

A wooden shelf is mounted on a wall, displaying a collection of brand cards. The cards are arranged in two rows. The top row includes cards for 'dalma.', 'TRADE REPUBLIC', 'kry', 'Spryker', and others. The bottom row includes cards for 'voi.', 'ExpressGroup', 'ARX', 'sender', and others. The background is a plain, light-colored wall.

BRAND & COMMUNICATIONS

The Project A Portfolio Survey 2023

Table of Contents

- 1.** Prologue: Branding in Challenging Times
- 2.** Why Brand & Communications Matter
- 3.** Mapping the Portfolio
- 4.** Best Practices in 2023
- 5.** Current Challenges
- 6.** Strategy
- 7.** Branding for Funding

- 8.** Channels
- 9.** Campaigns
- 10.** Team Structure
- 11.** Collaboration
- 12.** Budget and Resources
- 13.** Outsourcing vs. In-house
- 14.** Conclusion and Recommendations

1 Prologue: Branding in Challenging Times

The last years were tough. Tech start-ups went from an all-out hype mode to an immediate crisis caused by the aftermaths of the pandemic, a global economic downturn, and geopolitical conflicts.

It is precisely in times like these that **companies should invest in their brand**. Research shows that it's cheaper to cut the clutter and get the consumer's attention during a recession when there's less advertising pressure. Furthermore, companies that double down on brand usually emerge stronger than competitors.

Nevertheless, contrary to scientific evidence and common sense, **most companies panic and cut their brand marketing budget** to focus almost exclusively on short-term measures and touchpoints close to conversion.

We wanted to know **how our portfolio companies cope in this challenging environment**: Do they wind down their brand activities to stretch the runway or seize the opportunity to raise the stakes and get the upper hand before the next funding round or the inevitable economic recovery?

So, we surveyed our portfolio companies, asking brand and communications executives how they react to the crisis, which challenges they face, and how they organize. We asked about **industry trends, strategies, channels, campaigns, budgets, and resources**.

This report summarizes our findings and learnings, and we're glad to share it with everyone.

We hope **the insights help you navigate these challenging times** and make the right decisions on how to communicate with your customers, partners, employees, and investors.



***Dr. Simon Walter,
Chief Strategy Officer
Project A***

2 Why Brand & Communications Matter

The goal of this report is twofold: To increase transparency about the role of Brand & Communications in start-ups and scale-ups in the tech industry and to share learnings from our collaboration with hundreds of businesses.

Brand & Communications play an essential role in shaping the company's image, positioning it in the market, streamlining internal and external messaging, and contextualizing the efforts of other teams. You can see a few practical examples of these direct connections on the right side.

Branding, communications, and PR experts help accelerate growth and drive customer engagement, defining the company's reputation and strategic decisions—particularly during challenging times.

Value proposition

Build trust and credibility and support **business development** and **sales** with a clear, communicative value proposition.

Story

A consistent, relatable, and thoughtful narrative helps **marketing** and **sales** generate content and promotional strategies.

Customer insights

Study and clarify customers' needs, pain points, and values as a basis for **product**, **sales**, or **marketing** activities.

Employer branding

Help **talent acquisition** attract new team members and support **HR** in fostering a positive culture among employees.

Relevance

Media Relations amplify how your vision and product make a difference. Keep **the public** up to date and attract **investors**.

Crisis management

Set a clear path to enable **management** to lead during crises and protect the company's reputation.

3 Mapping the Portfolio

As an operational VC, we offer our portfolio companies hands-on support to enable them to develop their full potential.

Sharing our expertise in building and scaling businesses—including branding and communications—means we have a unique insight into how these companies operate.

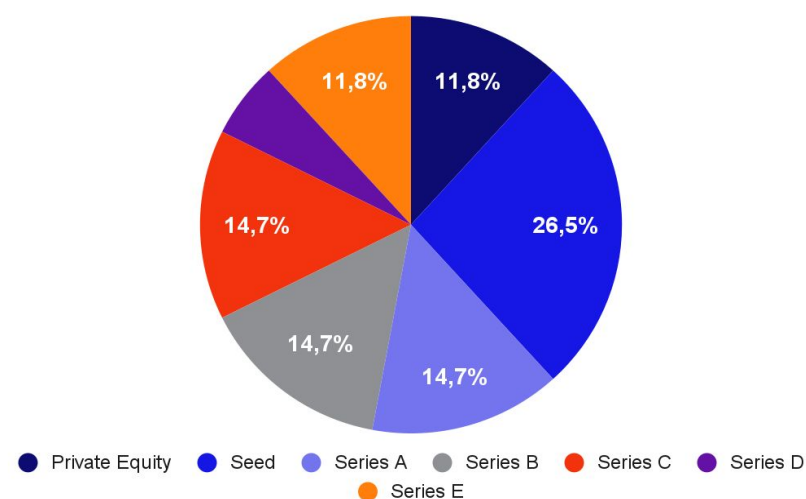
Still, we wanted to learn more about the relevance our Brand & Communications services can have to our portfolio. Following is a summary of the companies that participated in this survey:

- **38% are B2B, 27% are B2C, 35% are B2B and B2C**
- **34 active portfolio** companies answered our call.
- Most are based in **Germany, the Netherlands, and Denmark**. The rest operate from **France, the UK, Italy, Finland, Sweden, and Austria**.

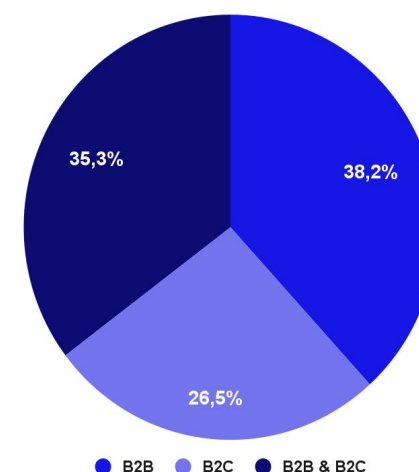
Almost 60% of the companies are at **Seed to Series B-level**, 32.3% are **Series C to E-level**, and 11.8% are **Private Equity**.

The **sentiment** regarding the challenges ahead is ambiguous. 30% of the surveyed companies **expected challenges in the upcoming year**, another 30% were unsure, and 1 in 3 companies anticipates **cost cuts**.

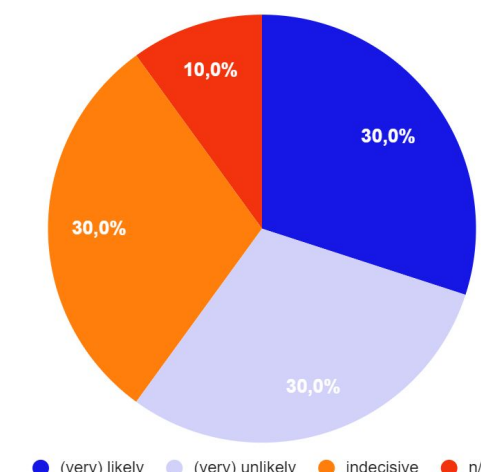
Maturity



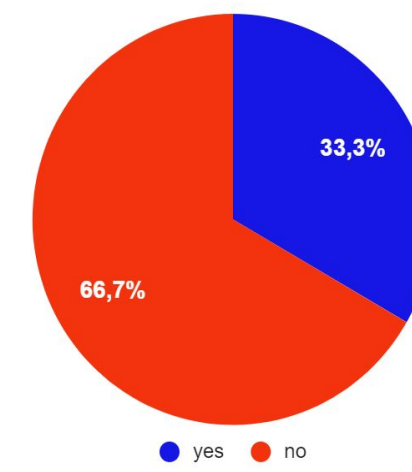
Business model



Do you expect challenges?



Do you expect cost cuts?



4 Best Practices in 2023

Optimistic as we may be, it's reasonable to assume that 2024 will probably not be **a year of massive growth**. It will be more critical than ever to optimize and stabilize business processes.

When planned correctly and executed professionally, Brand & Communications activities can help build meaningful customer relationships, increase retention rate, and foster brand loyalty and advocacy.

Following are the top best practices—classics, if you may—we recommend adopting to maximize the return on your branding and communication efforts:

#1 Ahead of the curve

You should be on top of current hot topics, including ESG, diversity, and socio-economic impacts. Be prepared to address these topics in discussions with investors, talents, and customers.

#2 Tell your story

Brand loyalty is a direct result of the customer's emotional connection with your company. Meaningful relationships and a solid, coherent narrative make your brand stand out.

#3 Personalization is king

Start-ups always search for product-market fit. To succeed, you need to understand and target individual customers' needs. This will drive engagement and increase loyalty.

#4 Step into the spotlight

Brand ambassadors promote awareness and sales. These can be founders, employees, or external specialists active online and offline, interacting directly with your audience and breathing life into your brand.

#5 Explore AI

Generative AI tools, like ChatGPT, could revolutionize content creation. Encourage your in-house experts to experiment with these, learn how to leverage them, and support others with internal or customer-facing communications.

5 Current Challenges

We asked our portfolio companies to share the top three Brand & Communications focus topics and challenges and **compiled the 5 most mentioned ones (on the right)**.

While these partially match our suggested industry best practices, they indicate prioritizing the practical aspects of the aforementioned high-level recommendations:

1. The daily business focus is more on operational sales- and lead generation-centered goals than generic, catch-all topics.
2. Some of these best practices have already been implemented. For example, most companies use AI to some degree and are mindful of relevant aspects of diversity and ESG.



#1 Reach new markets and drive brand awareness

As soon as a portfolio company reaches product readiness, it wants to attract customers. Another common scenario is companies that enter new markets or new segments after pivoting or expanding.

#2 (More) emotional brand storytelling

The greater your idea, the sooner competitors will try to bite a piece of your market share. A coherent, relatable narrative helps position your brand as a market leader, raise awareness, and inspire loyalty.

#3 Improve PoS/lead generation

A thoughtful branding and strategic communication strategy can leverage Point of Sales and support additional lead generation together with sales and product.

#4 Employer branding

Employees are the cornerstone of a company's success. Our portfolio companies are growing steadily and need to position themselves as attractive employers to retain and acquire new top talents.

#5 Custom content creation

Digital products, their benefits, and functionality can be hard to understand. That's why it's essential to create content pieces that explain, inspire, and attract users.

6 Strategy

A solid brand and communications approach provides internal alignment on mission, vision, and values. It helps attract new talents, retain employees, and increase brand awareness among investors and loyalty among customers.

As companies change, grow, or pivot, branding and communication activities must be adjusted. This is where Brand & Communications strategy is crucial.

Why did you change the previous strategy?

- 1. Product readiness
- 2. Requirements and circumstances changed
- 3. Focus shift: Tightening and leaning into values; local brand activation rather than nationwide; demand capture
- 4. Rebranding/renaming
- 5. No previous strategy

How do you measure its success?

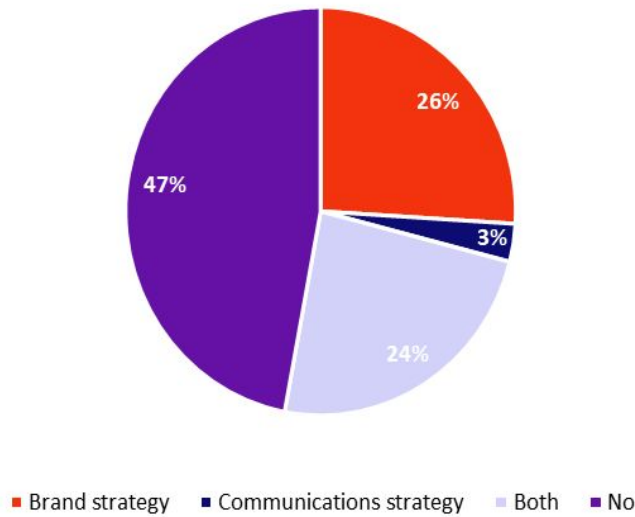
Brand

- 1. Brand tracking
- 2. Media monitoring
- 3. Attribution modeling
- 4. Incrementality tests
- 5. Sentiment analysis, consumer feedback

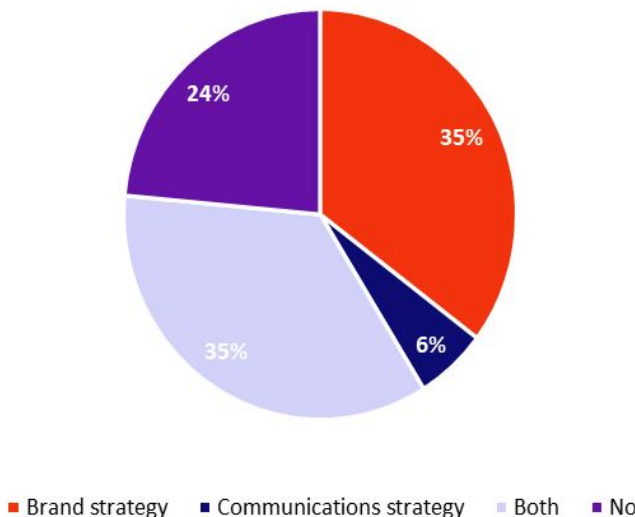
Communications

- 1. Website visits, increased sales
- 2. Brand or product mentions
- 3. Number of media partnerships
- 4. Share of voice
- 5. Brand reputation, media/event requests

Did you have a brand/communications strategy last year (2022)?



Do you have a brand/communications strategy this year (2023)?



The Brand & Communications activities should go hand in hand with broader business goals. It's wise to develop a minimum viable brand (MVB) and generate media interest from the get-go, but it cannot replace a detailed strategy that adapts to changes in the company's size, stages, and product maturity levels.

Top reasons to define a brand strategy

- 1. Brand recognition/awareness
- 2. Customer acquisition
- 3. Brand image
- 4. Rebranding
- 5. Brand loyalty/advocacy

Reasons against a B&C strategy (2023)

- Brand & Comms is part of the overall marketing strategy
- Too ad hoc/early
- No need
- Reorganization

Top reasons to define a comms strategy

- 1. Generate or increase awareness
- 2. Create demand or interest
- 3. Increase/generate media interest
- 4. Reputation management
- 5. Build relationships

Strategy can help

- Grow an audience
- Drive sales through communications
- Target investors

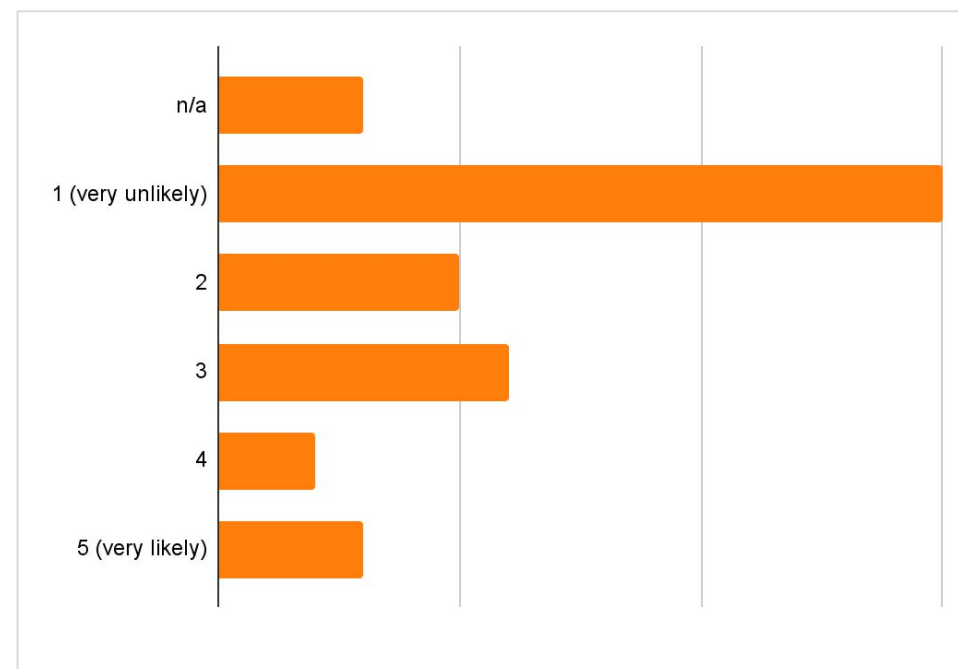
7 Branding for Funding

Post one funding round is before the next. Securing funding is a major recurring milestone on every start-up's roadmap, and even if a company isn't actively raising money, the next round is always around the corner.

You must stand out in the sea of sameness, or investors will pass you over. That's what your brand is for. A strong brand and a strategic communication strategy are crucial in convincing investors and attracting talents and customers alike.

Our survey results show this statistical tendency: Companies currently seeking funding allocate **a bigger budget** to brand and communications activities than the ones that don't.

Likelihood of a funding round



Half the respondents said they don't plan a funding round this year. This aligns with the latest report* that European early-stage funding in Q3 2023 amounted to \$4.5bn, compared to \$5.3bn in Q3 2022. Totalling \$1.4bn, seed funding is at its lowest point since the downturn started in Q3 2022.

*<https://news.crunchbase.com/venture/europe-startup-funding-q3-2023-data/>

Companies that plan a funding round should invest in Brand & Communications to enhance positive perception among talents and investors.

Growing a strong brand is vital and fills different functions along a company's journey toward **maturity**:

Pre-seed/Seed: Branding lays the foundation and common ground, helps grow the business, and distinguishes from competitors.

From Series A: After its first success, a start-up aims to increase the user base, refine product offerings, attract talent, and prepare for internationalization.

From Series B/C: When the business is established, the goal is to meet higher demand levels; talent acquisition is essential (content creation), and branding across other touchpoints requires additional user research.

Onwards: On the road to IPO or acquisition, a strong brand boosts valuation and attractiveness to M&As.

8 Channels

Building a presence in the right channels is imperative for early-stage companies attempting to reach customers and talents, build a solid user base, foster a community, and stay in touch with industry stakeholders.

According to the survey, our portfolio companies mainly count on direct mailings and newsletters, with organic social media and search coming in second. Paid campaigns rank fourth.

Top 5 channels

1. Email and newsletter
2. Organic social media
3. Organic search
4. Paid advertising
5. PR/Press

Why did you pause/stop activity in 2023?

- No budget
- No need or too early
- Limited resources
- Limited impact on business objectives

Why did you add new channels in 2023?

- **Resources** are now available
- **Untapped potential**, higher flexibility
- **Product** readiness
- **Channel-specific goals:** Audience growth, increasing organic traffic, raising brand awareness
- **Experimenting** with new channels, *including WhatsApp* (good conversions), *TikTok, Reddit, and Pinterest*

9 Campaigns

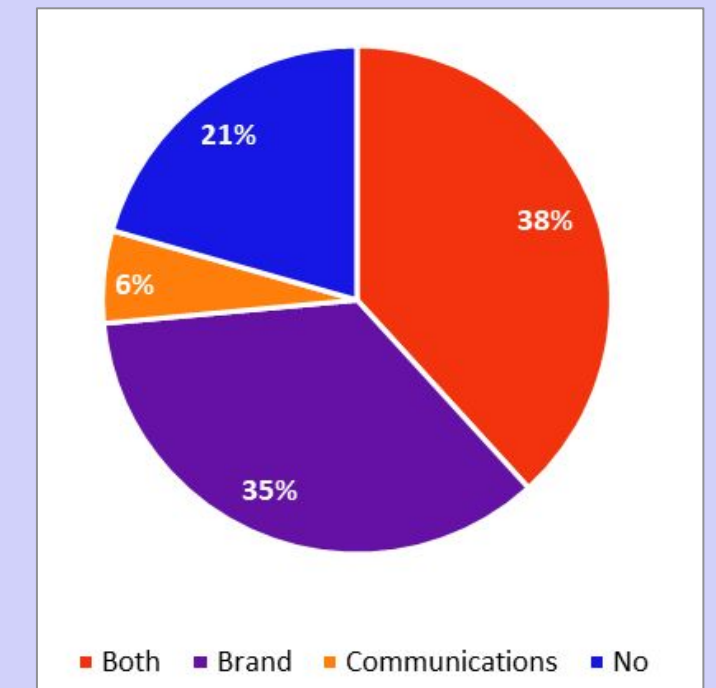
We define campaigns as activities designed to reach a specific goal or react to an external occurrence. These can be political or economic events, social topics discussed in the media, or trends the company wants to relate to spontaneously.

Campaigns can be time-limited or long-term, depending on your strategic brand and communications decisions.

Campaign goals

- **Brand awareness**
- **Brand activation**
- **Engage** followers
- Build **partnerships** to prepare scale
- **Awareness campaigns** around new products
- **Lead generation**
- Improve **brand image**
- Increase **brand consideration**

Did you plan one or more brand/communications campaigns in 2023?

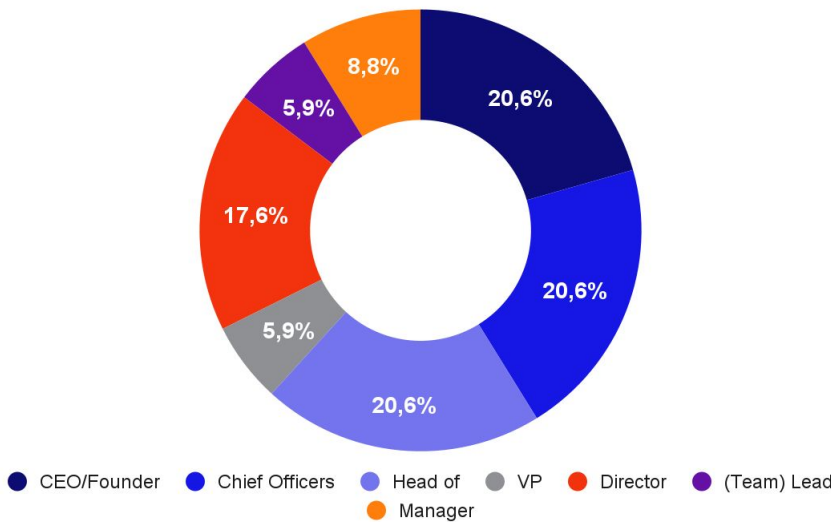


10 Team Structure

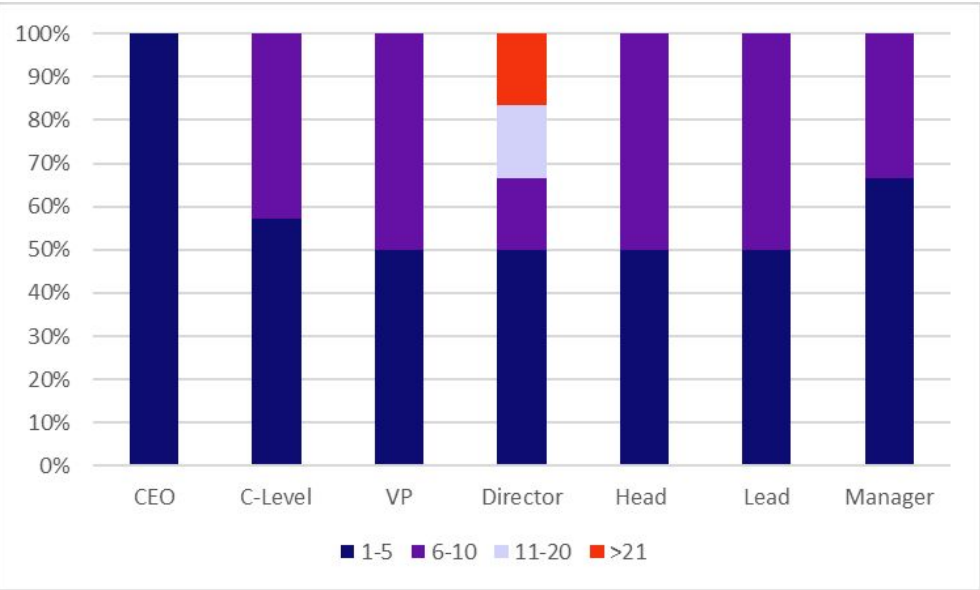
Branding and communications activities are not always allocated to a dedicated team. It's mainly part of the marketing department, but branding can also be assigned to the product team.

The likelihood of a standalone Brand & Comms team increases in more mature companies.

Seniority



Department size organized by B&C lead-level

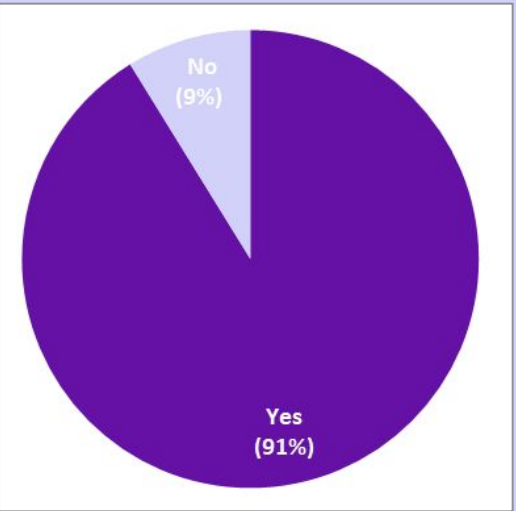


The seniority level of the person responsible for Brand & Comms is widely distributed among roles. Our survey indicates that in companies with over 20 employees, the person in charge of Brand & Comms is a Director, while in younger start-ups, the CEO is responsible for brand and communications topics.

11 Collaboration

Brand & Communications teams collaborate with other business units, often as an integral part and sometimes supporting growth, product, or design-related projects in an ad-hoc cross-functional squad.

Do you collaborate with other teams in cross-functional activities?



Reasons for collaborations

1. **Speed and efficiency**
2. **Internal knowledge exchange:** Customer research, reviews, feedback loops
3. **Joint projects**, including campaign planning, content creation, strengthening customer relationships
4. **Internal alignment** on marketing, content, and messaging
5. **Product steering**
6. **Brand positioning**
7. **Support sales activities** to increase conversion rates or revenue

Top 5 teams

1. Marketing
2. Design
3. Product
4. Business development/Sales
5. HR/Talent Acquisition

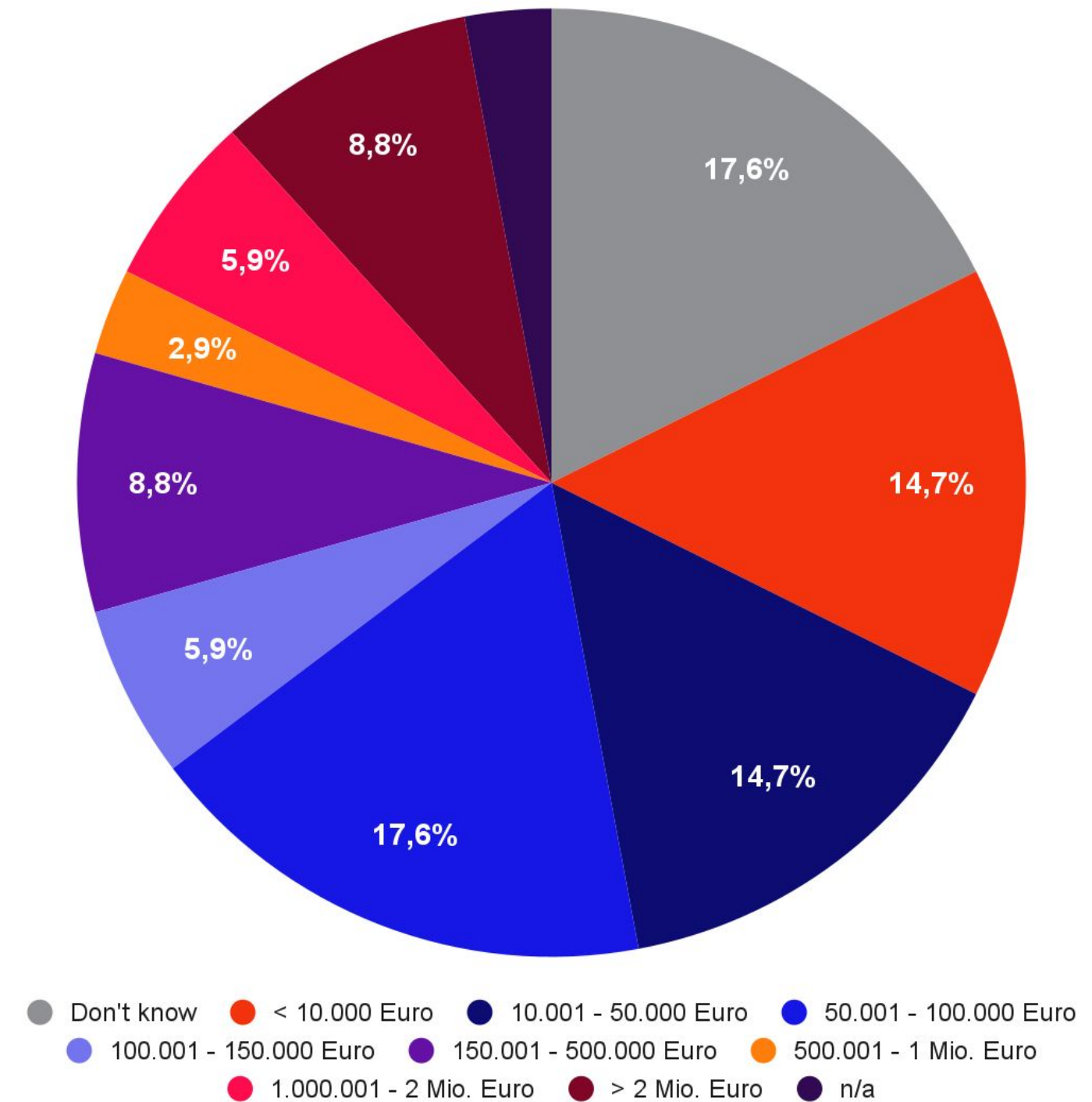
Internal alignment between our operational teams is essential for venture success, which is why our approach is holistic; projects we are involved with across our portfolio are often executed by a cross-functional squad.

12 Budget and Resources

Assigning brand and communications activities and responsibilities to a specific team and lead role depends on the company's size and maturity level; similarly, the budget allocated to these topics derives from these variables.

Budgets vary depending on whether marketing spending is included. The more customers the start-up needs, the higher the share of Brand & Comms will be in the overall marketing budget (industry and target group-related, B2B vs. B2C).

Brand & Comms Budgets



13 Outsourcing vs. In-house

Almost three-quarters of respondents work with external resources, such as agencies, freelancers, or us—Project A's Brand & Comms team.

Young companies lacking the necessary internal resources (be it employees or relevant expertise) often opt for outsourcing these services. This can be a strategic tool to overcome organizational limitations and drive early growth. However, deciding when and what to outsource should be guided by the broader vision of the company's business goals and product roadmap.

5 Tips for working with externals

1. **Market research:** Get multiple quotes; compare prices and references
2. **Briefing:** Be detailed and clear
3. **Hands-on:** Actively manage and hold externals accountable
4. **Relationship:** Treat freelancers as part of your team to improve future collaborations
5. **Handoff:** Transfer knowledge before projects end

Pros and cons of outsourcing

- | | |
|-----------------|--------------------|
| + Availability | - No supervision |
| + Specialized | - Quality control |
| + Cost saving | - No commitment |
| + Flexibility | - Data security |
| + Project-based | - Interim solution |

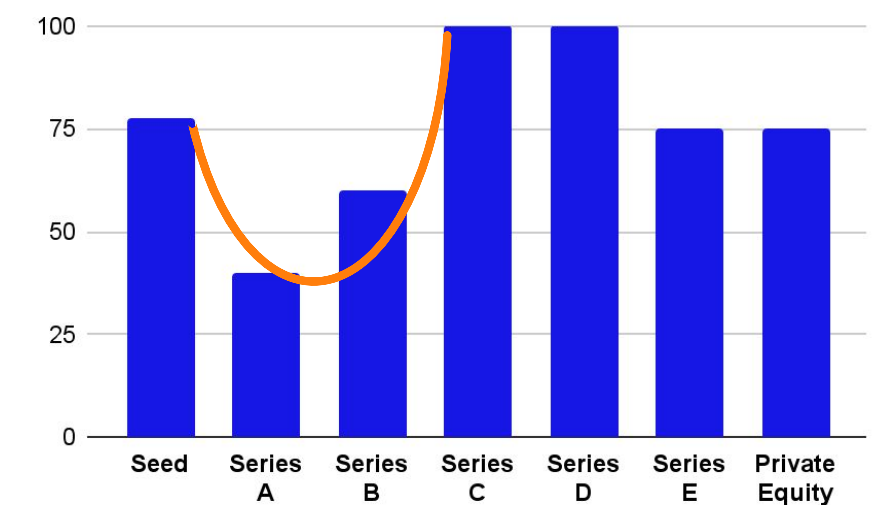
Which external services do you use?

- Research and analysis
- Brand design
- Content creation
- Media relations
- Campaign and channel planning
- Measuring and reporting

Top 3 reasons against outsourcing

1. **No need**/In-house team/try to internalize as much as possible
2. **Cost**/budget restrictions/too expensive
3. **No time** to brief

The relation between outsourcing vs. in-house and company maturity is U-shaped.



Start-ups in the **Seed stage** outsource because they lack resources. This trend reverses in **Series A** and **B** levels, only to re-emerge later:

Companies in **Series C** and **D** levels outsource services because they have the budget or target different markets.

14 Conclusion & Recommendations

Our goal with this report was to explore **the role of Brand & Communications (B&C) across our portfolio**. After helping hundreds of tech start-ups and scale-ups build brands, we wanted to hear firsthand how they use B&C and learn about their team structure, challenges, and approaches to communicate with customers, partners, employees, and investors.

Half of the portfolio companies surveyed had **no foundational B&C strategy in 2022**. While it fortunately **changed in 2023**, operating with a playbook rather than guesswork still depends on the organizational structure.

Companies heavily rely on external resources, especially at the seed level and then again at later stages. Outsourcing B&C provides flexibility when internal resources are scarce. At a later stage, freelancers act as an extension of an in-house team, supporting new markets or channels. Outsourcing is a good way to close gaps. Yet, start-ups and scale-ups should remember that effective output demands commitment: You need management to back you and a person responsible for leading freelancers and agencies.

The top channels remain email and social media, where B&C works with the marketing, design, and product teams to create compelling content. **Cross-functional collaborations are crucial** in highlighting the significance of B&C. Ensure everyone understands what B&C is and how it benefits them.

Investing in B&C is essential for funding rounds. If you're on a growth path, ensure brand hygiene and get everyone on board. Follow industry best practices and experiment with AI to test potential benefits.

The takeaway is that **it's never too late to invest in your brand**. After the first round, in times of crisis, or when scaling—a distinct brand gives you that decisive advantage over your competitors, fueling growth throughout your journey.

The Brand & Communications Team

The authors



Lisa-Marie Gaschler
Senior Brand Strategist



Tobias Enke
Head of Communications



Ronny Shani
Senior Content Writer



Lana Zöllner
Head of Content



Dr. Simon Walter
Chief Strategy Officer



Methodology:

80 portfolio companies were surveyed in the period of March 1 to April 1, 2023, of which 34 company responses were evaluated. This evaluation serves as the basis for this report. The authors assume no responsibility or liability for any errors or omissions in this report. The information contained in this report are provided on an “as is” basis with no guarantees of completeness or timeliness.

Project A