



Stanford eCorner

Consumer Markets are Difficult for Startups

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Video URL: <http://ecorner.stanford.edu/videos/436/Consumer-Markets-are-Difficult-for-Startups>

Estrin explains the reasons the consumer market is hard for startups is: 1) The amount of marketing dollars to reach the consumer directly is larger than startups can afford 2) It takes a lot of alliances to be successful and this is hard for a startup to do



Transcript

The reason that consumer market is hard for startups is... a couple of reasons, one is the amount of marketing dollars that goes into reaching the consumer directly, is just so much larger than what most startups can deal with. So it does not mean that you can not have an interesting piece of technology that you sell to someone else who reaches the consumer but that is a different model than really reaching the consumer directly. And there are some companies, when you look at danger and their little... T-Mobile is now marketing their phone. Maybe that will be successful. So I am not saying nobody can. I think that the amount of marketing dollars and the alliances it takes. I mean, the other thing in the consumer market, partly because I think that will be driven by the entertainment market, there's too many people who need to buy into what you are doing. And between the cable companies and the satellite companies, and the entertainment companies, and the consumer electronics companies, to make a big play there, there is a lot of alliances that you need to make that is just hard for a startup to do.