

# Scaling at the edge: Why scaleups must be fearless to break into the mainstream

Thought Leadership Report

*Clarity*<sup>®</sup>

# Introduction: Mind the gap

**“Mountains are not fair or unfair, they are just dangerous.”**

Reinhold Messner, the first person to climb Mount Everest solo.

“ There are dangers on the metaphorical mountain of business growth too. Hidden crevasses, huge chasms.

Only one in 200 startups attain scaleup status according to research by [Deloitte and THNK](#). While that’s a great achievement, even reaching this point is no guarantee of future success. In fact, [70% of scaleups fail](#).

Why? Various reasons. Every business is different after all. But from a comms and marketing standpoint, the most fundamental change that occurs when scaling is the nature of your audience.

Growth is initially driven by an audience of early adopters. However, taking your business to the next level means tapping

into a larger demographic known as the early majority. The problem is, this audience doesn’t respond in the same way as those attracted to your business in the startup phase.

They don’t pay as much attention and are less inclined to act on your messages. To be blunt, they are less likely to care about you at all. Winning them over is therefore more demanding but when done properly, far more rewarding. Every growing business should be aware of the following harsh principle: *The more you scale, the more apathetic your audience is to brands.*

This “apathy gap” exists in both B2B and B2C markets, and it cannot be ignored. Failure to overcome it may prove disastrous.

***Scaling at the edge: Why scaleups must be fearless to break into the mainstream*** combines our own proprietary research with evidence based thinking to clearly define the apathy gap and explain why it occurs. Importantly, we also look at how you can use these audience characteristics to your advantage. We even include a punchy *Fearless Manifesto* that sums up the bold steps you should take.

When standing at the edge of a new challenge, don’t be afraid to accept that the marketing communications approach that brought you so far may no longer be the right one to bridge the chasm and take you further onward. This sentiment holds true for any brand looking to grow.

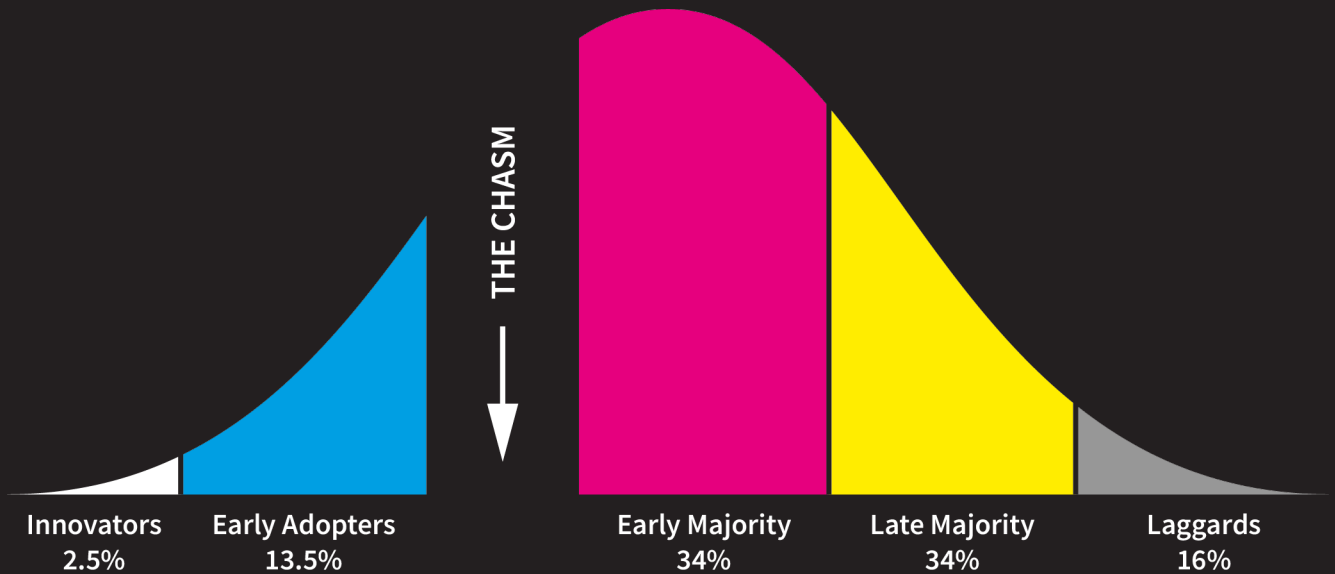
More of the same is likely less than enough. Perhaps it’s time to breathe in some fresh mountain air and feel fearless about change. ”

**Alex Judd, Head of Impact and Planning, Clarity**

# Time to bite into the bigger pie

The apathy gap is not a new concept. In his influential book *Crossing the Chasm*, Geoffrey A. Moore explains why it's hard making the leap to selling to mainstream customers.

Innovators and early adopters are attracted to startups because they are always on the hunt for the latest developments and love trying out new brands. **Yet as shown in the infographic below, they tend to make up just 16% of the market.** Between them and the mainstream lies a chasm.



In your growth journey, the time will come when you have to cross the chasm and target the early majority, that chunky 34% of the market, and beyond. For a deeper understanding of how to do that, we

conducted our own study with a sample size of over 16,000 people using YouGov Profiles' extensive database of consumer survey data. You'll find some illuminating insights from our study on the next page.





# Two audiences, poles apart

## Six notable findings:



**54%** of early adopters “prefer a meaningful connection with brands over a short term connection that will fade away” compared to just 10% of early majority.



**49%** of early adopters want brands to have a clear view on wider societal issues and **39%** also want brands to show they don't take life too seriously, compared to 17% and 16% respectively for early majority.



**62%** of early adopters are willing to pay more for products/services that help them save time, compared to 15% early majority.



Equally, **65%** of early adopters want brands to “show they care” against 35% of early majority; **50%** to be clever and witty versus 21%; and **62%** to be consistent in what they say and do versus 41%.



**62%** of early adopters are willing to pay more for products that improve their lives, compared to 16% early majority.



**50%** of early adopters think advertising helps them choose what to buy, compared to 5% of the early majority.

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## Insights: Three distinct differences between early adopters and the early majority

### 1. Level of interest

We saw how early adopters expect brands to have a clear view on wider societal issues, to show they don't take life too seriously, to be consistent and show they care. That's a lot of expectation. The early majority, on the other hand, do not hold brands to account at the same level, with an average drop of 27% across each criteria. Then there's an even bigger drop in desire for a “meaningful connection” with brands. The early majority have a **greater sense of ambivalence**. Brands matter less.

### 2. Motivation

Another clear divide is seen in willingness to pay for products or services that will help save time or improve life. Early adopters live up to their name. They are open-minded optimisers looking

for efficiencies wherever they can, and willing to pay for them too. Conversely, the early majority are more difficult to convince. **They are not looking as hard and are much more likely to keep their wallets closed**. As a result, getting this group to discover your brand, and make a purchase, is more challenging.

### 3. Speed of action

Early adopters are much less likely to think advertising helps them choose what to buy, but that's not to say that advertising isn't effective. Instead, it tells us that when early adopters see an ad for a product or service, they are far more likely to directly act on it there and then. If your message resonates, they'll hear it, take it in, and seek you out. The early majority, meanwhile, are considerably more passive and **much less likely to act after hearing, reading or seeing your brand in action**.

# Apathy needs action

Without question, the early majority audience is a tougher nut to crack. As our research shows, they are more ambivalent, more passive, more likely to keep their wallets closed. All ‘mores’ that you as a marketer would doubtless like to see less of.

Don’t despair, however. The chasm can be crossed and brand marketing is the way to do it. Although it may sound counterintuitive, **when brand matters less to an audience, brand marketing matters all the more.**

That’s because apathy is the enemy of rational thinking. The more apathetic your audience, the more likely they will rely on emotional, subconscious cues to make their decision quickly. You need to show that your brand is for them.

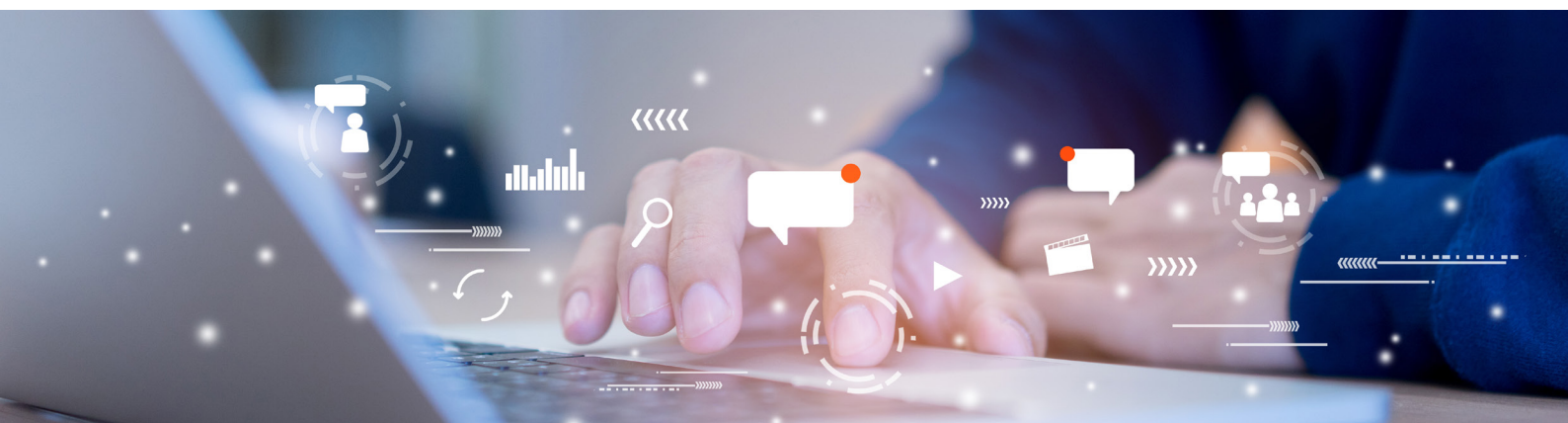
On average, at any one time 95% of your audience is not in the market for your product or service. Instead of doubling down on performance marketing that people only see when considering a purchase, increase your investment in brand activation to create an emotional connection. Your marcomms should make people feel good about choosing you. And once emotion and familiarity are in the mix, you avoid the potential commoditization of your offer. Your aim is to build a brand with

meaning, relevance, relatability and, dare we say it, emotional warmth. **You want to melt the ice of indifference.**

Investing in brand communications smoothes the path to purchase. This is known as heightening **mental availability**, which Professor Byron Sharp, Director of the Ehrenberg-Bass Institute – the world’s largest centre for research into marketing – defines as “the probability that a buyer will notice, recognise and/or think of a brand in buying situations.”

So how should that investment in mental availability fit within your marcomms strategy? *The Long and the Short of It*, a major piece of IPA research on balancing short- and long-term marketing strategies, provides some compelling empirical evidence. The paper shows that, for maximum effectiveness, you should spend 60% of your marketing budget on brand activation (building mental availability) and 40% on sales activation/performance marketing. These figures can vary slightly for different sectors and life cycles, but broadly speaking 60:40 is the ideal ratio.

In short, to overcome audience apathy and scale successfully, a higher proportion of your marketing spend must go into brand activation. You should embrace rather than fear this change.



# Fearlessness in action

## The Fearless Manifesto

- **Frequency is your friend**

The ambivalence of the early majority means brand messages can be forgotten fast. Don't be afraid to hit your audience with your messages, again and again. You need to stay relevant in their minds.

- **Use the power of emotion**

Emotional messaging is significantly more effective at creating long-term effects than rational messaging. [Nielsen research](#) finds that ads which generated above-average emotional responses were associated with a **23% lift in sales**.

Data is wonderful, but instinct and gut feel will always play a role in decision making.

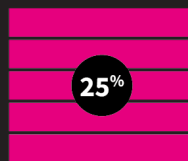
- **Be bold creatively**

To grab and hold your audience's attention, you need to stand out. Good creative execution can multiply the financial returns of a marketing campaign by **up to 12 times**. For creativity to thrive, set clear objectives and strategy, foster a creative culture and invest in it.

Emotional Campaigns are more profitable

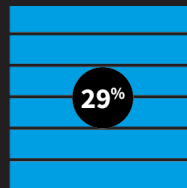


Rational



Combined

Communications Model



Emotional

% reporting very large profit growth

## Brands that crossed the chasm

### Klarna

Founded in Stockholm, Sweden in 2005, Klarna aims to make it easier for people to shop online. In its early days it focused on a simple “buy now, pay later” pitch. But to become the giant it is today and really resonate with the mainstream, Klarna introduced its Smooth brand campaign designed with the objective of “transforming rational payment transactions into an emotional shopping experience for consumers.”

### Dataminr

New York headquartered AI company Dataminr, which has a multibillion dollar valuation, provides its customers with real-time insights into ongoing events

and new developments. It uses audience-driven product campaigns, case studies, white papers and other content/marketing comms techniques to drive engagement in its B2B target market.

### Revolut

London-based neobank Revolut, founded in 2015, now has 18 million personal users and 500,000 business users. In 2020 it placed first in the Deloitte Technology Fast 50. “For the first time, we have started to apply some marketing techniques,” COO Richard Davies told Deloitte in 2019. “This is because each customer is now net contribution positive – even on our free plan. That’s a great point to double down on your marketing efforts and expand.”

# Our study methodology

The objective was to demonstrate how different the two audiences are. We conducted our own study using YouGov Profiles' extensive database of consumer survey data and defined our audiences as follows:

	<b>Early adopters</b>	<b>Early majority</b>
<i>"I am often among the first of my friends to try new technology products and services"</i>	Definitely agree	Tend to agree
<i>"I like trying new brands"</i>	Definitely agree	Tend to agree
Total responses across UK and US	3,047	13,735

All statistics from our study published in this report take an average of the UK and US findings, and focus on the response "definitely agree".

## Who we are / Get in touch

As a fearless brand looking to scale at the edge, you must ask yourself the question: "Are the resources and strategies that got you to where you are today fit for purpose to bridge the gap to your next growth phase?"

If the answer is no, or you're seeking consultation on how to answer that question, our team of marketing and communications experts is offering a complimentary one hour consultation to discuss what's next for you.

Email us at [marketing@clarity.global](mailto:marketing@clarity.global) to schedule a time.

Let's get edgy together.

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