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MARKETING AS A DRIVER OF STARTUP QUALITY AND COMPETITIVENESS

МАРКЕТИНГ ЯК ІНСТРУМЕНТ ПІДВИЩЕННЯ ЯКОСТІ ТА КОНКУРЕНТОСПРОМОЖНОСТІ СТАРТАПУ

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This paper examines contemporary scientific and applied approaches to using marketing as a strategic instrument for enhancing the quality and competitiveness of start-ups. It highlights the limitations of traditional, static budgeting models—which fail to reflect the dynamic nature of start-ups – and underscores the need to balance established channels with experimental expenditures and contingency reserves. Based on a synthesis of previous research and critical analysis of practical cases, the study proposes a dynamic model for allocating marketing budgets of Ukrainian start-ups grounded in the “15/5 Rule” and adapted to three development stages (Seed/Pre-seed – 25/5%, Series A – 15/5%, Scale-up – 10/5%). The model combines resources dedicated to quality and stability with funds for innovation while maintaining a constant reserve to respond swiftly to market volatility. Practical recommendations are offered for integrating this model into business plans, financial strategies, and performance monitoring systems, thereby increasing budget transparency, accelerating market entry, and reducing the risk of inefficient spending.

Keywords: startup, marketing budget, dynamic model, experimental costs, reserve fund, quality, competitiveness, 15/5 rule.

У статті здійснено ґрунтовний аналіз сучасних наукових і прикладних підходів до використання маркетингу як інструменту підвищення якості та конкурентоспроможності стартапів. Обґрунтовано, що в умовах високої турбулентності ринкового середовища, обмеженості фінансових ресурсів та постійної потреби у швидкому тестуванні гіпотез саме маркетинг виконує ключову роль у формуванні сприйняття продукту, забезпеченні його адаптації до потреб споживачів і розвитку брендової впізнаваності. Окремо підкреслено, що традиційні (статичні) моделі бюджетування маркетингу, розроблені для усталених компаній, є недостатньо ефективними для стартапів, оскільки не враховують динамічний характер їхнього розвитку, необхідність балансування між перевіреними каналами, експериментальними витратами та резервом на непередбачувані зміни. На основі систематизації результатів попередніх досліджень, виокремлення ключових чинників впливу й критичного аналізу практичних кейсів розроблено динамічну модель розподілу маркетингового бюджету українських стартапів, що ґрунтується на принципі "15/5 Rule" та адаптована до трьох стадій розвитку підприємства (Seed/Pre-seed – 25/5 %, Series A – 15/5 %, Scale-up – 10/5 %). Запропонована модель дозволяє ефективно поєднувати ресурси, спрямовані на забезпечення стабільності якості маркетингових активностей, та кошти для експериментів і новацій, а також зберігати постійний резерв для оперативного реагування на ринкові зміни. Такий підхід сприяє підвищенню якості маркетингових рішень, оптимізації структури витрат, зростанню інвестиційної привабливості стартапу та зміцненню його довгострокової життєздатності. У науковій праці сформульовано практичні рекомендації щодо інтеграції моделі у бізнес-плани, фінансові стратегії та інструменти контролю ефективності маркетингових кампаній стартапів. Запропонований підхід може бути використаний підприємцями, інвесторами, бізнес-інкубаторами та акселераторами для підвищення прозорості бюджетної політики, прискорення виведення продуктів на ринок і зниження ризику неефективних витрат.

Ключові слова: стартап, маркетинговий бюджет, динамічна модель, експериментальні витрати, резервний фонд, якість, конкурентоспроможність, правило 15/5.

Problem statement. In today's context of global competition, start-ups – particularly those operating in emerging markets – face a wide array of challenges, including limited financial resources, unstable market environments, high volatility in consumer preferences, and rapid technological change. For Ukrainian start-ups, these difficulties are further exacerbated by the conditions of martial law, declining investment activity, and heightened business risks. Under such circumstances, marketing emerges as one of the key instruments for enhancing the competitiveness of start-ups, as it enables access to new audiences, builds brand recognition, and establishes sales channels.

At the same time, traditional approaches to budgeting marketing activities, designed primarily for established firms, prove insufficiently effective for start-ups at different stages of development. Static budget allocation models fail to account for the need to flexibly balance established channels with experimental marketing tools, as well as to maintain contingency reserves for responding to unforeseen market shifts.

The core problem lies in the absence of methodological guidelines adapted to the Ukrainian context for structuring start-up marketing budgets in a way that reflects the enterprise's stage of development, its market-risk profile, and its resource constraints. This gap underscores the necessity of developing a dynamic model of marketing budget allocation capable of effectively combining stable channels, experimental approaches, and reserve funds – thereby increasing the flexibility and competitiveness of Ukrainian start-ups.

Literature review. The analysis of contemporary scientific and applied literature demonstrates that the issue of optimal marketing budget allocation in start-ups has become an active area of research both in Ukraine and internationally [1–16]. In particular, study [1] examines how advertising expenditures should be distributed across different channels to maximize profits. Research [5] shows that the proportion of marketing expenditures, budgetary control, and the use of digital technologies directly affect the growth, value, and sustainability of start-ups, underscoring that marketing budgeting itself is a key determinant of success and can be adapted according to stage and risk profile. Blog article [2] reports that SaaS companies typically allocate around 8–10% of their revenue to marketing, with higher percentages at early stages, thus offering benchmarks for the initial and intermediate phases of start-up development and informing the construction of a dynamic marketing expenditure model. Likewise, study [7] provides recommendations on budget allocation strategies, emphasizing the balance between proven channels and experimental initiatives as well as the role of analytics. Special attention should also be paid to research [8], which analyzes the latest trends in the declining share of marketing budgets in overall expenditures and the growing dependence on digital channels. Analytical work [9] examines how marketing expenditures evolve for start-ups focused on digital channels, providing examples of budget-to-revenue ratios. Based on the results discussed in sources [3; 12], it may be concluded that early-stage start-ups should allocate about 10% of their revenue (or budget) to marketing. Research efforts have also focused on the automatic and dynamic reallocation of budgets across channels in real time [13]. Scholars have further addressed such aspects of the problem as automated marketing budget allocation and algorithms grounded in audience clustering that dynamically allocate funds based on "hidden" characteristics and account for data noise. In addition, studies [4; 6; 10; 11; 14–16] discuss methods of audience clustering, adaptive budget management, and innovative marketing tools that deepen understanding of the dynamic approach to allocating marketing expenditures in start-ups.

At the same time, the literature review reveals that the question of allocating marketing budgets in accordance with a start-up's development stage, the proportion of experimental and reserve expenditures, and the specific context of the Ukrainian market remains insufficiently studied. This article is intended to address precisely this gap.

Aims and objectives. The purpose of this article is to develop and substantiate a dynamic model for allocating the marketing budgets of Ukrainian start-ups, grounded in the "15/5 Rule" and adapted to the enterprises' stages of development. Achieving this objective involves:

– systematizing contemporary scientific and applied approaches to the allocation of start-up marketing budgets in both domestic and international practice;

– identifying the key factors that influence the proportion of experimental and reserve expenditures depending on the start-up's stage of development;

– designing a dynamic model for marketing budget allocation across different stages of start-up growth (Seed/Pre-seed, Series A, Scale-up);

– assessing the potential impact of the proposed model on improving the quality and competitiveness of start-ups in the Ukrainian market.

Results. Contemporary practices of marketing budget allocation in start-ups are characterized by considerable diversity and a high degree of dependence on the stage of development, market risk profile, and technological orientation of the business. Based on the reviewed literature [1–16], three principal groups of approaches can be distinguished:

Classical (static) models prescribe a fixed share of marketing expenditures from the company's overall budget or revenue regardless of its stage of development. Such models predominate in studies [1; 5; 8], where budgeting is viewed as a stable process without dynamic adaptation.

Adaptive (dynamic) models emphasize reallocating the budget according to channel performance and market changes. These approaches rely on optimization methods, combinatorial bandits, audience clustering, and robust analytics [4; 6; 13].

Innovation-oriented models highlight the necessity of allocating a dedicated experimental fund and reserve for testing new channels, as reflected in blog articles and research [2; 3; 14–16].

Analysis of current literature and practical cases [1–16] has also made it possible to identify a set of factors that significantly influence the ratio of experimental and reserve expenditures in start-up marketing budgets. These factors can be grouped into three main blocks:

– seed/pre-seed. This phase focuses on achieving product–market fit and testing hypotheses; therefore, the share of experimental expenditures is highest (25%);

– series A. The company consolidates its market position and begins scaling, but testing remains necessary (15%);

– scale-up. Priority shifts toward optimizing and maximizing the efficiency of proven channels, reducing the share of experiments (10%) while maintaining a stable reserve (5%).

It should be noted, that highly turbulent sectors (fintech, defense tech, agrotech) require a larger reserve to react quickly to changes. More stable sectors (B2B SaaS, educational platforms) can afford a larger experimental fund. Besides, start-ups with well-developed analytics and channel performance tracking systems can reallocate funds more flexibly. A low level of analytics necessitates a larger reserve "cushion" to offset the risks of unsuccessful campaigns.

Additional factors affecting allocation include the structure of the target audience, access to venture financing, founders' investment policies, market competition, and the characteristics of marketing channels (digital or offline).

On the basis of this systematization of existing approaches and the identification of key influencing factors, the study proceeds to the development of a dynamic model for allocating the marketing budgets of Ukrainian start-ups, grounded in the "15/5 Rule" and adapted to the stages of enterprise development.

The central idea underlying this model is the gradual reduction of the experimental expenditures share and the maintenance of a stable reserve as the start-up transitions from early stages to large-scale operations. This approach ensures a balanced relationship between innovation and stability in marketing activities Table 1.

We now turn to an explication of the underlying logic of the model. Specifically, 25% of the marketing budget is allocated at the Seed/Pre-seed stage, when the startup is actively engaged in identifying its market niche and attaining product–market fit. At this early juncture, maintaining a high level of experimentation is strategically warranted, as it enables rapid testing and validation of key hypotheses.

At the Series A stage, 15% of the budget is allocated. By this phase, the startup typically possesses a baseline business model and relatively stable distribution or customer acquisition channels, yet continues to explore potential growth vectors. Consequently, while the proportion of experimental initiatives decreases, it remains an integral component of the overall strategy.

During the scale-up stage, 10% of the budget is allocated. As the company transitions into large-scale operations, the managerial emphasis shifts toward stability, efficiency, and operational discipline. Experiments become more targeted, incremental, and risk-averse.

Additionally, 5% of the budget is preserved across all stages as a contingency reserve, ensuring that, regardless of the stage of development, the startup retains a financial cushion to capitalize on unforeseen opportunities or to absorb crisis-related expenditures.

Taken together, this dynamic model of marketing budget allocation for startups produces a series of positive effects, strengthening both their competitive capacity and their resilience within the Ukrainian market environment.

In particular, the strengthening of a startup's competitiveness can be viewed through the prism of resource optimization, which is achieved by the following mechanisms:

– a clear delineation of the budget between validated channels, experimental initiatives, and reserve funds enables startups to manage scarce resources more effectively, thereby increasing the return on marketing expenditures;

– accelerated testing of innovations – maintaining a substantial experimental fund at the early stages facilitates the rapid verification of new hypotheses, thus shortening the time-to-market and enhancing strategic agility;

– the cultivation of brand recognition – through the balanced use of marketing channels, startups achieve a more stable trajectory of customer base growth and foster greater trust in their brand.

An essential dimension of enhancing a startup's competitiveness lies in its resilience to risk, which manifests through several interrelated mechanisms:

– a financial "safety cushion" – maintaining a permanent 5% reserve allows the company to offset the negative effects of unforeseen market changes or crises, thereby preserving the stability of its marketing activities;

– flexible reallocation – a dynamic approach facilitates adaptation to new conditions, as

Table 1

Dynamic marketing budget allocation model

Stage of start- up development	Budget share for experiments (%)	Budget share for reserve (%)	Justification
Seed / Pre-seed	25 %	5 %	In the initial stages, a startup is actively looking for its business model, testing different channels, so the proportion of experiments is higher
Series A	15 %	5 %	After finding product-market fit, more funds are allocated to proven channels, but some are left for new hypotheses
Scale-up	10 %	5 %	At the scaling stage, the main focus is on stable channels; the proportion of experiments is minimal, but the reserve is maintained

Source: developed by authors

budgetary proportions can be adjusted in line with shifts in the market's risk profile;

– reduced uncertainty — the integration of statistical data, clustering techniques, and algorithmic analysis [4; 6; 10; 11; 13] enables startups to forecast channel performance with greater empirical justification;

– enhanced competitiveness through eco-system-level synergies – the model provides a standardized benchmark for Ukrainian investors and accelerators, fostering the development of a unified approach to budgeting and evaluating marketing effectiveness. This, in turn, simplifies startups' access to funding and strengthens their ability to form strategic partnerships.

Accordingly, by applying the proposed model, startups can reduce expenditures on inefficient channels, increase conversion rates, and achieve greater revenue stability. This, in turn, elevates their investment attractiveness, market share, and long-term viability.

The final stage of our study involves formulating recommendations for domestic start-ups, among which are the following:

Structure the marketing budget in accordance with the start-up's stage of development. It is recommended that start-ups adapt their marketing strategies to the dynamic model (Seed/Pre-seed – 25/5%, Series A – 15/5%, Scale-up – 10/5%) and allocate their budget across three mandatory components: established channels, experimental expenditures, and a contingency fund.

Integrate the model into the business plan and strategic documents. Entrepreneurs should reflect the structure of the marketing budget in their financial plans and growth roadmaps, which will facilitate communication with investors and donors while ensuring transparency in the use of funds.

Employ analytical systems to monitor effectiveness. Key performance indicators (KPIs) and metrics – such as channel ROI, CPA, LTV, and CAC – should be introduced to evaluate the performance of each budget segment. This will allow the share of experimental versus established channels to be adjusted promptly.

Ensure regular review of budget proportions. Depending on campaign results and changes in market risk profiles, it is advisable to reassess the allocation across budget components quarterly or after each investment round.

Create a mechanism for rapid reallocation of funds. Clear criteria should be established under which contingency funds can be redirected swiftly to the most effective channels or to crisis-response measures.

Invest in team training and expert involvement. Start-ups should develop analytical and budgeting competencies within their marketing teams and engage external consultants to audit budgetary policies.

For investors and accelerators. Implementation of these recommendations will enhance transparency and efficiency in managing start-up marketing budgets, reduce the risks of inefficient spending, and ensure both flexibility and stability in marketing activities.

Conclusions. As a result of the conducted research, contemporary scientific and applied approaches to the allocation of start-up marketing budgets in both domestic and international practice have been systematized. Three main groups of models – static, adaptive, and innovation-oriented – have been identified, reflecting the evolution of marketing expenditure management from fixed shares toward flexible, dynamic planning.

Key factors determining the proportion of experimental and reserve expenditures according to the start-up's development stage – namely stage of growth, market risk profile, and level of analytical capacity – have been distinguished. This enabled the model to be adapted to diverse business contexts.

A dynamic model of marketing budget allocation has been proposed (Seed/Pre-seed – 25/5%, Series A – 15/5%, Scale-up – 10/5%), ensuring a balance between established channels, experimental initiatives, and a contingency reserve.

It has been demonstrated that applying this model can enhance the competitiveness of start-ups by optimizing resource use, accelerating the testing of innovations, and building a stable client base, while also strengthening resilience to financial and market risks through the presence of a reserve fund and the flexibility to reallocate funds.

Practical recommendations have been formulated for entrepreneurs, investors, and start-up managers on implementing the model and monitoring its effectiveness, thereby improving budgetary transparency and increasing the investment attractiveness of start-ups.

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