

# Business Strategy

Crafting a Direction for Success

Startup Management (IPIRI 63749B), Aleš Špetič, 2024

# Recap from Lecture 2

## Idea Generation

- **Strong Idea Foundation:** A robust and innovative idea is the cornerstone of startup success.
- **Sources of Startup Ideas:** Ideas can originate from various sources, including identifying problems, following passions, and observing market trends.
- **Problem-Solution Fit:** Matching a defined problem with a viable solution is critical for startup viability.
- **Customer-Centric Approach:** Understanding the target audience's needs and empathizing with them is essential for startup success.
- **Market Research:** Gathering data, analyzing market trends, and assessing competition to make informed decisions.
- **Idea Validation Process:** Steps include problem identification, solution ideation, prototyping, testing, and gathering feedback, all within an iterative process.
- **Lean Canvas Tool:** A business modeling tool that breaks down key components, helping to refine startup concepts.
- **Effective Idea Pitching:** Crafting a concise and persuasive elevator pitch to communicate the startup idea effectively.
- **Common Pitfalls:** Recognizing and avoiding common mistakes, such as insufficient research and ignoring feedback, is crucial.
- **Continuous Learning Journey:** Emphasizing that startup learning is ongoing, encouraging further education, mentorship, and adaptation.

# Learning Objectives

## Crafting a Direction for Success

- Understand the Role of Strategy in a Startup
  - Define how strategy provides direction and helps achieve long-term goals.
  - Identify the key components that contribute to building a successful startup strategy.
- Develop a Framework for Strategy Creation
  - Learn how to align **vision and goals** with actionable steps.
  - Understand the importance of **resource allocation**, competitive positioning, and identifying a **unique value proposition** (UVP).
- Apply Strategic Thinking to Real-World Scenarios
  - Gain practical insights into conducting market analysis, competitive analysis, and building a sustainable competitive advantage.
  - Learn how to set **SMART goals** to track progress and guide strategic decision-making.

# Building a Strategy

## Building the Foundation for Success

- **Vision and mission:** Defines the long-term purpose of the business and what it aims to achieve.
- **Competitive Landscape:** Helps understand the environment we're competing in.
- **Goals and Objectives:** Establishes **specific, measurable, and time-bound** targets that guide decision-making.
- **Unique Value Proposition (UVP):** Clearly communicates what sets the business apart from competitors.
- **Resource Allocation:** Determines how time, capital, and talent will be distributed to maximize efficiency.

# Vision and Mission

## Defining Your Business Identity

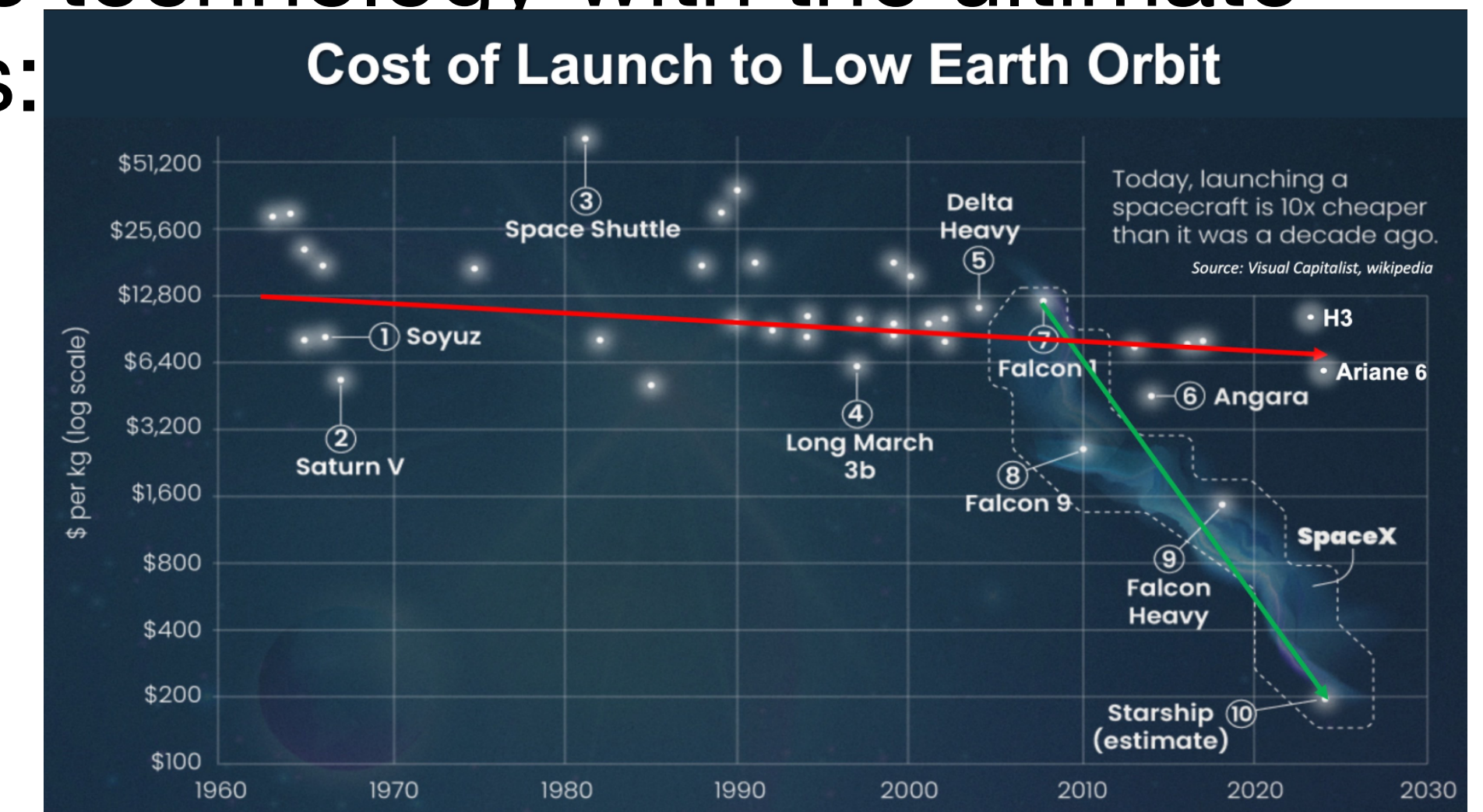
Conveying the driving force behind your business:

- **Mission:** Clearly state what your company aims to achieve and for whom.
- **Vision:** Paint a picture of the future you aspire to create.
- **Values:** Articulate the principles that guide your company's behavior and decisions.

# SPACEX

- The **mission** of SpaceX is to revolutionize space technology with the ultimate goal of enabling humans to live on other planets:

- Reduce the cost of space travel.
- Develop fully reusable rockets.
- Make life multiplanetary



- The **vision** of SpaceX is to create a future where humanity is a spacefaring civilization, ensuring the long-term survival of the species.

- **Values:** Innovation, Ambition, Efficiency, Resilience, Sustainability



# DISCORD

- Discord's **mission** is to create a space for everyone to find belonging.
- The **vision** of Discord is to be the place where people come together to talk, share experiences, and build meaningful communities.
- Values: Belonging, Empathy, User-Centered, Innovation, Safety, Fun and Creativity



# slack

- Slack's **mission** is to make people's working lives simpler, more pleasant, and more productive.
- Slack's **vision** is to be the central nervous system for work, enabling organizations to operate more efficiently, stay better connected, and collaborate in a more structured and transparent way.
- **Values:** Empathy, Courtesy, Craftsmanship, Playfulness, Solidarity, Thriving Users



# Sport Tickets Inc.

**Example: a startup for online ticket sales for local sport events**





- **Mission:** To simplify access to local sports events by offering a seamless, user-friendly platform for purchasing tickets, connecting fans to their favorite local teams and fostering community through sports.
- **Vision:** To become the leading platform for local sports ticketing, making it easier for fans to engage with their local sports teams and creating a vibrant sports community where attending events is accessible, enjoyable, and hassle-free.
- **Values:**
  - **Community Focus:** We are dedicated to strengthening local communities by making sports events more accessible and bringing fans closer to their teams.
  - **Customer Convenience:** We prioritize a smooth and user-friendly experience for customers, ensuring ticket purchasing is fast, easy, and transparent.
  - **Transparency and Fair Pricing:** We believe in clear, upfront pricing without hidden fees, providing our customers with the best value and trust in our platform.
  - **Innovation:** We continuously strive to improve our platform with the latest technology, ensuring that fans have a modern, reliable experience for accessing tickets.
  - **Passion for Sports:** Our love for local sports drives everything we do, from partnerships with teams to the dedication of creating a platform that enhances the fan experience.

# Components of a Strategy

## Building the Foundation for Success

- **Vision and mission:** Defines the long-term purpose of the business and what it aims to achieve.
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# Competitive Landscape

## Where are you going to sell?

- **Target Market:** Identifying and understanding your ideal customers—their demographics, behaviors, needs, and pain points.
- **Competition:** Analyzing your competitors' strengths, weaknesses, strategies, and market positioning. This enables you to differentiate your business effectively.
- **Industry Trends:** Staying up-to-date with industry developments, emerging trends, and disruptive forces that could impact your business.

# Target Market

## Identifying Your Ideal Customers

- **Demographics:** Age, gender, income, education, location, and occupation to understand who your customers are
- **Psychographics:** Interests, values, lifestyle, and personality traits that shape how they engage with products or services.
- **Segmenting the Market:** Break down the market into specific groups based on demographics and psychographics to better target each segment

# Target Market

## Understanding Customer Behaviors

- **Purchase Patterns:** Identify how and when customers buy your product, including frequency, preferred channels, and motivations.
- **Online vs. Offline Behavior:** Track whether customers prefer digital platforms or physical stores and how they use each in their purchasing decisions.
- **Decision-Making Process:** Map out how customers research, evaluate, and decide on products, including the role of reviews, social proof, and comparisons.

# Target Market

## Addressing Customer Needs & Pain Points

- **Customer Needs:** Identify what problems or desires your product solves—understand both functional and emotional needs.
- **Pain Points:** What are the challenges or frustrations your customers experience before finding a solution? This could be cost, complexity, or lack of access.
- **Solutions:** Position your product or service as the answer to their pain points by highlighting key features that resolve these specific issues.

# Target Market

## Example: Sport Tickets Inc.



- **Demographics:** Our target customers include sports enthusiasts aged 18-45, with a mix of middle-income earners who are passionate about local sports. They are mostly based in urban and suburban areas, with a high interest in community events.
- **Psychographics:** These individuals value community involvement, enjoy supporting local teams, and have a social lifestyle. They often attend events with friends or family and appreciate easy access to tickets for experiences that bring people together.
- **Segmenting the Market:** The audience is segmented into casual attendees (those who attend games occasionally for social interaction), loyal fans (frequent game-goers), and families looking for affordable local entertainment.



# Target Market

## Example: Sport Tickets Inc.



- **Purchase Patterns:** Customers typically purchase tickets a few days before the event, often last-minute. They prefer digital tickets for convenience and are attracted to deals or early bird pricing.
- **Online vs. Offline Behavior:** Most customers discover events through social media or local sports websites and expect to purchase tickets via mobile-friendly platforms. They rarely visit physical outlets for ticket purchases.
- **Decision-Making Process:** Customers are driven by factors like the popularity of the game, location, and the opportunity to attend with friends or family. They seek easy-to-navigate platforms that offer quick access to purchase tickets without lengthy registration processes.

# Target Market

## Example: Sport Tickets Inc.



- **Customer Needs:** Customers need a seamless, hassle-free way to buy tickets online, particularly at local events where physical outlets may be scarce or inconvenient.
- **Pain Points:** Many face issues with unreliable ticket platforms, hidden fees, or complicated purchase processes that result in frustration and missed events. Limited payment options or non-responsive websites also drive dissatisfaction.
- **Solutions:** Our platform addresses these pain points by offering a mobile-friendly interface, transparent pricing, and multiple payment options. Additionally, we provide real-time updates on ticket availability and event details, ensuring a smooth user experience.

# Competitive Analysis

## How to Conduct a Competitive Analysis

- **Identify Competitors:** Start by identifying your direct and indirect competitors. These are businesses that offer similar products or target the same customer base.
- **Analyze Products and Services:** Evaluate the products or services your competitors offer. Understand their features, pricing, quality, and unique selling points.
- **Market Share and Positioning:** Determine your competitors' market share and how they position themselves in the market. Are they market leaders, challengers, or niche players?

# Competitive Analysis

## Identify Competitors

- **Direct Competitors:** These are businesses offering identical or very similar products/services to the same customer base.
- **Indirect Competitors:** Include businesses that offer alternative solutions to the same customer problems.
- **Emerging Competitors:** Identify startups or new entrants that could disrupt the market.

# Competitive Analysis

## Analyze Products and Services

- **Feature Comparison:** Analyze the specific features offered by competitors, understand which features are driving customer satisfaction.
- **Pricing Models:** Compare the pricing strategies of competitors. Are they offering competitive prices, discounts, or loyalty programs? Understand their fee structures and how it affects customer acquisition.
- **Unique Selling Points (USPs):** Investigate what sets each competitor apart. Are they known for superior customer service, a broad range of events, or user-friendly platforms? Identify their strengths and weaknesses.

# Competitive Analysis

## Market Share and Positioning

- **Market Leaders:** Identify the dominant companies in the industry. These businesses hold the largest market share and often set industry trends and standards.
- **Challengers:** Look at competitors that are aggressively trying to increase their market share by differentiating themselves in terms of innovation, pricing, or customer service.
- **Niche Players:** Consider smaller competitors who focus on specific segments or local events. These players may not have large market shares, but they cater to dedicated communities or underserved markets.

# Competitive Analysis

## Identify Competitors



- **Direct Competitors:** Platforms like **StubHub** and **Ticketmaster** are key direct competitors, offering online ticket sales for various sports events, including local and professional games. They have well-established brands and significant market reach.
- **Indirect Competitors:** Companies like **Eventbrite** or **Meetup** indirectly compete by providing platforms for organizing and selling tickets for local events, including sports, but focus on a broader range of event types (not just sports).
- **Emerging Competitors:** Look out for local or regional startups such as **TickPick** or sports-specific apps that might offer new features, such as blockchain ticketing or fan engagement platforms. These entrants are trying to modernize ticketing through innovative technologies.

# Competitive Analysis

## Analyze Products and Services



- **Feature Comparison:** Ticketmaster offers robust features like integrated mobile ticketing, venue seating maps, and exclusive VIP packages. StubHub emphasizes its resale market and ticket guarantees. In contrast, smaller platforms may offer more flexibility and focus on local or niche sports.
- **Pricing Models:** Major platforms like StubHub charge high service fees (up to 20%) but offer guarantees and customer support. Eventbrite typically charges lower fees but lacks sports-specific features. Price-sensitive customers may find value in lower fees from smaller competitors, but they often compromise on features or support.
- **Unique Selling Points (USPs):** Ticketmaster stands out for its exclusive partnerships with sports leagues and large event venues, providing early access to tickets. StubHub differentiates itself through its resale market and customer guarantees. Eventbrite appeals with easy event management and ticket distribution tools but lacks sports-specific focus.



# Competitive Analysis

## Market Share and Positioning



- **Market Leaders:** **Ticketmaster** dominates the market with exclusive deals and a strong presence in the professional sports and entertainment industries. **StubHub** follows as a significant player, particularly strong in the resale market for both large and local events.
- **Challengers:** Platforms like **SeatGeek** and **TickPick** are challenging the leaders by offering lower fees, enhanced mobile experiences, and user-friendly interfaces. They are aggressively positioning themselves by appealing to tech-savvy, price-conscious customers.
- **Niche Players:** Local or smaller platforms, such as **LocalTix** or region-specific event apps, focus on hyper-local sports events. These platforms typically cater to dedicated fans of regional leagues, smaller sports, or non-professional events, positioning themselves as community-focused ticketing services.

# Competitive Analysis

## SWOT

- **Strengths:** These are your internal advantages. What does your startup do exceptionally well? What sets you apart from competitors?
- **Weaknesses:** These are internal disadvantages or areas where improvement is needed. Recognizing weaknesses is crucial for addressing and mitigating them.
- **Opportunities:** External factors that could positively affect your business. These can include market trends, emerging technologies, or untapped customer segments.
- **Threats:** External factors that could negatively impact your business. This may involve competition, economic downturns, or regulatory changes.

# Competitive Analysis

## SWOT: Sport Tickets Inc.



- **Strengths**

- **Niche Focus on Local Sports:** By focusing on local sports events, you can build strong community relationships and cater to a specific, underserved market.
- **User-Friendly Platform:** Offering an easy-to-use, mobile-friendly ticketing platform will attract customers looking for convenience and efficiency in purchasing sports tickets.
- **Low Overhead Costs:** As an online platform, the startup can operate with relatively low overhead compared to physical ticketing outlets, which allows for flexible pricing and quick scaling.

- **Weaknesses**

- **Limited Brand Recognition:** As a new player in the market, building awareness and trust may take time and resources.
- **Dependence on Local Sports:** Focusing solely on local sports might limit growth opportunities and expose the company to seasonal fluctuations in demand.
- **Lack of Established Partnerships:** Established players like Ticketmaster have long-standing partnerships with sports teams and venues, which could be a challenge for securing exclusive deals.

# Competitive Analysis

## SWOT: Sport Tickets Inc.



- **Opportunities**

- **Growth of Digital Ticketing:** Increasing demand for contactless and mobile ticketing creates a significant opportunity for online platforms, especially after the pandemic.
- **Expanding to Other Event Types:** Beyond sports, the platform could expand into other types of local events (e.g., concerts, festivals) to diversify revenue streams.
- **Partnerships with Local Sports Leagues:** Forming strategic partnerships with local sports teams and community organizations can boost credibility and secure repeat customers.

- **Threats**

- **Established Competitors:** Large players like Ticketmaster, StubHub, and Eventbrite have greater resources, brand recognition, and industry partnerships, making it difficult to compete.
- **Economic Downturn:** Economic challenges could reduce consumer spending on non-essential items like local sports tickets, impacting sales.
- **Technological Disruptions:** Emerging technologies, such as blockchain ticketing platforms or other innovative event engagement tools, could disrupt the industry or require heavy investment to stay competitive

# Components of a Strategy

## Building the Foundation for Success

- **Vision and mission:** Defines the long-term purpose of the business and what it aims to achieve.
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# Goals and Objectives

## SMART Goals



- **Specific:** Launch Sport Tickets Inc. in 5 major cities within the first year, focusing on minor league and community sports teams in each city.
- **Measurable:** Achieve 15,000 ticket sales per month across all cities by the end of year one, with an average customer satisfaction score of 90%.
- **Achievable:** Partner with 50 local sports teams in each city during the first 12 months to ensure a steady flow of events and ticket availability.
- **Relevant:** Focus on high-demand sports like soccer, basketball, and hockey, which have strong local followings, to build a solid user base.
- **Time-bound:** Complete the platform development and beta launch within 6 months, followed by full launch in 2 target cities within 9 months and expand to 3 more cities by the end of year 1.

# Components of a Strategy

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# Strategy

## Unique Value Proposition



**Sport Tickets Inc.** focuses on **local sports events** and provides a **seamless ticketing experience** for both fans and teams.

Unlike larger platforms like Ticketmaster, Sport Tickets Inc. specializes in **community-driven sports**, offering a more personal and community-oriented user experience.

We provide **transparent pricing** with no hidden fees, and the platform is optimized for **mobile users** to make ticket purchasing fast and easy.



# Strategy

## Sustainable advantage - core competencies



- **Local Market Expertise:** Focus on understanding the local sports culture and building strong relationships with sports teams and fans.
- **Technology:** A mobile-first platform with a simple, intuitive user interface designed specifically for purchasing tickets to community sports events.
- **Customer Service:** Offer a superior customer experience with real-time updates, seat selection, and responsive customer support to handle any issues quickly.

# Strategy

## Sustainable advantage - Technologies



- **Mobile Ticketing:** Provide a robust and reliable mobile app that offers digital tickets, QR codes for entry, and real-time ticket availability.
- **Data Analytics:** Use data to track user preferences, optimize marketing campaigns, and provide personalized event recommendations.

# Components of a Strategy

## Building the Foundation for Success

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# Strategy

## Sustainable advantage - Processes



- **Partnership Development:** Develop efficient processes for onboarding local sports teams and venues, ensuring they can easily list events and manage ticket sales through the platform.
- **Customer Feedback Loops:** Continuously gather feedback from users to improve the platform, making enhancements based on real user needs and experiences.

# Strategy

## Time Allocation



- Allocate the first **6 months** to platform development, ensuring it is mobile-friendly and equipped with essential features like ticket purchasing, seat selection, and real-time updates.
- Dedicate **3 months** for a beta testing phase in the first two cities, gathering user feedback to refine the platform.
- Assign a dedicated team to **onboard local sports teams and venues**, ensuring they are well integrated into the platform.

# Strategy

## Capital Allocation



- Allocate funding toward **platform development**, including web and mobile apps, integration with payment gateways, and user interface design.
- Set aside a **marketing budget** for each city launch, focusing on digital ads (social media, Google), partnerships with local sports influencers, and promotional deals with teams.
- Budget for **customer support services**, ensuring users can resolve ticketing issues quickly and efficiently through phone, email, or chat.

# Strategy

## Talent Allocation



- Hire **developers and UX designers** to build and maintain the platform.
- Allocate resources for **sales and partnership** teams to reach out to local sports teams and form partnerships.
- Employ a **marketing and customer support team** to handle user acquisition, promotions, and customer service.

# Conclusion

## Summarising Key Takeaways

- Strategy provides a **clear direction**, aligning the team and ensuring that resources are focused on achieving the long-term vision and goals of the startup.
- A strong strategy includes a well-defined **vision and mission**, clear **goals and objectives**, a **unique value proposition (UVP)**, and efficient **resource allocation** to stay competitive in the market.
- Developing a strategy requires understanding your **target market**, analyzing competition, and building a **sustainable competitive advantage**. Setting **SMART goals** helps measure progress and guide decision-making.



# Assignment

## Build your strategy

- Vision, Mission, Values
- Analyse Competitive Landscape
- Set SMART goals for the first 12 months
- Define your UVP
- Strategic resource allocation

Create docs with GDrive tools and share the doc with [ales@spetic.si](mailto:ales@spetic.si)

by the end of the week!