN UNION

Project Partners:



Georgian Arts and Culture Center (Leading partner)
European Institute for Cultural Tourism EUREKA NPO
Foundation for the Development of the City of Mykolaiv

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Special thanks to festival/residency program “Aqtushetii” (Georgia, region Tusheti, Omalo village), mobile marketplace “Biliki app” (Georgia), Family Snail Farm and Restaurant “Eco-Telus” (Bulgaria / Kavarna municipality / Dobrich district/ village Balgarevo), Historic complex “Ongal” (Bulgaria Kavarna municipality / Dobrich district/Balgarevo village); Tetiana Sadovnycha, owner of an art studio (Ukraine/ city of Mykolaiv); Mykola Dantsev, owner of the Chocolate Manufacture “Dantsev&Son” (Ukraine/city of Mykolaiv) for their support in the preparation of this publication.

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UDC (უკვ) 338.48 +338.22 C_51

ISBN 978-9941-8- 4145-3

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INTRODUCTION/ENTREPRENEURIAL JOURNEY

This manual was developed after a 2-week program that was offered in spring 2021 in Tbilisi Georgia. The program was focused on entrepreneurship for the Tourism and Hospitality industry. Participants learned each step of the venture creation process and applied the lessons in an exciting, team-based experiential learning environment. The idea was to provide participants with the necessary skills, frameworks, and hands-on experience in building companies around their ideas.

Participants learned how to:

- Generate, brainstorm, evaluate and validate new ideas for the tourism and hospitality industry
- Segment the target market
- Generate customer persona profiles
- Conduct customer interviews
- Analyse the interviews and get insights
- Interpret and validate customer needs
- Quantify the compelling value proposition
- Select the proper communication and sales and distribution channels
- Evaluate the channels
- Formulate Hypothesis and conduct experiments to validate/invalidate
- Develop MVP¹
- Leverage startup ecosystem in Georgia
- Prepare grant applications and business presentations (pitches) for various startup competitions and grants

1. A minimum viable product (MVP) is a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development. For more details, please, see unit "Hypothesis and MVP"

INNOVATION

Innovation is the practical implementation of ideas that result in introducing new goods or services or improvement in offering goods or services. For Entrepreneurs, innovation is their best chance to enter the existing market that is already divided between incumbents. While not everyone agrees that all Entrepreneurs are innovative – a successful innovative Entrepreneur is someone who has the interest and ability to produce innovative products to meet the market's demands and trends.

Types of Innovation

The simplest way to categorise innovation is into two types – incremental and disruptive.

Incremental innovation improves an existing thing (product, process or service).

Disruptive innovation is finding an entirely new way of doing something.

Corporations handle incremental innovation very efficiently; however, they find it extremely hard to do disruptive innovation. And understandably so:

- A way a typical tech founder and a big corporation full of MBA² students and logic kings approaches the problem.
- Assume we want to come up with a drink to replace Coke³. Will we be rational? Will we think we come up with something cheaper, in a bigger can and tastes better?
- Crazy ones come up with Red Bull⁴ – exactly opposite.
- Because logical thinking is safe. No one will fire you from a corporation for thinking logically. If you think, creatively you might get fired.

That's where startups come into the picture. They are designed to handle disruptive innovation.

Corporation vs SMMB vs startup

A startup is a very different type of organisation. In frontier ecosystems, people tend to call any new business a startup. Thus instead of arguing on a proper definition of a startup, let's agree to categorise startups.

Different types of Startups

- MSME (micro, small and medium enterprises)
- Lifestyle businesses
- Startups interesting for venture capital
- Also called high-growth startups
- Also called technology startups
- Others

2. MBA - A Master of Business Administration is a graduate degree focusing on business administration, investment management, healthcare administration and psychology.

3. Coca-Cola, or Coke, is a carbonated soft drink manufactured by The Coca-Cola Company. <https://www.coca-cola.com/>

4. Red Bull is an energy drink sold by Red Bull GmbH, an Austrian company created in 1987. <https://www.redbull.com/>

Startup Definitions

Definition #1

GROUP OF PEOPLE IN SEARCH OF BUSINESS
THAT IS SCALEABLE AND REPEATABLE if the startup is interesting for venture capital

Definition #2

GROUP OF PEOPLE THAT TRIES TO MONETISE THE CHANGES

Definition #3

GROUP OF PEOPLE THAT TRIES TO HACK THE ESTABLISHED SYSTEM
BREAK THE OLD RULES AND SET THE NEW ONES

FOUNDER AND A TEAM

The first question that an investor has when listening to a startup pitch is about the ambitions and competencies of a team behind the startup idea.

Who are you, co-founders, mentors/advisors? Ambitions, competencies. Why are you doing this?

- Ambitions can vary
 - Money to buy a house, prove to parents/girlfriend that I am not an idiot, becoming Elon Musk⁵
 - Good but not enough
 - Wrong: starting because it is cool. OK, if you don't know.
- Success
 - 10% luck, 10% strategy, 80% competencies and grit
 - 80% of pitches – need money to hire programmers, sales, marketing – then who are you? Just the idea bearer?
 - If you cannot do yourself at least one of the key elements – you are not needed
 - How to find out if you have the necessary competencies? MVP, first customers, first conversion, the first money
 - If you cannot do it – you lack competency, time to find a co-founder or replace
 - 99% will give up when the first product doesn't succeed (drama, going to Tibet, blaming others)
 - 1% after nightmares will get up, change segment, value prop, try again, try differently
 - That's why it's HR business. What matters? Not passion, but balls from steel and competencies
 - Starting a startup is akin to looking at a “kiss of death.”

5. Elon Reeve Musk FRS is an entrepreneur and business magnate. He is the founder, CEO, and Chief Engineer at SpaceX; early stage investor, CEO, and Product Architect of Tesla, Inc.; founder of The Boring Company; and co-founder of Neuralink and OpenAI. A centibillionaire (A person whose assets exceed \$ 100 billion), Musk is the richest person in the world as of September 2021. https://en.wikipedia.org/wiki/Elon_Musk

What it takes to be a good founder

Some signs of an Entrepreneurial mind:

- 1) You take action, while others still analyse and think
- 2) You want to prove something (Ambitions are really insecurities underneath)
- 3) You're resourceful (Making most with what you have)
- 4) You obsess over cash flow
- 5) You don't ask for permission
- 6) You would rather ask for forgiveness

As a founder or a startup co-founder, it is essential to understand your own type. One of the bad mistakes startup founders commit is pretending to play the role of someone that they are not fit for. For example, it is important to understand if the founder is an inventor or innovator:

Inventor vs Innovator

An inventor is a person who creates or discovers an invention. The word inventor comes from the Latin verb invenire, invent-, to find. Although inventing is closely associated with science and engineering, inventors are not necessarily engineers or scientists. Some inventions can be patented.

An innovator is a person or organisation who is one of the first to introduce into reality something better than before.

They share some important characteristics such as, they are both detail oriented noticing things and problems around them. They have extremely high observation skills in the areas that are of interest to them. However, inventors are typically bored with the execution part of the invention, meaning bringing the invention all the way from the idea on paper to the market. Innovators enjoy that part. That's why inventors of the technology are often not widely known, but innovators who brought the same invented technology to the masses are celebrities.

Other traits that successful startup founders typically possess are:

- 1) They are generalists – meaning that they are interested in many different fields that very often are unrelated. For example, being computer programmer by trade they might be interested in genetic engineering, philosophy and theatre. As a result, they have more chances to come up with great and non-obvious startup ideas because they often have a unique point of view on problems.
- 2) They have an Opportunity Mindset – they act when others prefer to think and waste time.
- 3) GRIT⁶/compound interest – definition is below
- 4) Fake it till you make it – the best example is the first iPhone⁷ presentation from Steve Jobs⁸. It is often necessary for a founder to bend the truth and make things appear further along

6. Grit (personality trait) - In psychology, grit is a positive, non-cognitive trait based on an individual's perseverance of effort combined with the passion for a particular long-term goal or end state (a powerful motivation to achieve an objective)

7. The iPhone is a line of smartphones designed and marketed by Apple Inc. that use Apple's iOS mobile operating system. <https://www.apple.com/iphone/>

8. Steven Paul Jobs (1955 –2011) was an American business magnate, industrial designer, investor, and media proprietor. He was the chairman, chief executive officer (CEO), and co-founder of Apple Inc.;

of what they really are. It's also part of great storytellers. However, they always make sure to deliver the promised products and benefits at the end.

How to know what type of founder you are

Three types of people. They operate most effectively in the environment:

- 1) No rules, or no clearly defined rules (uncertainty)
- 2) Clear rules are well defined (within the box)
- 3) Both

To determine which group we belong to, try to be genuine and remember which environment you performed most effectively. Most people belong to group 2)

Founder's luck

Ability to develop the right product at the right time at the right place and communicate to the right audience

Founder's superpowers

- 1) Ability to foresee impact changes – right timing
- 2) Ability to foresee how to monetise these changes – right product
- 3) Ability to foresee who will benefit from these changes – right audience
- 4) Ability to find your customers efficiently – right market

Founder's skillset

The rest is about skills that are relatively easy to acquire. But please beware of the myths that social media and Hollywood willingly or unwillingly instil in our minds.

Myth: Entrepreneurs love risk-taking

- The reality is that entrepreneurs are very calculating (or risk calculation). This does not mean that it takes a long time to do it; on the contrary, they manage to do it very quickly)
- They take only well-calculated risks
- Successful entrepreneurs never make big bets that can potentially destroy them
- Without first checking hypothesis quickly and cheaply
- Google⁹ can afford to spend 30mln USD on Google Glass¹⁰, but a typical startup cannot
- And because the risks are well calculated – they are not afraid to make a mistake – because they won't lose much
- Regular people and inexperienced entrepreneurs are not good at calculating risks: that's why regular people never make the first step, and inexperienced entrepreneurs take a long time to make a first (sure as they think step), bet everything on it, and as a rule - lose

9. Google LLC is an American multinational technology company that specializes in Internet-related services and products, which include online advertising technologies, a search engine, cloud computing, software, and hardware. www.google.com

10. Google Glass is a brand of smart glasses—an optical head-mounted display designed in the shape of a pair of glasses. It was developed by X (previously Google X) with the mission of producing a ubiquitous computer. Google Glass displays information in a smartphone-like, hands-free format. Wearers communicate with the Internet via natural language voice commands.

Skillset and superpowers that are also important in a non-startup world and personal life

Importance of building a team (co-founders, required competencies)

It is very important to know how to talk to customers. A big part of it is developing listening skills and taking the correct insights from customer interviews. This skill set frequently differentiates successful founders from unsuccessful ones. It is also essential for personal success at every level, including personal life.

BIG IDEA

Big IDEA – why and how the idea was born

- 99% of startups DIE
- Because no need for the product or no one wants to pay money
- When product dies – startup dies
- That's why you need to start with formulating IDEA, not a product
- Product is just realisation of BIG IDEA, can be several products
- IDEA = Problem, NEED but most importantly WHY you want to do it
 - Examples: people like to stay in shape but don't like going to a gym, people like eating but don't like washing dishes, people like home delivery but hate waiting for Glovo¹¹ in the house because they move all the time
- Each idea from the examples have different implementation ways (products-dishwasher, disposable tableware or dishes made of chocolate)

Signs of a good idea

- Practicality – not useless, born in your head (in a vacuum)
- Come from good observation skills
- All great inventors and innovators have great observation skills
- Detailed oriented, they noticed things that others don't
- If you are unique – your observation will be unique
- If you are unique now, but there will be many more people like you in the future market will not be small
- One idea/problem/observation = many products/solutions
- So that you can test and pivot and not change the project

7 sources of how ideas are born:

- Copycat¹²
- Intersection of hobby, competency and market demand

11. Glovo is a Spanish quick-commerce start-up founded in Barcelona in 2015. It is an on-demand courier service that purchases, picks up, and delivers products ordered through its mobile app. It offers multiple services with food delivery being the most popular offering. <https://glovoapp.com/>

12. Copycat - one who imitates or adopts the behavior or practices of another.

- Budget line¹³
- Work experience
- Trends/bestsellers (Apps¹⁴, VR¹⁵/AR¹⁶/Unity¹⁷)
- Community problems (bridge players, gamers, skydivers)
- Networking/conversations
- Question to the founders – idea is based on real world demands or born in your lonely heads?

Do you need a business plan?

Successful entrepreneurs rarely create full-length business plans before they launch a product. The reason is that early-stage startups are all about experiments, hypothesis checking, thus to produce a full-blown 80-page business plan makes little sense. So instead, what makes sense is to create a short, concise and flexible framework which sometimes is called Business Model Canvas, and it's a more modern and more appropriate version for early-stage startups Lean Stack Canvas.

Startup way - as close as business gets to science

That's why instead of business plans, like a methodical scientist, they set up a series of hypotheses they need to answer:

Who are our first clients

What problem are we solving

What is a value proposition for a customer

What channels shall we use

What will be our costs

Will unit economics work¹⁸

Eight important questions that you need to have answers to when starting an enterprise

Who is the specific audience that will LOVE this product?

What is the problem (NEED) this audience has and is willing to pay for?

What is the value promise we give to the customers when solving this problem?

What are the current alternative solutions?

How will the solution be remarkably better than what's on the market?

How will we find and attract customers profitably at scale?

13. In economics, a budget constraint represents all the combinations of goods and services that a consumer may purchase given current prices within his or her given income. Consumer theory uses the concepts of a budget constraint and a preference map as tools to examine the parameters of consumer choices.

14. An application program (app or application for short) is a computer program designed to carry out a specific task other than one relating to the operation of the computer itself.

15. Virtual reality (VR) is a simulated experience that can be similar to or completely different from the real world.

16. Augmented reality (AR) is an interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information, sometimes across multiple sensory modalities, including visual, auditory, haptic, somatosensory and olfactory.

17. Unity is a cross-platform game engine developed by Unity Technologies. <https://unity.com/>

18. Unit economics, in simple words, are the direct costs and revenues associated with a business model on a per-unit basis.

What is the primary way we will make money? Is there a strong willingness to pay from the customers?

What are the important key performance indicators (KPIs¹⁹) to know we progress toward our goals? And the best way to get answers to these questions is to talk to your customers (look for the Customer Discovery chapter)

Business Model Canvas

The Business Model Canvas is a business tool used to visualise all the building blocks when you want to start a business, including customers, route to market, value proposition and finance.

There are nine building blocks in the business model canvas and they are:

Customer Segments: Who are the customers? What do they think? See? Feel? Do?

Value Propositions: What's compelling about the proposition? Why do customers buy, use?

Channels: How are these propositions promoted, sold and delivered? Why? Is it working?

Customer Relationships: How do you interact with the customer through their 'journey'?²⁰

Revenue Streams: How does the business earn revenue from the value propositions?

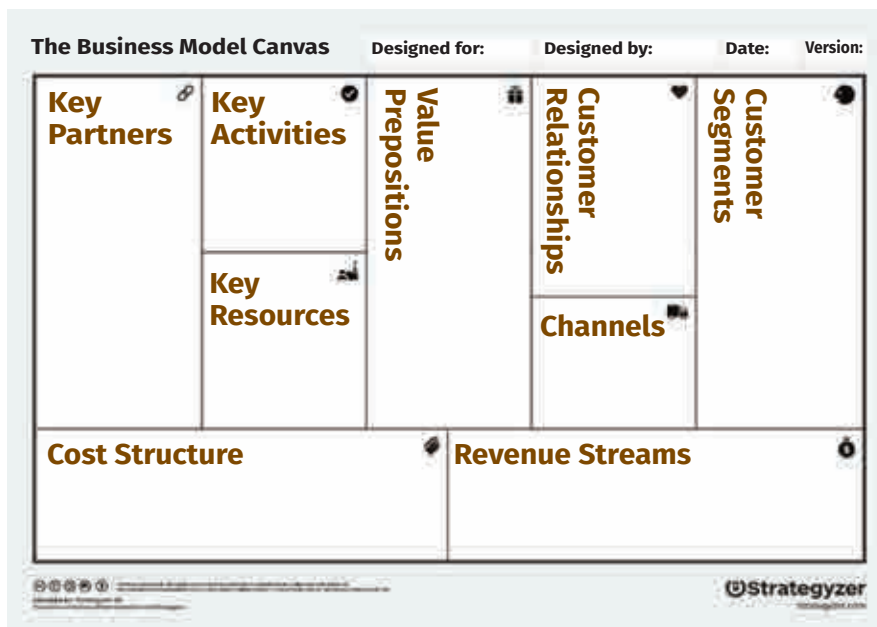
Key Activities: What uniquely strategic things does the business do to deliver its proposition?

Key Resources: What unique strategic assets must the business have to compete?

Key Partnerships: What can the company not do so it can focus on its Key Activities?

Cost Structure: What are the business' major cost drivers? How are they linked to revenue?

Illustration #1 - The Business Model Canvas



19. A performance indicator or key performance indicator is a type of performance measurement. KPIs evaluate the success of an organization or of a particular activity in which it engages.

20. A customer journey is an entire experience a customer has while communicating with a brand. It considers the complete interaction roadmap from brand discovery to purchasing and beyond. The focus isn't on transactions, but rather how the customer feels after interactions with the brand.

Lean Stack Canvas

Lean Canvas is a 1-page business plan template created by Ash Maurya²¹ that helps you deconstruct your idea into its key assumptions. It is adapted from Alex Osterwalder's²² Business Model Canvas and optimised for Lean Startups. It replaces elaborate business plans with a single page business model.

Business plans take too long to write, are seldom updated, and are almost never read by others. So documenting your plan is key, and the Lean Canvas replaces long and boring business plans with a 1-page business model that takes 20 minutes to create and gets read.

Fast

Compared to writing a business plan which can take several weeks or months, you can outline multiple possible business models on a canvas in one afternoon.

Portable

A single page business model is much easier to share with others, which means it will be read by more people and also more frequently updated.

Concise

Lean Canvas forces you to distill the essence of your product. You have 30 seconds to grab the attention of an investor over a metaphorical elevator ride and 8 seconds to grab the attention of a customer on your landing page.

Effective

Whether you're pitching investors or giving an update to your team or board, our built-in presenter tools allow you to effectively document and communicate your progress.

Illustration #2 - The Lean Canvas

PROBLEM List your customer's top 3 problems	SOLUTION	UNIQUE VALUE PROPOSITION Single, clear, compelling message that turns an unaware visitor into an interested prospect	UNFAIR ADVANTAGE Something that can not easily copied or bought	CUSTOMER SEGMENTS List your target customers and segments
EXISTING ALTERNATIVES List how these problems are solved today	KEY METRICS List the Key numbers that tell you how your business is doing	HIGH-LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)	Channels List your path to Customers	EARLY ADOPTERS List the characteristics of your ideal customers Add Comments
COST STRUCTURE List your fixed and variable costs		REVENUE STREAMS List your sources of revenue		

Lean Canvas

21. Ash Maurya is a software engineer, entrepreneur, best-selling author, blogger and speaker, founder of LEANSTACK. The Lean Canvas is a version of the Business Model Canvas adapted by Ash Maurya in 2010 specifically for startups.

22. Alexander Osterwalder is a Swiss business theorist, author, speaker, consultant, and entrepreneur, known for his work on business modeling and the development of the Business Model Canvas.

PRODUCT

Product is an implementation of a Big Idea

- Now you need to turn a great idea into a great product
- Nothing else matters until it happens
- All other necessities (raising money, hiring, PR²³, bizdev²⁴) are much easier once you have a great product
- Thus typical early days of a founder – sitting at a desk coding or talking with customers
- Find a small group of users
- Make them LOVE what you are doing
- Very few startups die from competition
- Most die because they failed to make something that users LOVE
- Because they were too busy doing other things
- Start with something simple
- Much easier to make a great product
- Forces you to make it good – so that users LOVE
- Examples: Google, Facebook²⁵, iPhone, iPod²⁶, Uber²⁷, Airbnb²⁸
- Recruit your users manually
 - Ben Silbermann (Pinterest²⁹) was recruiting his users in coffee shops
 - He also used to walk into Apple stores in Palo Alto and set up browsers on displayed products to the Pinterest homepage
 - If your product is to replace a post office, go to the post office, start pulling people from a line and demo your product
- Understand that group EXTREMELY well
- You don't need a big number initially anyway

23. Public relations (PR) is the practice of managing and disseminating information from an individual or an organization (such as a business, government agency, or a nonprofit organization) to the public in order to affect their public perception.

24. Business development entails tasks and processes to develop and implement growth opportunities within and between organizations. It is a subset of the fields of business, commerce and organizational theory. Business development is the creation of long-term value for an organization from customers, markets, and relationships.

25. Facebook is an American online social media and social networking service owned by Facebook, Inc. www.facebook.com

26. The seventh-generation iPod Touch is a multipurpose handheld device designed and marketed by Apple Inc. with a touchscreen-based user interface. <https://www.apple.com/ge/ipod-touch/>

27. Uber Technologies, Inc., commonly known as Uber, is an American technology company. Its services include ride-hailing, food delivery, package delivery, couriers, freight transportation, and, through a partnership with Lime, electric bicycle and motorized scooter rental. <https://www.uber.com/>

28. Airbnb, Inc. is an American company that operates an online marketplace for lodging, primarily homestays for vacation rentals, and tourism activities. Based in San Francisco, California, the platform is accessible via website and mobile app. www.airbnb.com

29. Pinterest is an American image sharing and social media service designed to enable saving and discovery of information on the internet using images and, on a smaller scale, animated GIFs and videos, in the form of pinboards. www.pinterest.com

- Don't buy AdWords³⁰
- Shoot for organic growth (WOM³¹)
- Get feedback, iterate
 - What do they like? What would they pay for?
 - What would make them recommend it?
- Shorten the iteration time
- Increase the improvement (10% with every version can make miracles if you release versions frequently)
- Great founders do sales, customer support themselves – don't let anyone stand in between

Bestselling Products

How do we design the best product or service? To answer that, think about the difference between bestselling and amazing products and average products.

What is a single common characteristic of a bestselling product? WOM (world of mouth)³². Customers talk about it.

Remember

- It's not about our product, our company, or our brand
- It's not about how a user feels about us
- IT'S ABOUT HOW USERS FEEL ABOUT THEMSELVES WITHIN THE CONTEXT OF OUR PRODUCT OR SERVICE

So, you need to make sure that you give your users something they can brag about. Think about what will happen when your user clicks "Buy"

- What did that experience enable?
- What can they do now?
- What can they now show to their friends?
- What will they say to their friends?
- How are they now more interesting?

This is what drives our users to talk about and recommend us, and what makes our users so better that they don't even need to talk (WOM vs WOFO³³)

30. Google AdWords is one of the services advertisers use for online promotion of their content, brand, website, etc through certain defined keywords to achieve traffic or leads. It is a form of brief advertising copy with keywords that are displayed on Google web pages and partner websites (called publishers) after matching their content with the keywords. <https://ads.google.com/>

31. Word-of-mouth marketing (WOMM, WOM marketing, also called word of mouth advertising) differs from naturally occurring word of mouth, in that it is actively influenced or encouraged by organizations (e.g. 'seeding' a message in a networks rewarding regular consumers to engage in WOM, employing WOM 'agents'). For more details, please, see unit "Virality/WOMO/WOFO"

32. For more details, please, see unit "Virality/WOMO/WOFO"

33. Word of obvious. For more details, please, see unit "Virality/WOMO/WOFO"

Good marketing focuses on what the potential user *really* wants to do.

- But *after* they buy?
 - Every experience the user has with us shifts to *just the tool*
- If we want sustained, committed, awesome users, we must fix this
- *After* they give us money we should focus even *more* on what they really want to do
- They don't want to be amazed by our *product*
- They want to be amazing in what they *do* with it

They want amazing results

Being better means better results

- But it's more than just results
- More skilful, more knowledgeable, more awesome, more advanced is in itself a very rewarding experience
- The ability to make finer distinctions in what you can see, feel, create, taste, perceive – feels like SUPERPOWER
- When you are more skilled at something, it feels like part of your world got UPGRADE

Before you've been experiencing the world in standard resolution and suddenly part of it is in 8K or 4K

The importance of Emotions, storytelling, experiences

The importance of emotions on serving customer needs:

- Logic is needed to justify the emotional choice
- Problem how to decrease the time of train travel London-Paris
- Elevator doors take too long to close
- Elevator travel time is too long
- This wine does not taste good
- Too many tariff choices
- Restaurant menu choices
- Catchup hard to get out of a bottle

Status signalling and the importance of storytelling:

- Signalling status is an important part of purchasing decision (cars, watches)
- Humans like stories (why so many conspiracy theorists?)
- Understanding what you sell – shovel or story
- The shovel is needed; we don't need to convince people
 - The winner is whoever is cheaper, better
 - The market is limited by whoever needs it (EDU – universities, schools)
- Everything else you can live without, so the way to sell it is to put together a good story
 - The market is limited only with how good the story is
 - If our story is good, there will be a very shallow comparison to competitors (emotional decision)

- Apple, Netflix, Robin Hood³⁴, TikTok³⁵, Fashion industry, movies, music, books
- A simple way to understand is to ask your customer how they made a purchasing decision
- **We live in a matrix, and that matrix is media**

Joshua Bell³⁶ Social Experiment 2007:



Picture#1: Joshua Bell playing at L'Enfant Plaza Metro, 2007. (Michael S. Williamson/The Washington Post)

- 45min in a subway, 3.5mln Stradivarius, 1097 by-passers, only 7 stopped to listen, 27 or so gave money, he made \$51 (\$20 was given by a single person who recognised him)
- 3 days before that, he gave a concert at a Symphony Hall in Boston – 2625 places, \$100 avg. per ticket
- In 2014 another experiment – this time he announced prior – 1000s of attendees

34. Robinhood Markets, Inc. is an American financial services company headquartered in Menlo Park, California, known for pioneering commission-free trades of stocks, exchange-traded funds and cryptocurrencies via a mobile app introduced in March 2015. www.robinhood.com

35. TikTok, known in China as Douyin, is a video-sharing focused social networking service owned by Chinese company ByteDance. It hosts a variety of short-form user videos, from genres like dance, comedy, and education, with durations from 15 seconds to three minutes. www.tiktok.com

36. Born in 1967, GRAMMY® Award-winning USA violinist Joshua Bell is one of the most celebrated artists of his era. Having performed with virtually every major orchestra in the world, Bell performs as soloist, chamber musician, conductor and Music Director of the Academy of St Martin in the Fields.

What customers are buying is not always what we are selling

- Inexperienced entrepreneurs frequently make this mistake:
 - What we sell does not always equal what customers buy (hikers/chewing gums)
 - Instead of dying, try to sell what people are not buying, try to find out what people will buy
- What we make does not always equal what we sell
 - What we make is typically something that can be packaged differently
 - Packaging – value proposition
 - Blender vs meat grinder (same technically, different products)
 - Coffee in café, and delivery coffee
 - Dropbox (cloud archiving system vs video of folders)
 - Sunflowers (Halva³⁷, oil, Van Gogh copies)
 - Etsy³⁸ vs eBay³⁹
 - Everything for everyone – not good, which means we don't know what we are doing

What we are making is not always what we are selling

What are we doing? What are we selling?

- Zappos is a customer service company that happens to sell shoes
- Poker is a money game that happens to use cards; Bridge is an intellectual game
- That's how scalable businesses are different from businesses that push not-needed products to people
- In scalable business, the real product is one of the processes: customer service, sales, distribution, logistics
- In a business – the real product products and processes are needed just to push this product to people
- Food for thought: formulate your business per Zappos, and calculate time and resources spent for the main process vs time and resources spent for the product that you “happen to sell.”

37. Halva refers to various local confection recipes. Halva is made from seed or nut butter like peanut butter, sunflower butter, or tahini, and has a crumbly or fudge-like consistency.

38. Etsy, Inc. is an American e-commerce company focused on handmade or vintage items and craft supplies. These items fall under a wide range of categories, including jewelry, bags, clothing, home décor and furniture, toys, art, as well as craft supplies and tools. All vintage items must be at least 20 years old. The site follows in the tradition of open craft fairs, giving sellers personal storefronts where they list their goods for a fee of US\$0.20 per item. www.etsy.com

39. eBay Inc. is an American multinational e-commerce corporation based in San Jose, California, that facilitates consumer-to-consumer and business-to-consumer sales through its website. www.ebay.com

Virality/WOMO/WOFO

Virality is when you make your customers talk about your product. WOMO = word of mouth. Your users are bragging about your product. In reality, they brag about themselves, but to do it openly is not socially acceptable, so they use your product. That's all you need, right?

WOFO = word of obvious. Even better than WOMO. WOFO is when superusers are bragging about your product. When superusers brag about your product, the effect is being magnified 10x. Because now regular users are bragging about superusers bragging about your product. "Did you see that amazing video that Bill made?" vs "Did you see that amazing video that I made using software X"

Network Effects

Network effects mean telling ALL your friends about that product to get full value from it. Example: WhatsApp, in order to get the total value of it, all your friends need to be using it.

FOMO

FOMO (Fear of missing out) is a Psychological phenomenon when people are afraid to miss out. "I need to get those shoes, Bob, Melinda, Peter have them", "I need to be on a Clubhouse; how do I get the invite."

VALUE PROPOSITION

The importance of Compelling Value Proposition

Compelling Value Proposition confirms that the need exists. Conversely, if Value Proposition is not persuasive – customers will probably not pay money for your product or service.

The essential elements of a good Value Proposition:

- Tell a good, convincing story
- Appeal to emotion
- Be consistent
- Be clear
- Be obvious

In order to come up with a compelling Value Proposition, try to put together a Use Case scenario for the customers and answer the following questions:

- How exactly does it fit into the value chain?
- What are the key interface points?
- Why exactly would customers acquire it?
- What barriers to adoption might arise?

It is also important to extend your use case to how the target customer would use your product and then to the broader acquisition and post-installation support process.

Value is the worth, importance, or usefulness to the customer

Value delivered to the customer results in a satisfied customer who will pay a reasonable price in return for the product or service

Five key values offered to a customer

- Product: Performance, quality, features, brand, selection, search, easy to use, safe
- Price: Fair, visible, consistent, reasonable
- Access: Convenient, location, nearby, at hand, easy to find, in a reasonable time
- Service: Ordering, delivery, return, check out
- Experience: Emotional, respect, ambience, fun, intimacy, relationships, community

The value proposition states who the customer is and describes the values offered to this customer

Examples:

Amazon: An easily accessible Internet site that is convenient all of the time to provide a wide selection of books, CDs, and videos at a fair price to the busy, computer literate customer

Starbucks: We provide a friendly, comfortable, well-located place offering a wide range of fresh, customised quality coffees, teas, and other beverages for the person who enjoys a good experience and a good beverage

Unique Selling Proposition or Slogan/Tagline

The unique selling proposition (USP) is a short version of a firm's value proposition. It is often used as a slogan or summary phrase to explain the key benefits of the firm's offering versus that of a key competitor.

Examples:

Chipotle: Healthy, fast food

Wendy's: Where is the beef?

FedEx: Positively, absolutely overnight

Nike: Just do it

Da Beers: A diamond is forever

The 6 Essential Elements of a Powerful Unique Selling Proposition

You're unique because:

- Of the buyer you serve
 - You get traction when you zero in on a niche
- Of what you sell
 - You offer a service where others offer a product and vice versa
- You've found an unusual angle
 - You promise a unique outcome, or payment plan, or unusual quality
- Of what your product or service does not do

- o “Negative promises” are as powerful if not more as positive. Maybe your product does not have unwanted ingredients (non-GMO⁴⁰)
- Of the time frame of your offer
 - o Promise results in a specific time frame (or money back)
- Of how you guarantee your product
 - o Penalty if you don’t deliver, refund, replace

Value Proposition Framework

VALUE PROPOSITION FRAMEWORK:

- Need-What is the problem you are solving, and who is the customer?
- Approach-What is the unique way you are taking to solve this problem?
- Benefits-What are the specific advantage that the customer will receive?
- Competition-How are these benefits clearly better than the competition or alternatives?

HYPOTHESIS AND MVP

Minimal Viable Product – to test the funnel⁴¹ (Zappos)

Illustration #3



40. A genetically modified organism (GMO) is any organism whose genetic material has been altered using genetic engineering techniques.

41. The purchase funnel, or purchasing funnel, is a consumer-focused marketing model that illustrates the theoretical customer journey toward the purchase of a good or service.

There is a big misconception, inexperienced entrepreneurs and even some coaches and mentors think that MVP is the same as the prototype⁴². Another myth is that MVP HAS TO BE a physical product. WRONG: MVP is a test for the process. And the process is Sales Funnel. Basically, you are testing whether your sales funnel has viability. It can be done without using the actual prototype or a physical product. Look at Zappos example: Tony Hsieh, the founder of Zappos, was putting photos of shoes on his website, and when making the sale, he would go to a store, buy and ship to a customer. That was the initial validation⁴³ of a business. MVP.

Similar story with Pinterest and other successful startups. You can validate with fake landing pages or crowdfunding campaigns.

- Zappos, Pinterest
- Fake landing pages, Kickstarter⁴⁴
- Devise effective and inexpensive MVP is another test for required competencies of the founding team
- Good startups - not longer than 1 week per cycle
- Corporations – a year, bad startups =?

Golden Triplet

The function of an MVP is to test a Golden Triplet: Customer Segment, Value Proposition and Channel.

You do experiments until you validate and find the right trio combination.

Customer Development

Customer Development consists of the following 4 phases.

- Customer Discovery
 - Understanding customer problems and needs
- Customer Validation
 - Developing sales model that can be replicated
- Customer Creation
 - Creating and driving end-user demand
- Company Building
 - The transition from startup mode to well-oiled machine geared towards execution

42. A prototype is an early sample, model, or release of a product built to test a concept or process.

43. Customer validation is an essential phase of the product development process (i.e., the steps needed to take a product from concept to market availability.) It tests assumptions and hypotheses about the customer problem, target market, and product.

44. Kickstarter is an American public benefit corporation based in Brooklyn, New York, that maintains a global crowdfunding platform focused on creativity. The company's stated mission is to "help bring creative projects to life". <https://www.kickstarter.com/>

Market Segmentation/Target Markets

Define your target customer

- Without a focused group of people to interview, results aren't likely to be meaningful
- The more tightly we can define our interviewees, the faster we can validate or invalidate a hypothesis
- Geographic, demographic, psychographic, behavioural or needs-based

The most effective method for startups is to segment their market by needs:

- For any product, there are likely to be a broad set of possible customers in different use cases
- Each of these customers is going to use the product in different ways and receive a very different level of value
- Start with the high-value and high-paying customers

This is the simple way of selecting the market segments for experiments:

- Add each customer group as a column in Excel (see below table#1)
- Assign each group a value of 1-3 (1 = low, 3 = high) for the following criteria:
 - **Market Size** – how “many” of this type of customer exist
 - **Pay Value** – how much we think they'll pay for this value
 - **Accessibility** – how easy is it to find, contact and sell customers in this segment
- Multiply the scores together and sort them from highest score to lowest

Table #1

Customer Group	Market size	Pay value	Accessibility	Arithmetic product
1 Group	3	2	3	18
2 Group	2	2	2	8
3 Group	2	2	1	4

- Start testing hypotheses with the highest scoring segment, and work your way down until you've got something people are dying to pay you for

Customer/Buyer Persona

It is a substantial competitive advantage when you know how to satisfy your target audience's needs and interests, as you'll be better placed to deliver the solutions they need.

Therefore, a persona-based marketing approach helps improve customer experience, enhance targeting accuracy, and leverage behavioural analytics to meet your business objectives. But what is a customer persona?

A customer persona is a semi-fictional depiction of your ideal buyer based on market research and actual data about your present consumers. It encompasses consumer demographics, behaviour patterns, motivations, and objectives.

With customer personas, you can understand different sets or groups of consumers. For example, you get to know where a particular group lives, their age bracket, and maybe some of their usual purchasing behaviour. All this information can help you develop a better understanding of these homogenous groups, so you can better serve their interests.

Factors Affecting Customer Persona Marketing

Customer persona marketing is based on human psychology. You study factors such as age, gender, and social status to understand why customers behave the way they do.

Customer personas emerge from real people. Rather than relying on numbers on a specific demographic, you can observe patterns of real-life buyers to establish these personas. As a result, it's easier to produce content based on the requirements and desires of real consumers.

Below are a few factors that affect customer personas:

Background – It can include demographics like age and gender.

Goals – It covers both your buyer group's short and long-term goals.

Values – Understanding what values are significant for your consumers is vital to talk to them in a way they want to hear.

Challenges – It includes all the problems your customers face in their daily lives. Use this knowledge to match up your product/service and voice to your buyers' particular wants and issues.

The rest way to create your customer persona is to answer the following questions:

Personal Demographics

Are your customers married?

What's their annual household income?

Where do they live?

What is their gender?

How old are they?

Do they have children?

Educational Background

What level of education did they complete?

Which schools did they attend?

What courses did they study?

Career Path

How did they end up where they are today?

Did they major in a subject that's very similar to or very different from their current role?

Has their career track been pretty traditional?
Did they switch from another industry?

Responsibilities and Everyday Activities

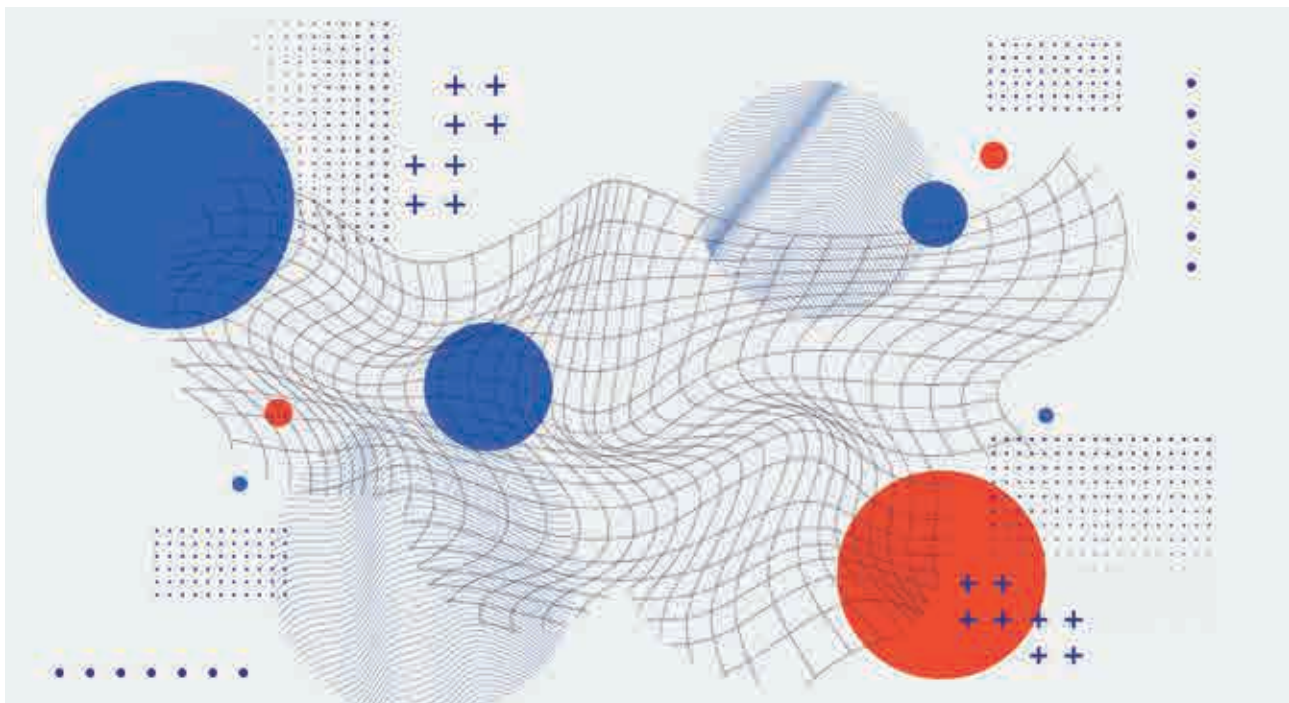
What is a typical day in your customer's life?
What tasks comprise an ordinary workday for them?
How do they measure the success of their work?
What skills do they need to perform their job?

Media Consumption Habits

How much time does your ideal customer spend on social media?
Where do they get their news?
What type of content do they consume daily – videos, articles, or social media posts?
What is their favourite social media platform?
Which publications or blogs do they follow?

Purchase Factors and Decisions

What factors encourage your buyers into making a purchase -bargains, limited-time offers, or convenience?
Which product factors grab their attention – features, benefits, or price?
What did they purchase recently, and why?
What was their evaluation process?
How did you decide to purchase that product or service?



Objectives and Motivations

What are your customers' professional objectives?

What are their objectives?

Values and Principles

What values and principles do they have?

What are the characteristics of their personalities?

Professional Life

In which industry /company do they work?

What is the size of their company (revenue/employees)?

What is their job role and title?

How long have they had this role and title?

Are they individual contributors, or do they manage other people?

Pain Points and Challenges

What factors prevent them from doing their job successfully?

What problems do they frequently encounter at work, at school, or in their personal lives?

Customer Discovery

- How to Find Customers
- How to Conduct Customer Interviews
- How to Interpret Responses and make Decisions

Customer Interviews/Mom's Test

- The Customer Development Interview is a subtle art
- Many people mistake it for a version of a pitch or believe that a survey is a reasonable substitute
- A true Customer Interview involves a 1-on-1 interaction, ideally in person, and emphasises asking questions in order to draw out information

Special kind of torture:

- Talk to a stranger. Fun.
- That stranger is immensely busy... and hates being sold things. Getting better.
- That stranger will likely destroy your vision for a company. Ready to get started?!
- Interviewing customers is the key to customer development

But it is the skill that differentiates you from other startup founders

- It will not only tell you if you're going in the right direction, but it will also give you a map if you're not
- If you get it right, you might even learn to be an efficient communicator in your personal life
- What can be more rewarding than understanding someone's problem and helping them solve it

How not to interview:

- Do not talk about your idea
- Confirmation bias – your brain will revolt and go against you
- Your interviewer will subconsciously become “an accomplice” – body language
- Lose would
- If we built a product that solved X problem, **would** you use it?
- How much **would** you pay for something that did X?
- **Would** you like your existing solution better if it did X?
- at predicting future
- 75% of people I talked to said they wanted...
- Half of them said they’d pay \$200
- Bad guesses, misleading

How to interview:

What is the hardest part about [problem context]?

The most challenging part is to put the context right (Yelp⁴⁵ for vegetarians)

Why was that hard?

Customers don’t buy the what; they buy the why

This can be the first draft of your marketing brochure

What, if anything, have you done to solve that problem?

If they are not solving it, it is probably not a real problem

What do you hate about the solutions you’ve tried?

Derive your Unique Value Proposition from the answer

How often do you experience this problem?

Confirmation of how serious is the problem

How much are you spending to solve this problem now?

Isn’t it better than asking how much would you pay for X?

Where do you find information about [problem context] online?

You can find out channels to reach your segment

And in case if it is not your customer (early adopter), you can find others there

Important to understand the philosophy because it is counterintuitive

- Why?
- Humans are too polite to say ‘No’
- Humans can’t imagine technologies that don’t exist yet
- Humans overestimate how much effort they’re willing to put into something
- Humans think incremental, not disruptive
- This is not about validating your solution
- It is about understanding the customer’s problem

45. Yelp, Inc. develops, hosts, and markets the Yelp.com website and the Yelp mobile app, which publish crowd-sourced reviews about businesses. It also operates Yelp Reservations, a table reservation service. It is headquartered in San Francisco, California. www.yelp.com

How to Structure Customer Interviews

- Almost anyone will do nearly anything for you as long as:
- the request is short
- you are enthusiastic
- they don't have to make any decisions that require more than a minute of thought
- You can't build a good product if you don't genuinely like the people who'll be using it

B2B, or enterprise interviews:

- Icebreaker
- What is your name and role at your company?
- How do you fit into your company's department structure? Overall in the company?
- What is your budget like? Who has to approve your purchases?
- How do you discover new products for work? Do you need any approval to try them?
- Have you tried anything new recently?
- What is a typical day like on your job?
- How much time do you spend doing [task X]? (*Task X being anything they mentioned in their typical day that stood out*)

Problems – Ask, shut up and listen; people love to talk about themselves

- What are the top 3 challenges you face in your job?
- What are the top 3 challenges you face in your job related to [industry X]?
- If you could wave a magic wand and instantly have a solution to any of those problems...what would the solution be?
- Dig deeper into their typical day on anything that sounds painful or expensive. (*You can add some hyperbole here to get them to rant a bit by saying things like "that sounds inefficient..." or "that sounds expensive..."*)
- How have you dealt with or solved [Problem X]? (*You're looking to find out if they've hacked a solution together themselves. If they have...ask for a copy of it!*)

When they say... What they mean is...

- I will pay X for this
- I wouldn't personally use it, but I bet other people would
- Do you want...? Are you concerned about...? The answer is ALWAYS yes
- Maybe it's just me, but...
- I will buy it if you add the Y feature...

Things to remember:

- Record the interview
- Have other team members to sit
- It should not feel like an interview (conversation)
- The script is just a road map
- If they hacked the solution – ask to see it
- Religious follow up
- Be open-minded – the only way to discover new and real problems

Analysis and Insights

Now you need to analyse the results and take the customer insights from the interviews. Requires different skills than conducting the interview. That's why important to record the interview. BEWARE OF CONFIRMATION BIAS!

Go or No-Go decision

What next? Go or No-Go decision. Hypothesis either validated or not:

- Validated – move to the unique value proposition and channel hypothesis
- Invalidated – find new customer segment or a new problem

COMPETITION

- A common mistake of amateur founders – competitors are only companies that make the same or similar product
- We have no competition – How often do you hear that? LOL
- NO UNIQUE IDEAS EXIST
- You either don't know how to use Google
- You don't know who your real competitors are
- Someone already tried and failed
- Reality: competitors are whoever operates within the BIG idea that you have (direct, indirect, do nothing)
- BlaBlaCar⁴⁶ – competitors of a railway
- Netflix⁴⁷ vs YouTube⁴⁸ vs AMC⁴⁹ vs sleep
- 5 leg chair, drill, eatable dishes (replaceable dishes)
- 5 leg chair – if it is for sitting, then competitors are whoever operates in the same realm. If it is for design – competitors are whoever is in the original design space

Direct vs Indirect

Inexperienced entrepreneurs frequently mistake saying that “we don't have a competitor”. They don't realise that indirect competition is frequently the most real competition. And there is always “do nothing” competition, which means that you are not solving a real problem.

46. BlaBlaCar is a French online marketplace for carpooling. Its website and mobile apps connect drivers and passengers willing to travel together between cities and share the cost of the journey. www.blablacar.com

47. Netflix, Inc. is an American over-the-top media service and original programming production company. It offers subscription-based video on demand from a library of films and television series, 40% of which is Netflix original programming produced in-house. Netflix has also played a prominent role in independent film distribution. www.netflix.com

48. YouTube is an American online video sharing and social media platform owned by Google. www.youtube.com

49. AMC - American movie theater chain.

Analog vs competitor

This is a mistake that inexperienced entrepreneurs frequently make. They think that competitor is ONLY the company that is doing the same. WRONG. It's called Analog, and rarely the company that is doing the same is your real competitor. Your real competitor should be the one you want to "dethrone".

Competitive Advantage

What will you do differently?

- #1 select market with no clear leaders – but this is not enough
- #2 you need to act differently – not like them
 - Differently – how? Not better interface or 10% cheaper
 - First, determine strategy – eating others pie or making it bigger
 - Then different Sales&Marketing, Value Proposition, segments, distribution
 - If you are successful, you will be copied; that's why #3
- #3 use this time to become a separate category
 - iPhone vs Android⁵⁰, Tesla⁵¹ vs Electric cars
 - Positioning/simple (need to sacrifice expanding)
- #4 "unfair" advantage
 - Patents, exclusivity, using other's distribution channels (Airbnb, Craigslist⁵²)

Definition of a "Core"

The core competencies of a firm are its unique skills and capabilities.

We care about core competencies since they are the roots of competitive advantage.

Your core is what you invest your resources into to do better than anyone else, and it is what will give you your unique selling proposition over time, if not from day 1. It can be IP, special capability, market share, access to key resources (e.g., vendors, buyers, markets, partners), brand, costs, or others.

This is what will give your company a high valuation as well.

It is good at this point to revisit your Uniqueness. What is it that makes you unique compared to the alternatives? Most specifically, what makes you most valuably unique to your persona?

The competitive advantage of a firm is the distinctive factors that give it a superior or favourable position in relation to its competitors.

Competitive advantage is measured relative to a firm's competitors.

Considering the alternatives, including competition, why is yours the best from their vantage point (not yours)? Again, this will relate to and build off your Core.

50. Android is a mobile operating system based on a modified version of the Linux kernel and other open source software, designed primarily for touchscreen mobile devices such as smartphones and tablets. <https://www.android.com/>

51. Tesla, Inc. is an American electric vehicle and clean energy company based in Palo Alto, California, United States. Tesla designs and manufactures electric cars, battery energy storage from home to grid-scale, solar panels and solar roof tiles, and related products and services. <https://www.tesla.com/>

52. Craigslist (stylized as craigslist) is an American classified advertisements website with sections devoted to jobs, housing, for sale, items wanted, services, community service, gigs, résumés, and discussion forums. <https://www.craigslist.com/>

Sustainable competitive advantage

A sustainable competitive advantage is a competitive advantage that can be maintained over a time period, hopefully, measured in years.

The duration (D) of competitive advantage (CA) leads to the estimate of the market value (MV) of a firm as $MV = CA \cdot D$.

The firm's market value is proportional to the size or magnitude of the competitive advantage and dependent on the expected duration of that advantage.

A pharmaceutical firm with a 20-year patent and a strong competitive advantage will be highly valued.

The competitive advantage of a firm is directly dependent on its core competencies, its assets, and its organisation architecture.

SALES & MARKETING

What is Marketing

Two types of marketing – we call both marketing, but they cannot be more different

- “Used car sales” marketing
 - to sell average (or below average) products to disinterested people
- Product marketing to design a great product
 - Markets with Customers and for Customers
 - Discover our well-hidden desires and needs, bring them to a boiling point
 - But could be abused: for example, Bernays⁵³ popularising female smoking tying it to the female liberation movement

Different types of Marketing

There are different types of marketing:

- 1) Product Marketing - is a strategic marketing function that bridges the gap between product management and marketing communications. The primary role of a product marketing manager is to define and size target markets and value propositions. Other critical responsibilities include positioning and sales enablement.
- 2) Lead Generation Marketing - is the initiation of consumer interest or enquiry into products or services of a business. Leads can be created for list building, e-newsletter list acquisition, or sales leads. The methods for generating leads typically fall under the umbrella of advertising but may also include non-paid sources such as organic search engine results or referrals from existing customers.

53. Edward Louis Bernays was an American pioneer in the field of public relations and propaganda, referred to in his obituary as “the father of public relations”. Bernays was named one of the 100 most influential Americans of the 20th century by Life.

- 3) Brand Marketing - Brand marketing is promoting a brand's products or services in a way that elevates the brand as a whole. It involves creating and maintaining brand-consumer relationships and marketing brand attributes—the traits people think of when they picture a particular brand.

At an early stage, most of the startup's marketing is product marketing. You need to design a great product, and the only way to design great product is to design for your users and together with your users.

Later, Brand Marketing comes to play and when you have something ready, you need to start generating the leads and reach your target audience.

19 Customer Acquisition and Traction Channels

The 19 Channels You Can Use to Get Traction

Targeting Blogs

Illustration #4



Targeting blogs prospective customers read is one of the most effective ways to get your first wave of customers.

Publicity (PR)

Illustration #5

Publicity is the art of getting your name out there via traditional media outlets like news outlets, newspapers, magazines, and TV.



Unconventional PR

Picture #2

In March 2009, WWF France celebrated its 35th anniversary and raised awareness of giant panda threats by staging 1,600 paper maché pandas in public spaces of several French cities. (Photo: Stéfan; Flickr CC BY-SA 2.0)



There are two different types of unconventional PR. You're probably familiar with the first type: the publicity stunt. A publicity stunt is anything that is engineered to get media coverage.

The second type of unconventional PR is customer appreciation: more minor, more scalable actions (like holding contests or sending handwritten notes to customers) that both increase goodwill as well as generates press coverage.

Search Engine Marketing

Illustration #6

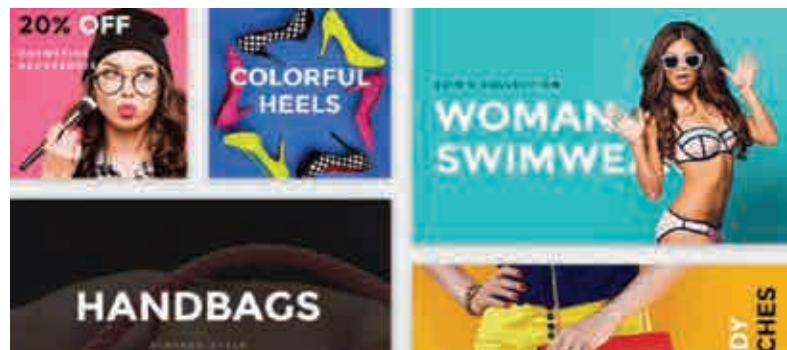
Search engine marketing (SEM) refers to placing advertisements on search engines like Google and DuckDuckGo⁵⁴, where online marketers spend more than \$100 million *each day*.



Social and Display Ads

Illustration #7

Display ads are the banner ads that you see on Websites all over the Internet. Social ads are on social sites, like those in or near your Facebook and Twitter⁵⁵ timelines.



54. DuckDuckGo is an internet search engine that emphasizes protecting searchers' privacy and avoiding the filter bubble of personalized search results. DuckDuckGo does not show search results from content farms. <https://duckduckgo.com/>

55. Twitter is an American microblogging and social networking service on which users post and interact with messages known as "tweets". Registered users can post, like, and retweet tweets, but unregistered users can only read those that are publicly available. <https://twitter.com>

Offline Ads

Illustration #8

Even today, advertisers spend more on offline ads than they do online. There are many kinds of offline ads — TV, radio, magazines, newspapers, yellow pages, billboards, and direct mail. These can be utilised at almost any scale, from local campaigns to national ones.



Search Engine Optimisation

Illustration #9

Almost all Internet users turn to search engines for answers. Search engine optimisation (SEO) is the process of improving your ranking in search engines in order to get more people to your site.



Content Marketing

Think back to the last few Web sites you've used and take a look at their blogs. In all likelihood, they're infrequently updated and have few comments, or worse, are frequently updated and an avalanche of boring.

Illustration #10



Email Marketing

Illustration #11

Email marketing is one of the best ways to convert prospects while retaining and monetising existing customers.

Email marketing is a personal channel. Messages from your company sit next to email updates from friends and family. As such, email marketing works best when it is personalised. An Email can be tailored to individual customer actions so that every email communication is relevant.



Viral Marketing

Illustration #12

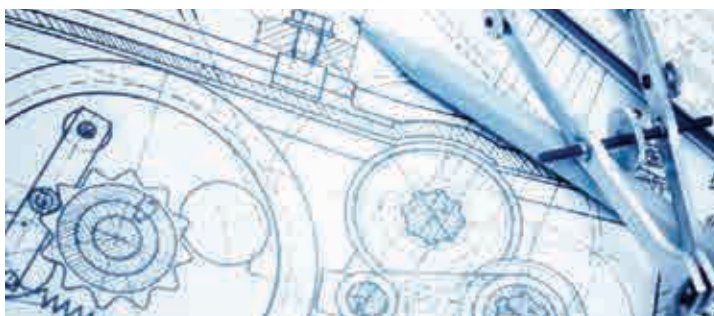
Viral marketing consists of growing your customer base by encouraging your customers to refer to other customers.

one other user. That new user then invites at least one other user, and so on. This creates true exponential growth. Though difficult to sustain, it's been the driving force behind the explosive growth of consumer startups like Facebook, Twitter, and WhatsApp⁵⁶.

In the context of startups, literally “going viral” means that every user you acquire brings in *at least*

Engineering as Marketing

Illustration #13



Your team's engineering skills can get your startup traction directly by building tools and resources that reach more people. You make helpful tools like calculators, widgets, and educational microsites to get your company in front of potential customers. These tools generate leads and expand your customer base.

56. WhatsApp Messenger, or simply WhatsApp, is an American freeware, cross-platform centralized instant messaging and voice-over-IP service owned by Facebook, Inc. It allows users to send text messages and voice messages, make voice and video calls, and share images, documents, user locations, and other content. www.whatsapp.com

Business Development

Illustration #14

Business development (BD) is the process of creating strategic relationships that benefit both your startup and your partner. It's like sales with one key distinction: With sales, you're selling directly to a customer. With business development, you're partnering to reach customers in a way that benefits both parties.



Sales

Illustration #15

Sales are focused primarily on creating processes to directly exchange the product for dollars. However, sometimes hand-holding prospects can be necessary to turn them into real customers.

Affiliate Programs

An affiliate program is an arrangement where you pay people or companies for performing specific actions like making a sale or getting a qualified lead.

Companies like Amazon, Zappos, eBay, Orbitz⁵⁷, and Netflix

use affiliate programs to drive significant portions of their revenue. In fact, affiliate programs are the core traction channel for many e-commerce stores, information products, and membership programs.

Illustration #16



57. Orbitz.com is a travel fare aggregator website and travel metasearch engine. The website is owned by Orbitz Worldwide, Inc., a subsidiary of Expedia Group. It is headquartered in the Citigroup Center, Chicago, Illinois.

Existing Platforms

Illustration #17- Etsy

Existing platforms are Websites, apps, or networks with vast numbers of users — sometimes in the hundreds of millions — that you can potentially leverage to get traction. Major platforms include the Apple and Android App Stores, Mozilla and Chrome browser extensions, social platforms like Facebook, Twitter, and Pinterest, and newer platforms growing rapidly (Tumblr, Snapchat, etc.).



Focusing on existing platforms means focusing your growth efforts on one of these mega-platforms, and getting some of their hundreds of millions of users to use your product.

Trade Shows

Picture #3

Trade shows offer you the opportunity to showcase your products in person. These events are often exclusive to industry insiders and are designed to foster interactions between vendors and their prospects. You can use this traction channel to build interest in what you're building early on. Then,



as you get more established, you can use trade shows as an opportunity to make a significant announcement, sell big clients, seal a partnership, or as an integral part of your sales funnel.

Offline Events

Picture #4

Sponsoring or running offline events — from small meetups to large conferences — can be a primary way to get traction.



Offline events allow you to engage directly with potential customers about their problems. Such events are especially important when your target customers do not respond well to online advertising and do not have a natural place to congregate online. Attracting these customers to one location or going to a place where they meet in person can be the most effective way to reach them.



Speaking Engagements

Picture #5

This channel works well whenever there is a group of people in a room that would move the needle for your business if you pitched them right.

Community Building

Picture #6

Community building involves investing in the connections among your customers, fostering those relationships and helping them bring more people into your startup's circle.

Companies like Wikipedia⁵⁸ and Stack Exchange⁵⁹ have grown by forming passionate communities around their products.

When considering these 19 traction channels, try your best not to dismiss them as irrelevant for your company. Each traction channel has worked for startups of all kinds and phases. Unfortunately, the right channel is often an underutilised one. Get one channel working that your competitors dismiss, and you can grow rapidly while they languish.



58. Wikipedia is a free online encyclopedia, created and edited by volunteers around the world and hosted by the Wikimedia Foundation. www.wikipedia.org

59. Stack Exchange is a network of question-and-answer websites on topics in diverse fields, each site covering a specific topic, where questions, answers, and users are subject to a reputation award process. The reputation system allows the sites to be self-moderating. www.stackexchange.com

UNIT ECONOMICS

CAC/LTV

In addition to team, product, and market, a fourth, equally important, core element of startups is the need for a viable business model. Business model viability, in the majority of startups, will come down to balancing two variables:

Cost to Acquire Customers (CAC)

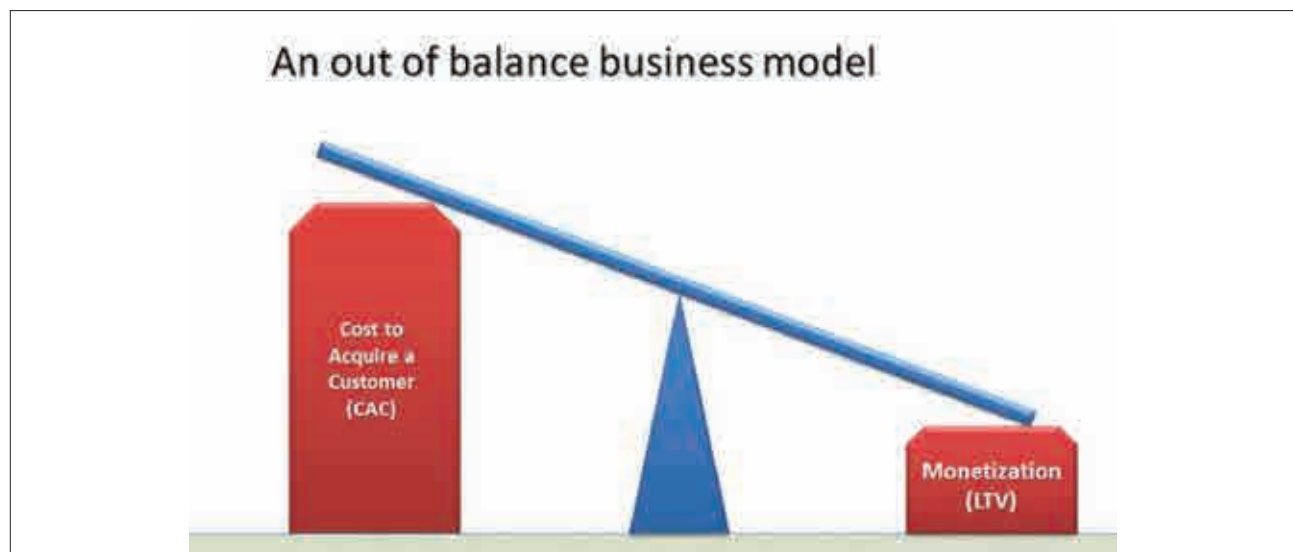
The ability to monetise those customers, or LTV (which stands for Lifetime Value of a Customer)

Successful web businesses have long understood these metrics as they have such an easy way to measure them. However, there is a lot of value in looking at these same metrics for all other businesses.

To compute the cost of acquiring a customer, CAC, you would take your entire cost of sales and marketing over a given period, including salaries and other headcount related expenses, and divide it by the number of customers you acquired in that period. (In pure web businesses where the headcount doesn't need to grow as customer acquisition scales, it is also beneficial to look at customer acquisition costs without the headcount costs.)

To compute the Lifetime Value of a Customer, LTV, you would look at the Gross Margin⁶⁰ that you would expect to make from that customer over the lifetime of your relationship. Gross Margin should consider any support, installation, and servicing costs.

Illustration #18

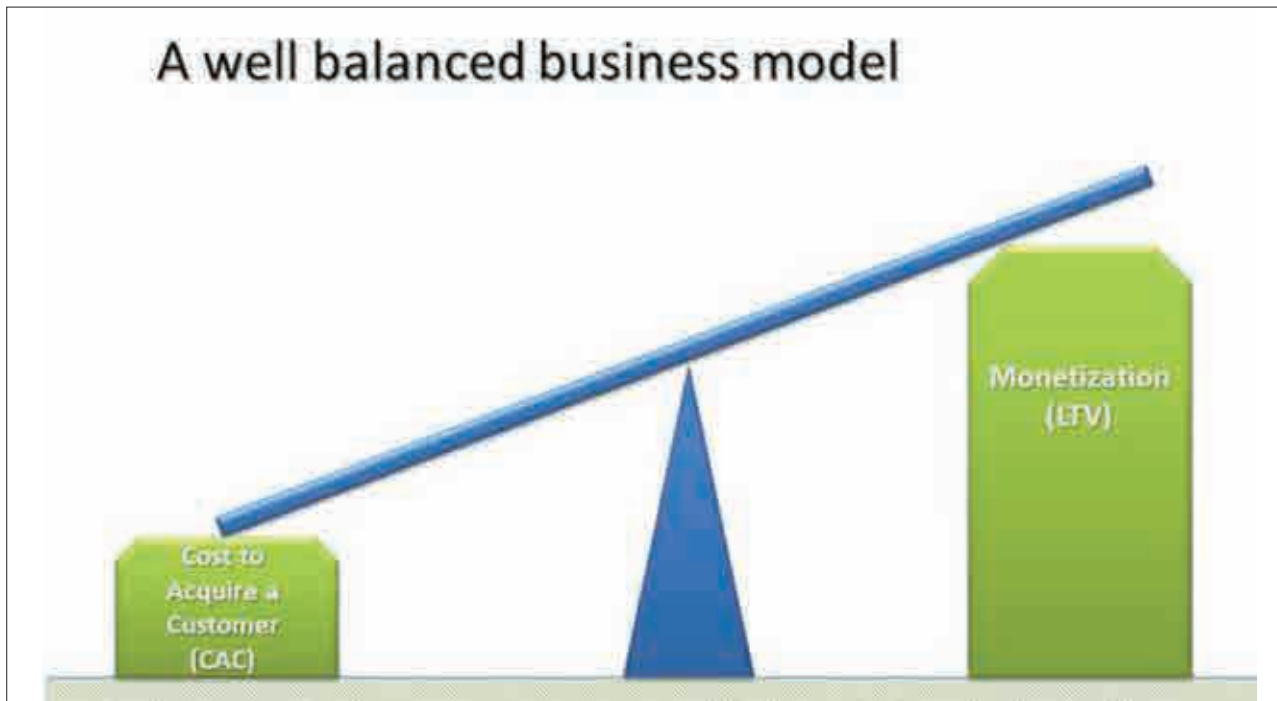


It doesn't take a genius to understand that business model failure comes when CAC (the cost to acquire customers) exceeds LTV (the ability to monetise those customers).

60. Gross margin is the difference between revenue and cost of goods sold (COGS), divided by revenue. Gross margin is expressed as a percentage.

A well-balanced business model requires that CAC is significantly less than LTV:

Illustration #19



METRICS

Different types of Metrics/KPI

Metrics can be categorised in two ways: Product and Engagement Metrics and Financial Metrics.

Below we are listing typical metrics that startup founders use:

Product and Engagement Metrics

Active Users

- Be clear on how you define "active."
- Don't include inadvertent activity
 - high proportion of first-time users
 - accidental one-time users

Month-on-month (MoM) growth

- Not a simple average of monthly growth rates
- **CMGR (Compounded Monthly Growth Rate)**
 - $[CMGR = (Latest\ Month / First\ Month)^{(1/\#\ of\ Months)} - 1]$

(At the end of month one, for example, you only acquired 100 users, but by the end of month 12, you had 5,000 active users. Here is how to calculate the CMGR in your situation: $CMGR = 5,000/100^{1/12} - 1 = 42.71\%$)

- measures the periodic growth, especially for a marketplace
- helps you benchmark growth rates with other companies
- otherwise, be difficult to compare due to volatility and other factors
- CMGR will be smaller than the simple average in a growing business

Churn

- dollar churn, customer churn, net dollar churn
- Monthly unit churn = lost customers/prior month total

Burn Rate

- the rate at which cash is decreasing
- Monthly cash burn = cash balance at the beginning of the year minus cash balance end of the year / 12

Downloads/Registrations

- Avoid vanity metric
- Engagement is much more important
 - retention on metrics that matter for that business
 - DAU (daily active users)
 - MAU (monthly active users)
 - photos shared
 - photos viewed

Business and Financial Metrics

Bookings vs Revenue

- Bookings are the value of a contract between the company and the customer
- Revenue is recognised when the service is actually provided or rateably over the life of the subscription agreement.
- How and when revenue is recognised is governed by GAAP⁶¹.
- Letters of intent and verbal agreements are neither revenue nor bookings.

Recurring Revenue vs Total Revenue

- ARR (annual recurring revenue)
 - exclude one-time (non-recurring) fees and professional service fees
- ARR per customer
 - Is this flat or growing?
 - If you are upselling or cross-selling your customers, then it should be growing
 - positive indicator for a healthy business

61. Generally Accepted Accounting Principles is the accounting standard adopted by the U.S. Securities and Exchange Commission.

Others

- *Gross Profit*
- *Total Contract Value (TCV) vs Annual Contract Value (ACV)*
- *LTV (Life Time Value)*
- *Retention Rate - a percentage of how many users are repeated users*
- *Net Dollar Retention (NDR) - the total amount of revenue coming in from the same customer over a specific period of time (measured together with Retention Rate)*
- *Gross Merchandise Value (GMV) vs Revenue*
- *CAC (Customer Acquisition Cost) ... Blended vs Paid, Organic vs Inorganic*

CAC

- *Include the blended CAC as well as the CAC, broken out by paid/unpaid*
- *Breakdown by acquisition channels: Facebook, Instagram⁶², Twitter*
- *Counterintuitively, it turns out that costs typically go up as you try and reach a larger audience*
 - *\$1 to acquire your first 1,000 users, \$2 to acquire your next 10,000, and \$5 to \$10 to acquire your next 100,000*
 - *That's why you can't afford to ignore the metrics about the volume of users acquired via each channel*

OMTM

OMTM = One Metrics that Matters Most. It is advisable to define one metrics that you, as a company founder, think matters most. While the combination of metrics helps you see the big picture, OMTM will help ring the alarm when things are about to go wrong.

FUNDRAISING

Fundraising is a process. Startups need to fund themselves through a series of investments or capital raisings. As the business grows, its capital requirements grow as well. Each round of funding serves as a stepping stone to the next round or stage of development.

Methods of fundraising

Have an idea but no money for its implementation? Here are different methods to look for the funding:

Method 1. Bootstrapping

Behind the convoluted term hides an elementary solution: do without external funding and cope on your own. If you want to create a small company and have 100% control over it, it makes sense to limit yourself to funds from a sold car or FFF (Friends, Family, Fools). At least for the first time.

Method 2. Grants

The main advantage of the grant is its gratuitousness, and also that for this money, it is not necessary to give a share to the company. In theory, this is an ideal option to launch a startup, create an MVP

62. Instagram is an American photo and video sharing social networking service founded by Kevin Systrom and Mike Krieger. In April 2012, Facebook acquired the service for approximately US\$1 billion in cash and stock. www.instagram.com

and find investors with good conditions with the first achievements. Several grants are available for startups in Georgia: Enterprise Georgia⁶³ SME Grants, CENN Social Enterprise⁶⁴, GITA⁶⁵ grants (for scale-able startups, not for SME's)

Method 3. Startup contests

The winners of the contests will receive prizes. This can be gratuitous assistance and training, acceleration, funds for commercialisation, and other gifts useful for startups. There are numerous startup contests each year in Georgia.

Method 4. Incubators and accelerators

Outside help to startups is not limited to just funding. At the initial stages of project development, the training of the founder, acquaintances, mentors and even increasing the team's motivation are essential. Incubators and accelerators can help with all this to start a business. Both offer programs aimed at meaningfully supporting startups but at different stages of development.

Method 5. Crowdfunding

Crowdfunding is about an idea and how you can "sell" the idea. So if you have a cool idea, a creative or useful project for society, even if you want to open another bakery, but you know how to convince people that your life will be better with your muffins, you can try your luck on the crowd platform.

Method 6. P2P lending (crowdfunding)

P2P lending is a relatively new method that allows you to take out a loan bypassing the banking system. The platforms appeared in response to numerous complaints against banks: bureaucracy, frequent loan refusals, high rates.

Method 7. Business angels

Business angels are individuals, as a rule, experienced entrepreneurs who are ready to share their funds and knowledge with newcomers in order to make money on it. For their help, the angels receive a share of the enterprise and, in fact, become business partners. The main disadvantage of such financing is the partial loss of control over the company.

Method 8. Strategic partnership

One of the most effective tools for business expansion is a strategic partnership. If your product can be useful or meets the aspirations of a particular company or corporation, it makes sense to use it.

Method 9. Venture Capital

Venture investing opens up tremendous opportunities for a startup and, in fact, gives you access to

63. LEPL "Enterprise Georgia" is one of the first government agencies in Georgia, whose main goal is to improve the business environment, develop the private sector, popularize the investment climate in Georgia and promote exports. To ensure dynamic economic development, the agency combines three components, three interrelated layers of economic development: business (local production), exports and investments. <http://www.enterprisegeorgia.gov.ge/>

64. CENN is a non-governmental organisation working to protect environment through fostering sustainable development throughout the South Caucasus. <http://www.cenn.org/>

65. Georgian Innovation and Technology Agency's (GITA) mission is a formation of an ecosystem which improves all kinds of innovations and technologies in our country, to promote a commercialization of knowledge and innovations, to stimulate using them in all fields of economy, to create an environment for the growth of innovations and high-tech products. <https://gita.gov.ge/>

unlimited capital: after all, the more trust in your project grows, the more people will want to invest in you. The considerable advantage of venture capital funds is that help doesn't end with funding. Investors are interested in your business growing rapidly and will contribute to this through training, mentoring, advertising and all kinds of support. But keep in mind that this funding is not for SME's, only for scale able startups.

Types of investors

Investors have the potential to serve as the lifeblood of a startup. The right investor can help catapult a startup from its humble beginnings to its ultimate success. However, choosing the wrong type of investor for your individual startup could do more harm than good in the long run.

These are different types of investors and how each could potentially benefit your company:

1. Angel Investors

Angel investors are individuals. In the USA, these investors have an earned income that exceeds \$200,000 annually or a net worth exceeding \$1 million. They can be found across industry sectors but usually, work with entrepreneurs who are somewhere between their first-time financing and a venture capital effort.

2. Peer-to-Peer Lenders

Peer-to-peer lenders can be individuals or groups. They help fund small businesses. If you want to apply for peer-to-peer lending, you need to apply together with companies specialising in this type of financing. Lenders work with these companies to find businesses they want to finance.

3. FFF investors

It is also called LOVE money. This is the most common source of income at a very early stage. Since it is hard to sell just an idea, people who love you (friends and family) will often give you first money just because they believe in you.

4. Venture Capitalists and wannabe Venture Capitalists (i.e. Private Equity)

They only invest in scale able and capital-efficient startups. It is wrong to go to them if your business idea is SMME (see types of startups)

How to use compelling storytelling in fundraising

Unfortunately, 99.9% of investor pitches are terrible. To investors the picture looks like this:

Picture #7

Bunch of zombies on a stage mumbling something about how great their technology is, how amazing the product is, how they locked themselves in a garage for 6 months, developed amazing products and now there will be lines



of customers buying it, or how they are so innovative that there are no competitors, or they are so smart that no one yet figured out what they have figured out. Most investors or jury members usually doze off in 30-40 seconds after the presentation starts. It might look like they are listening, but in reality, they are not.

So, how to break through a vicious cycle? Is there hope for startup founders?

The good news is that a process increases your odds of success. And the process is:

- Define the objective
- Know the audience
- Know the science
- Your story
- Slides
- Practice, practice, practice

Define the objective:

- SINGLE. Every presentation should have ONLY a single objective. Get funds, win a startup competition, get customers, etc. ONLY ONE.
- You only have 30 sec – grab the attention, let them want to know more = DO I CARE?
- Most children’s books take less than 4 minutes to read. There is a reason for that. It is based on behavioural science. So don’t make your presentation longer than that.

You have to earn the listener’s attention. First 20-40 seconds – the listener asks herself, do I really care? Should I listen at all? If you manage to grab their attention, they will listen all 3-4 minutes, however long the presentation will last. And if your presentation is good, they will invite you to their office or give you a grant.

Know the audience: investors, like everyone else, decide based on emotions. To know how to touch those emotions, you need to do your research in advance. Get to know them better. Nowadays with social media is much easier than before.

Be concise and clear: “I don’t have time to write you a two-page letter, so I am writing you a twenty-page letter”. These words are attributed to Mark Twain. If you cannot express your ideas clearly and concisely – you don’t understand yourself, and it shows.

Investors/Customers/Partners – DO NOT WANT TO HEAR ABOUT:

- Your wonderful technology
- Your amazing brain
- PhD or business degrees
- Screen shots of beautiful product/code

Slides: You need to live with the fact that you cannot tell them EVERYTHING.

Remember, investor presentation is Not a design competition

- Use at least 30 pts simple font
- Clear, concise, clean, high contrast

- Illustrations only when they help – Video?
- One slide – one answer

Great Presentations Tell STORY. You have to come up with a great story.

- And then slides
- Talk to your friends
- Record and analyse

Build Your Presentation as a Conversation. Talk to your friend you have not seen for some time, try to get them too much or coffee or beer and tell them your idea. The conversation will flow naturally; let them ask questions, answer them, and record it. This will be a better story than trying to figure out how to impress the investors.

- I hear you have a new company. Really fast, what's it all about, what's the big idea?
- Who are your customers?
- What's their problem?
- Why are they going to give you money?
- How many people have this problem? (market size/dynamics)
- I've got a friend who has this problem. How are you going to solve this problem for him?
- What would happen for him if he were to use your product/service?
- Yeah. I can see where that would be good for him. But really? No one else is doing this? Why is he going to pick you and not the other guy?
- How are you guys finding new customers?

Key elements of a presentation;

- Pain today (problem) Or Opportunity (what is changing that is creating opportunity for you)
- Customers
- Your offering (product/service)
- Value Proposition
- Why you
- Why now
- Vision of what it can be (economic and non-economic)
- What I am asking of you and what you will gain

Don't Just Start with Your Name and Company – Don't be a Zombie

Intangibles for Success:

- Passion – enthusiasm
- Empathy – make them feel like the most important person in the world
- Prepared – do your homework & practice, practice, practice

Some examples: Search the internet for “Web Summit 2014”, Day Three – Pitch Competition Finalists.
<https://www.youtube.com/c/websummit/about>

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CASE STUDIES

GEORGIA

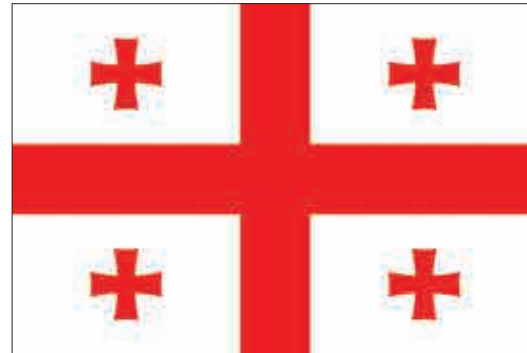
Biliki Application

Country/region of operation: Georgia

Thematic area: Mobile App, Traveling, Tourism, Hiking, Adventure, Itineraries, Marketplace

Web-page or social media:

<https://bilikiapp.com/>; <https://www.facebook.com/bilikiapp>



General description of activities

Biliki team has been researching Georgian travel resources for the last 10 years. In 2019 they saw a global opportunity of annually increasing the outdoor travel market, which needed their help.

International studies show that 80% of visitors prefer to travel on their own, without guides or travel companies. So they need digital tools which will guide them. But planning trips with current solutions are time-consuming and costly. Furthermore, they do not provide financial benefits for content creators and do not connect travellers with a local businesses.

To simplify travel planning and enhance the travel experience, the team has created a hiking mobile marketplace Biliki (trail), an ultimate space for travelers where they can create, buy and sell itineraries in any country, get valuable tips, and mingle them with others in the community.

Biliki also makes it easy to explore virtual trails, get directions and landmark info, as well as get real-time guidance during hiking tours and, most importantly, generate additional income. Furthermore, Biliki connects travellers with local SMEs, therefore helps local businesses to be more visible and effectively recover from the COVID-19 crisis.

The app provides ready-made itineraries enriched with information about historical and natural places, touristic services like booking a hotel and renting a car, and recommendations to save time on travel planning, stay on track and feel secure while travelling.

Marketing approach

For positioning on the market, Biliki team conduct specific marketing campaigns. Mainly they use social media (Facebook, Instagram).

Biliki's customers will become their promoters since they will promote their created content to increase tour sales. The team also plans to use active influence marketing, which is very efficient in the travel business.

Biliki's major target countries for the nearest future are Georgia, Israel, Bulgaria, Romania, Ukraine, Germany, Poland, and Baltic Countries.

Financial situation

Currently, Biliki's revenue stream comes from advertisements. They have paid customers like Toyota, TBC bank and local SMEs. The team will launch a marketplace feature in the nearest future, which will become their primary business model. They will get a commission out of every tour sale by users.

Success factors and challenges

Despite COVID-19, Biliki has an increasing number of monthly active 8000 users and registered local up to 400 SMEs. Moreover, they have 6 times increase in monthly usage of the app in the summer compared to the winter and spring. Besides, this summer, they have launched a new feature – add your place in Biliki for free, which helps travel businesses quickly recover from COVID-19. That means HoReCa and other types of businesses can register their places and acquire more customers via Biliki App.

The team launched Biliki in February 2020, at the beginning of the pandemic. They struggled with many challenges; they have applied 25 times in different startup programs without success. In fact, in November 2020, they came up with an idea to shut down the project because they understood that our psychology wasn't ready to get so many Noes. But, they have tried one more time, and in December of the last year, they have received the TBC Business Award as the best startup of 2020. Biliki mindset has changed drastically. The team realised that hard work could give them more and more success. Despite losing, they got to experience and knowledge. Later, in February 2021, Biliki became the winner of Georgia's Innovation and Technology Agency's Matching Grant Program. Moreover, They are the winners of the Business Council's BIG Idea Challenge and plan to visit Poland in November 2021 to meet local investors and prepare for the entering Polish market.

Certainly, Biliki's biggest challenge is investments; they seek to get investments to establish an in-house development team that will give flexibility to Biliki App development and will be assisted to the promotion of the product itself. Covid-19 is one of the biggest challenges still, but they manage to overcome this and pushing forward.

Plans for the future development

Bilili team are in the developing process. Biliki will enable travellers and the travel industry to create, share, sell and buy itineraries. Also, the team will integrate the campfire feature, which means that in the app, users will create discussion groups and mingle with others in the community. The team seeks to get investments and become the step by step global market players.

Pictures 7 & 8



“Aqtushetii” festival/residency program

Country/region of operation:

Georgia/ Kakheti region / historic region Tusheti/village Omalo

Thematic area:

Festival/residency program, organising master classes, non-formal education

Web-page or social media:

<https://www.aqtushetii.com/>; <https://www.facebook.com/aqtushetii/>; <https://www.instagram.com/aqtushetii/>

General description of activities

Aqtushetii was founded by 4 Georgian friends who started in 2017 and extended their creative offers step by step. Aqtushetii residency is located in the northeast of Georgia within the Caucasus mountain range in Omalo, Tusheti. It provides a festival/residency program that fosters the arts, culture, history, and traditions of Tusheti while bringing together creatives from around the world to collaborate, create and share knowledge.

The following facilities are available on site: capsule beds with basic accommodation and F&B services, four art studio spaces, outdoor (undercover) working spaces, library, photographic darkroom, pottery wheel, raku kiln, wood-fired kiln, outdoor stage, professional sound system, projectors, gallery space, sound recording studio.

AqTushetii provides experimental music, photography, ceramic, rug weaving workshops. Participants can listen to the workshop/lecture series combining theoretical and practical approaches. To participate in seminars of production and practice combining theoretical, technical, conceptual, hands-on, facilitators will guide the sessions. Participants will get a chance to work on their creations and contribute to a joint artwork, later kept at the Aqtushetii residency.

Aqtushetii expects artists and musicians, painters and ceramicists, photographers and writers to collaborate. Artists are supposed to hold a workshop and/or series of lectures to exchange knowledge and experience during their stay. In addition, the musicians perform at least once during their residency. Finally, the works created within the residence is shown at the exhibition held towards the end of the season.

Starting from 2017, AqTushetii hosts an annual festival of all genres of music and art every year. The festival offers a series of lectures, presentations, workshops, and an annual exhibition of the residents' works produced throughout the season. All events are free and open to the public.

Aqtushetii hosts Europe's highest wine cellar within its territory. Grapes are brought from Kakheti region and processed locally. In a combination of altitude and natural environment of Tusheti, the taste of wine came out very interesting and different.

Marketing approach

AqTushetii is using international networks of art residences to attract their guests. Social media pages are used primarily for informational rather than business purposes. They also hold Youtube and Soundcloud profiles to stream music produced by their facilitators and residents.

Word of mouth attracted 50% of guests to Aqtushetii; consequently, second and third-time stays are popular. Due to increasing demand, residency is offered up to 10 days, but most artists wish to stay for 1 month and more. There are cases when a person wants to extend their stay for more time. So to manage supply, hosts are holding open calls and paying attention to applicants' port-folios.

As the primary idea of residency was the non-formal education of Georgia students, they are offered grants and participate in the projects. They work together with experienced artists and fulfil several tasks.

AqTushetii is a DIY “self-organised” exchange platform. This flexible system tries to resist hierarchy and incite experimentation in a hospitable environment that fosters autonomy towards each person that takes part. While some events are pre-organised by the co-founders of the residence, most of the happenings of the space/s are decided upon and produced by the residents themselves. Each person who steps into AqTushetii is encouraged to contribute back to the building somehow – the form and shape this takes is entirely up to the resident. This is made possible by the material and human resources available on site. If one wants to see something happen, one makes it happen and possible for others to do so. The residents of the building are there to help each other. It is through this ethos that the building functions and produces interesting scenarios and content.

Financial situation

The idea of the foundation of an art residency was transformed gradually into space with big plans. The income received from the enterprise is used for the reinvestment and extension of services.

The group received small-scale grants from the LEPL Creative Georgia and USAID/ WMTR II.

AqTushetii has a short-term and long-term strategy to transform residency into a place where most will be devoted to the different kinds of workshops.

Success factors and challenges

The main goal of activities of AqTushetii is the exchange of knowledge between artists and genesis space for co-creation. Success factors are the uniqueness of their idea and the surrounding natural environment. They do what they love and unite the work of several people from around the world.

The main challenge is external factors such as social infrastructure and the global pandemic.

Plans for the future development



The plans mainly include becoming 4 season destination and receiving guests all year round. AqTushetii has already announced a test call to understand the demand for a so-called winter residency.

Pictures 9 & 10

BULGARIA

Family Snail Farm and Restaurant Eco-Telus

Country/region of operation:

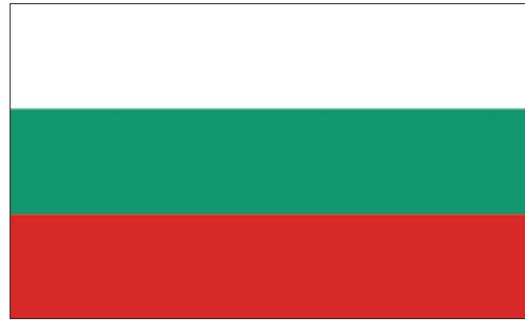
Bulgaria / Kavarna municipality / Dobrich district/
village Balgarevo

Thematic area (or Key words):

Snail farm/talk about snail farming and business/snail tasting/restaurant with a menu - snail specialities/product sales - snails and cosmetics on site/export of snails to Belgium and France / training of snail producers

Web-page or social media:

<https://ecotelus.com>, <https://www.facebook.com/ecotelus>



General description of activities

The enterprising Pencho Petkov and his wife Emy learned by chance that the snail farm is an interesting challenge and decided to build their family farm in the village of Balgarevo, Dobrich region.

The small family farm for snails “ECO-TELUS” in the village of Balgarevo, created by them, was built in 2010 on an area of nearly 0.4 hectares. The farm is located near the Black Sea coast, which creates an extremely favourable environment for snail farming due to the high humidity and limestone-rich soil. In Bulgaria, snail farming is still not well developed, so Bulgarian farmers borrow experience from their colleagues in Belgium and France, who have many years of experience in snail farming.

The most popular in gastronomy are the snails of the *Helix Aspersa* species. They are known for their high-quality meat. They are bred by the French so-called “happy snails” method and is used to get over 1 million snails, as it is the most favourable for the climatic conditions in Bulgarian latitudes. The technique makes it possible for snails to be raised in an environment close to their natural habitat, and at the same time to achieve high-quality production. The soil in the village of Balgarevo is rich in limestone, which is extremely necessary for the construction of a healthy snail shell.

Marketing approach

At a distance of 70 from the village of Balgarevo to the south are the famous Bulgarian Black Sea complexes “Albena, Golden Sands, St. Constantine and Helena, and the Black Sea capital Varna, as well as the tourist towns of Balchik and Kavarna. And 100 km to the north are located the holiday village of Rusalka and after Durankulak all the famous resorts on the Romanian Black Sea coast - Mangalia, Costinesti, Eforia, Constanta and the pearl Mamaia. Over 5 million tourists, over 70% of them are foreigners, spend their holidays in this Black Sea region every year.

The family farm concludes contracts with the representatives of the tourist companies and the foreign tourists during the excursion to Cape Kaliakra and the medieval fortress; they also visit the snail farm. In addition, Romanian tourists travelling to the Palace of the Romanian Queen Regina Maria of Edinburgh in Balchik also stop here.

Unorganised tourists are also welcome. They will be served by the Petkovi family and their nephews in the entire family business.

Financial situation

Their family project is funded by a grant under the Local Development Strategy of the Local Fisheries Initiative Group Shabla - Kavarna - Balchik in Dobrich, through the Operational Program for Development of the Fisheries Sector 2007-2013, co-financed by the European Union through the European Fisheries Fund. "Investing in sustainable fisheries".

Success factors and challenges

In Bulgaria, snail farming is still not well developed, so Bulgarian farmers borrow experience from their colleagues in Belgium and France, who have many years of experience in snail farming.

During their repeated visits to the West, they establish excellent contacts with hotel and restaurant chains that offer snail specialities on their menu cards. The contracts and the excellent products exported to France and Belgium guarantee their successful agreements and the sale of over 1 million snails annually.

In 2015 the farm was awarded the prize for "Latest tourist attraction" by the Bulgarian Hotel and Restaurant Association. It is the only one in Europe that boasts its own restaurant, and here you can taste the world-famous speciality - snails in Burgundy, which has been a favourite dish of the French since ancient times. In addition, fans of exotic cuisine will be able to try snail pate, which is made according to an original French recipe with a slight improvisation by the hosts.

Here you have the opportunity to enjoy the delicate taste of the delicacy - snail caviar, which is extremely useful for the human body. Each of the specialities you will try in this restaurant is prepared with a lot of love and will satisfy even the most refined taste.

Plans for the future development

Future plans mainly include increasing the number of foreign and Bulgarian tourists and sales in Belgium and France.

Pictures 11 & 12



Historic complex “Ongal”

Country/region of operation:

Bulgaria / Kavarna municipality / Dobrich district / Balgarevo village

Thematic area (or Key words):

Ongala / historical complex/tourist center/history of Bulgaria / 3D animations/handling of ancient weapons

Web site:

<http://www.ongal.info/>

General description of activities

Center “Ongal” is a historic complex established in 2014 as a private investment by Valentin Simeonov, who defines himself as an amateur historian.

The complex is a wooden fortification, resembling what was built by the founder of the modern Bulgarian state - Asparuh, on the territory of present-day Romania, before crossing the Danube, in the second half of the 7th century.

Ongal is the name of the place where it is believed that Khan Asparuh entered the Bulgarian lands in 680. The complex resembles a wooden defensive structure with a fence, gates, towers and loopholes.

Ongala is located at the exit of the village of Balgarevo, 6 km from Cape Kaliakra and 6 km. from the beautiful Bolata beach.

The exhibition is a complex of videos, virtual guides and sets, with pictorial and three-dimensional images that present an overview of Bulgarian history. The story of the history of Bulgaria from ancient times to the present day is presented in an interactive and attractive way.

Following the blue light, the visitor passes through several rooms. Each room is dedicated to a different period of time. There are exhibitions of various objects and paintings that illustrate the audio story for each period. Historical facts are presented in an easy way for both adults and children to understand.

In 40 minutes, every visitor to Ongala learns the history of the Bulgarian lands from 7,500 years ago to the present day, without a guide, in 7 languages.

There are interesting ancient weapons and protective clothing in the YARD, stone reliefs related to history, agricultural tools, and household items. A ruin of a chapel was built to provide information of some emblematic Bulgarian and European saints and other personalities and events. There is a place for making and selling Bulgarian souvenirs.

Marketing approach

The historic complex Ongale Center has an attractive website that provides potential visitors with necessary information. There are also many publications on the Internet by travellers, bloggers, experts, but also ordinary visitors, who are an excellent source of information and advertising.

The manager of the complex Valentin Simeonov conducts an advertising campaign annually among the tour operators from the region and the owners of hotels.

Success factors

The main advantage of the historic complex is its concept, which meets the needs of modern tourists: The product includes an interesting story about Bulgarian history in an interactive and attractive way - through video, virtual guides and sets, with pictorial and three-dimensional images.

The story is available in 7 languages and is aimed at a wide tourist audience.

The attractive story in ONGLA turns the acquaintance with Bulgarian history into a very exciting and interesting experience.

Another advantage is the strategic location of the complex: Through the village of Balgarevo passes the main tourist stream to Cape Kaliakra - the capital of the successor of Alexander the Great Lysimachus in the 1st century BC and the Dobrudzha despotate from the 14th century.

Up to 50 km to the south, over 3 million foreign visitors spend their holidays in Bulgaria's northern Black Sea resorts. The same number of tourists stay at the Romanian Black sea resorts 70 km north during the summer season.

The visit to the historical complex "Ongal" complements the one-day tours on the North Black Sea coast, including Cape Kaliakra, the unique bay "Bolata", the Protected Site and Archaeological Reserve "Kamen Bryag", the Natural Phenomena near the village of Tyulenovo very successfully.

Plans for future development

The plans envisage enriching the exhibition and adding new interactive elements in the future.

Pictures 13 & 14



UKRAINE

Tetiana Sadovnycha art studio

Country/region of operation:

Ukraine, city of Mykolaiv

Thematic area:

Crafts, making jewellery based on traditional technologies, sales at fairs and via the internet in Ukraine and abroad, training, costumed and theatrical performances, fashion shows.

Web-page or social media:

<https://www.facebook.com/tanysadov/> <https://www.instagram.com/tanysadov/>
https://www.instagram.com/tanysadov_studio/

General description of activities

Tatiana began creating jewellery in 2012. First, starting simple and gradually making the pieces more complex, using various techniques.

As an association of creative people, the art studio was born on September 1, 2019. The main activities of the studio is a demonstration of jewellery on models with elements of theatrical costume performance and photo shoots. The team consists of a couple of photographers, a choreographer, a costume designer, and an accountant. All participants are not professional models but ordinary women of different professions and ages. One of the studio's goals is to show that a woman can be feminine and beautiful without being tied to generally accepted fashion standards.

Tetiana Sadovnycha, head of the studio, creates all the jewellery pieces herself, which are then displayed on the models. There are ranges of earrings, brooches, bracelets, necklaces, head accessories and more. Jewellery is made using soutache and beadwork techniques.

As part of its services to the tourist market of Ukraine, the art studio invites people to visit a theatrical performance. At such events, guests will get acquainted with features of a historical suit, ornaments and crafts of different epochs of Mykolaiv oblast. Visitors also can become models at the event and try on some pieces of clothing and jewellery.

Marketing approach

Tetiana also makes products for individual orders. In addition, she successfully sells products through Facebook and Instagram. Photos and videos of the intermediate stages of creating jewellery



and accessories are often shown on social media. This is done to increase the viewers' interest and show the value of manual labour and the complexity of the work itself.

There is a separate page on Instagram with posts about the studio's activities and creative projects in which studio models take part. Photos and videos of the behind-the-scenes and performances are also published regularly.

Success factors and challenges

The studio seeks to help women learn to accept themselves and their bodies through its activities.

Plans for the future development

Increase of sales and expansion of the customer base. Development of the studio itself and creative collaboration with others.

Pictures 15 & 16



Chocolate Manufacture Dantsev&Son

Country/region of operation:

Ukraine, city of Mykolaiv

Thematic area:

Production of craft chocolate, handmade candies, chocolate models of architectural monuments

Web-page or social media:

[http://www.pan-chocolatier.com.ua/;](http://www.pan-chocolatier.com.ua/)

[https://www.instagram.com/chocolate_dantsev_ua/;](https://www.instagram.com/chocolate_dantsev_ua/)

<https://www.facebook.com/manufakturachocolatedantsev>

General description of activities

The manufacture was founded in 2011. Craft chocolate, handmade candies and chocolate models of architectural monuments are currently produced there. The manufacture started supporting a variety of charity projects aimed at supporting orphans, children with cerebral palsy, and heart conditions. In 2012, Mykola Dantsev opened a cafe/confectionery and hired a few people - parents of children with specific health needs.

Currently, the assortment of goods consists of more than 40 types of candies with various fillings and around 300 types of chocolate figures.

The organisation has a website, conducts various workshops and uses creative methods to achieve social goals. Its social mission is to provide training to and employment of orphans, rural youth and women in difficult life circumstances.

For example, the enterprise continues to support implementing social support projects of the NGOs “Namysto Druziv” and “Child’s Smile”. Together they organise master classes for children with special needs to support them in their social adaptation and acquisition of confectioner skills.

Mykola Dantsev is a multiple record holder in the manufacturing of chocolate products, which is a great advertisement for the social enterprise. Among the records are the production of chocolate truffles in the form of a heart (51 kilograms), and the longest chocolate sausage in the world (109 meters). Revenue from selling those items was donated to procure occluders and oxygenators for local healthcare facilities.

Marketing approach

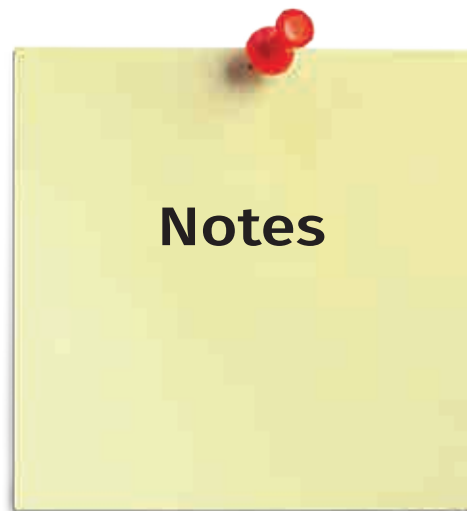
The enterprise has separate pages on Facebook and Instagram with posts about its activities, business and social projects, behind the scenes of making chocolate products. Also, there is an online store.

Plans for the future development

- strengthening the use of online tools and increasing sales through the online store and social media;
- opening of the museum “The smallest chocolate museum in the world”;
- establishment of a production unit “Packaging Studio” to create jobs for parents of children with special health conditions;
- opening of a branded store in Odessa.

Pictures 17 & 18







Common borders. Common solutions.

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Joint Operational Programme Black Sea Basin 2014-2020

Published by Georgian Arts and Culture Center

2022

Joint Operational Programme Black Sea Basin 2014-2020 is co-financed by the European Union through the European Neighbourhood Instrument and by the participating countries: Armenia, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Turkey and Ukraine.

This publication has been produced with the financial assistance of the European Union. The contents of this publication are the sole responsibility of Georgian Arts and Culture Center and can in no way be taken to reflect the views of the European Union.