

The Moderating Role of Marketing Strategies on the Relationship Between External Factors - Investment, Competition, and Market Dynamics - and Venture Success in the Egyptian Startup Ecosystem

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Abstract

This study aims to investigate how external factors, investment, market dynamics, and competition, affect startup performance in the Egyptian ecosystem, with a focus on the moderating role of marketing strategies. It examines how entrepreneurs address external pressures through traditional or entrepreneurial marketing approaches and the resulting impact on venture success. The research employs a quantitative methodology using survey data from 81 entrepreneurs and 47 investors, representing Egypt's startup ecosystem of 677 startups and 160 investors. Two surveys captured perspectives on startup performance, external factors, and the effectiveness of marketing strategies. The results reveal that external factors have weak direct correlations with venture success, but these relationships are significantly moderated by marketing strategies. Entrepreneurial marketing strategies demonstrated a stronger moderating effect than traditional ones. The study also identifies a gap between investors and entrepreneurs, with investors favoring traditional strategies more strongly. The findings suggest that adaptive marketing capabilities; blending rapid-growth entrepreneurial approaches with traditional strategies; are critical for navigating external challenges, ensuring both immediate market success and long-term stability. This research highlights the need for better collaboration and shared understanding among stakeholders to enhance resilience and sustainability in Egypt's startup ecosystem.

Keywords: Startup Performance, Marketing Strategies, Egyptian Ecosystem, Entrepreneurial Marketing, Investor Relations.

1. Introduction

1.1 An Overview

The Egyptian startup ecosystem has emerged as a vital driver of economic development, with complex relationships between ecosystem elements playing a crucial role in startup success. This research examines how three key external factors, investment, market dynamics, and competition, relate to startup performance, both directly and through the moderating role of marketing strategies.

1.2 Background

Since 2010, Egypt's startup ecosystem has undergone significant transformation, marked by the entry of angel investors and venture capital firms. The ecosystem now includes 160 active investors and approximately 677 active ventures, establishing Egypt as a leading startup destination in the MENA region. However, only 10% of Egyptian startups successfully secure external funding, highlighting persistent challenges in accessing capital.

The ecosystem faces several distinct challenges. Resource scarcity has pushed companies to adopt innovative approaches, particularly in marketing and growth strategies. While a growing young population and rising middle class create opportunities, especially in sectors like FinTech (which secured \$796.5 million in funding during 2023), startups must balance rapid scaling ambitions with resource conservation and long-term sustainability.

The competitive landscape has evolved into a complex mix of local and international players, driving innovation while creating pressure for sustainable scaling. The ecosystem's support infrastructure has developed into a sophisticated network of enabling institutions, including incubators, accelerators, and innovation hubs. The regulatory framework has also evolved, with governmental initiatives supporting entrepreneurial growth through technology-focused economic zones, improved intellectual property frameworks, and streamlined business registration processes.

Digital transformation has fundamentally altered startup operations, particularly in customer acquisition and service delivery. Forward-looking startups have embraced this shift, developing innovative strategies leveraging mobile technology, social media, and data-driven decision making. However, resource constraints remain a defining challenge, affecting everything from talent acquisition to strategic execution.

1.3 Problem Definition

Key problems within the Egyptian startup ecosystem include a limited understanding of the relationships between external factors and startup performance and a lack of clarity on how marketing strategies moderate these relationships. The effectiveness of entrepreneurial marketing strategies compared to traditional approaches remains underexplored, and ecosystem dynamics are not well understood. Additionally, perspective gaps between entrepreneurs and investors create misalignments that hinder collaboration, while the long-term implications of strategic decisions remain unclear.

1.4 Research Objectives

This study seeks to analyze the relationships between external factors and startup performance, examine how traditional and entrepreneurial marketing strategies moderate these relationships, and investigate gaps between entrepreneur and investor perspectives.

1.5 Theoretical Framework

The study draws on the Resource-Based View and Contingency Theory to explore the relationships between variables and their impact on startup success.

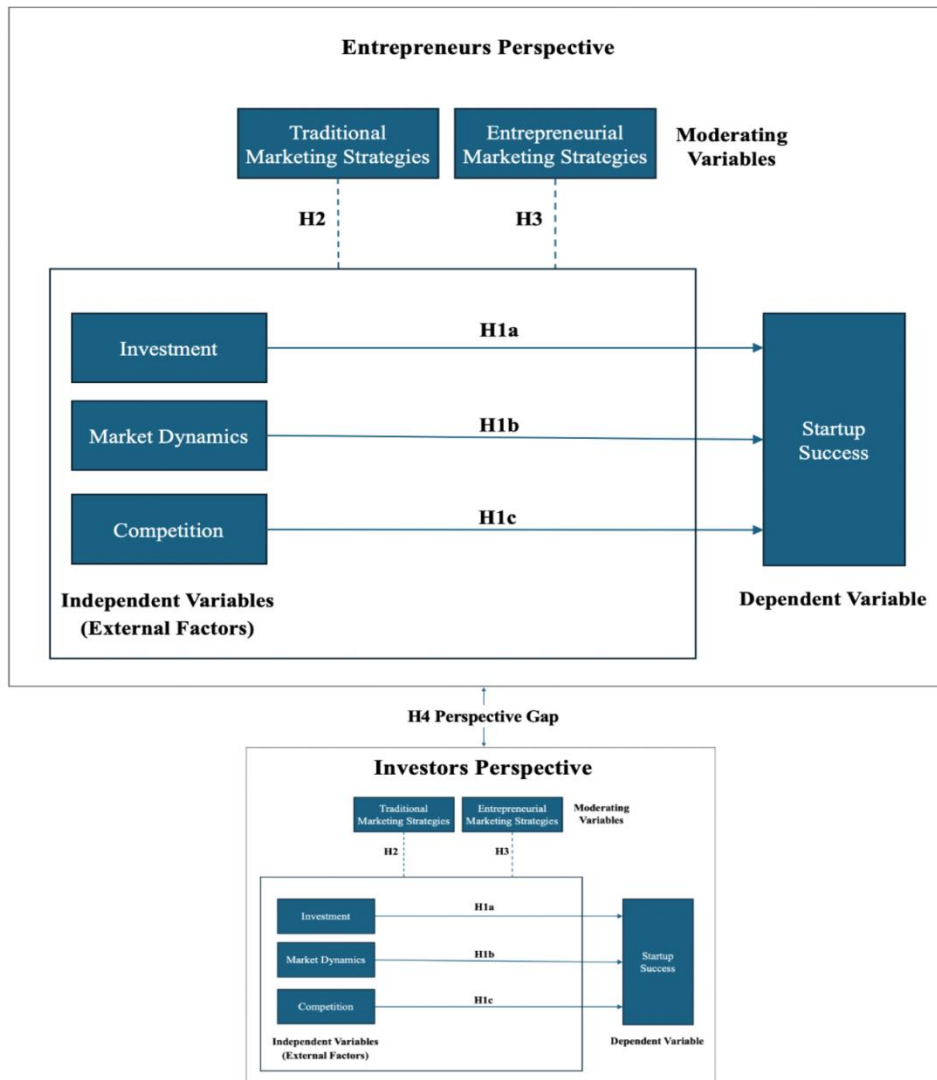


Figure 1: Theoretical Framework

1.5.1 Dependent Variable

Venture success is the primary dependent variable, measured by business survival, profitability, and sustained growth.

1.5.2 Independent Variables

The independent variables include investment, market dynamics, and competition, representing the external factors influencing startups.

1.5.3 Moderating Variables

Marketing strategies serve as moderating variables, including traditional marketing strategies and entrepreneurial marketing strategies.

1.5.4 Definitions Of Key Variables

Venture success refers to the sustainability, profitability, and growth of a startup. External factors include investment availability, competitive intensity, and market conditions. Marketing strategies represent traditional and entrepreneurial approaches adopted by startups to navigate external pressures.

1.5.5 Research Questions

The research seeks to answer the following questions:

- What are the relationships between external factors and startup performance?
- How do traditional marketing strategies moderate these relationships?
- How do entrepreneurial marketing strategies moderate these relationships?
- What gaps exist between investor and entrepreneur perspectives?

1.5.6 Research Hypotheses

The study is based on four hypotheses:

- **H1:** External factors have a significant positive relationship with startup performance.
- **H2:** Traditional marketing strategies moderate the relationship between external factors and startup performance.
- **H3:** Entrepreneurial marketing strategies moderate the relationship between external factors and startup performance.
- **H4:** There is a gap between investors' and entrepreneurs' perspectives.

1.6 Research Methodology

1.6.1 Research Type

The study employs a primarily quantitative research design with qualitative elements to explore the relationships between variables.

1.6.2 Population And Sampling

The target population includes 677 Egyptian startups and 160 active investors. Surveys will be conducted with 80 startups and 40 investors, using convenience and snowball sampling methods.

1.6.3 Data Analysis Method

Data analysis involves descriptive statistics, correlation analysis, multiple regression analysis, and exploratory statistics using SPSS. The approach examines both direct and moderated relationships while addressing stakeholder perspective gaps.

1.7 Structure Of The Study

The research is structured into five chapters:

- **Introduction:** Provides an overview, background, research problem, objectives, and framework.
- **Literature Review:** Explores existing research and the theoretical foundation.
- **Research Methodology:** Details the research methods and design.
- **Research Findings:** Analyzes and interprets the collected data.
- **Conclusions:** Summarizes findings, provides recommendations, and suggests future research directions.

2. Literature Review

2.1 Introduction

The Egyptian startup ecosystem has emerged as a vital driver of economic growth, particularly since 2010. Recent data from the (State Information Service of Egypt, 2024) positions Cairo as the third-top startup ecosystem in the MENA region, with the FinTech sector notably securing \$796.5 million in funding during 2023. However, (Tripathi, Seppänen, Boominathan, Oivo, & Liukkunen, 2018) research reveals persistent challenges, with only 10% of startups securing external funding and merely 3% surviving beyond ten years. These statistics underscore the importance of understanding success factors in this emerging ecosystem.

2.2 Theoretical Relevance

The theoretical foundation integrates several key frameworks. The Resource-Based View (RBV) emphasizes how competitive advantage stems from unique resources and capabilities

(Barney, 1991), while the Dynamic Capabilities framework extends this to include adaptation abilities (Teece, Pisano, & Shuen, 1997). Contingency Theory highlights that strategy effectiveness depends on both internal and external conditions (Lawrence & Lorsch, 1967), while Entrepreneurial Marketing Theory addresses how startups can promote themselves despite limited resources (Morris, Schindehutte, & LaForge, 2002). Recent work by (Centobelli, Cerchione, Esposito, Passaro, & Quinto, 2022) emphasizes the crucial role of digital technologies in startup marketing strategies.

2.2.1 Dependent Variable: Venture Success

The research examines venture success through three key indicators:

- Survival: Critical in early stages (Brüderl & Schüssler, 1990). (Hamouda, 2024) found that startups receiving incubator support showed an 87% success rate compared to 44% for those without support, highlighting the importance of ecosystem support structures.
- Profitability: (Laitinen, 2017) found early-stage profitability ratios predict future success.
- Sustained Growth: (Horne & Fichter, 2022) emphasize sustainable growth strategies.

2.2.2 Independent Variables: External Factors

2.2.2.1 Investment and Support Structures

Recent research by (Falcão, Carneiro, & Moreira, 2023) reveals business angels have diverse goals beyond financial returns. (Bodeman, 2024) examined how investor involvement influences CEO decision-making. (MAGNiTT, 2022) reports 160 active investors in Egypt, with 47% locally headquartered. (Hamouda, 2024) emphasizes the crucial role of business incubators in providing comprehensive support, including office space, technical infrastructure, management training, and funding access. The study found that incubators significantly increase startup survival rates through structured support systems and networking opportunities.

2.2.2.2 Market Dynamics

(McArdle, de Koning, & Sherifi, 2024) explored regulatory influences on startup strategies. (Hassan, Salem, & Abdelraouf, 2024) examined youth engagement in the Egyptian market, finding that 60% of young consumers respond positively to digital marketing campaigns when they are culturally relevant and regularly updated. This insight is particularly

valuable given Egypt's young demographic profile. (El-Sayed, 2023) documents approximately 677 active startups in the ecosystem.

2.2.2.3 Competition

(Kakeesh, Al-Weshah, & Alalwan, 2024) found competitive aggressiveness moderates the relationship between entrepreneurial marketing and business performance. (Massoud & Kortam, 2024) highlight how SMEs can effectively compete through strategic social media marketing and influencer partnerships, particularly important given that platforms like Instagram and TikTok reach millions of Egyptian users. Recent work by (Abdel Malak, Hassan, El Dabbagh, & El Baradei, 2021) highlighted resource management challenges in Egypt, while (Gillard, 2019) identified market positioning as crucial for women-led tech startups.

2.2.3 Moderating Variables: Marketing Strategies

2.2.3.1 Traditional Marketing

(Kotler & Armstrong, 2021) outline conventional marketing approaches, while (Woehler & Ernst, 2023) found intensive marketing mix planning increases survival likelihood. (El-Sharawy & Abouzeid, 2018) examined marketing strategy effectiveness in Egypt. (Hassan, Salem, & Abdelraouf, 2024) emphasize the importance of adapting marketing strategies to local cultural contexts, finding that personalized, culturally relevant content significantly impacts customer loyalty.

2.2.3.2 Entrepreneurial Marketing

Characterized by opportunity-driven, resource-efficient approaches, entrepreneurial marketing has gained significance in the digital age. (Massoud & Kortam, 2024) demonstrate how Egyptian SMEs effectively leverage social media and influencer marketing as cost-effective solutions, finding significant relationships between visual content quality, influencer credibility, and consumer purchase intentions. (Golgeci, Arslan, Kentosova, Callaghan, & Pereira, 2023) emphasized marketing agility for startup resilience, while (Sadiku-Dushi, Dana, & Ramadani, 2019) found strong positive relationships between entrepreneurial marketing elements and business performance.

2.2.4 The Egyptian Startup Ecosystem

The ecosystem presents unique challenges and opportunities. Recent studies provide detailed insights into the market dynamics: (Hassan, Salem, & Abdelraouf, 2024) highlight the importance of cultural adaptation in marketing strategies, while (Massoud & Kortam, 2024) reveal that Facebook reaches 42.5% of Egypt's population, Instagram 15.2%, and TikTok 31.6% of adults, demonstrating significant digital marketing opportunities. (Hamouda, 2024) emphasizes the crucial role of support structures, particularly business incubators, in fostering startup success through comprehensive assistance programs.

2.3 Research Gaps and Implications

2.3.1 Key Research Gaps

- Limited context-specific research focusing on Egypt's unique ecosystem
- Need to examine external factors and marketing strategies together (Gangwani et al., 2023)
- Conflicts between entrepreneur and investor views (Woehler & Ernst, 2023).
- Limited research on digital technology impact in Egyptian context
- Need for more comprehensive studies on incubator effectiveness across different sectors (Hamouda, 2024)
- Limited understanding of how cultural factors influence marketing strategy success (Hassan, Salem, & Abdelraouf, 2024)

2.3.2 Implications

Understanding these dynamics will be crucial for supporting the next generation of successful Egyptian startups. The research suggests several key focus areas:

- *Cultural Adaptation:* (Hassan, Salem, & Abdelraouf, 2024) emphasize the importance of localizing marketing strategies and content for the Egyptian market.
- *Digital Integration:* (Massoud & Kortam, 2024) highlight the growing significance of social media and influencer marketing for reaching Egyptian consumers.
- *Support Structure Optimization:* (Hamouda, 2024) demonstrates the value of comprehensive incubator support in improving startup success rates.

The findings aim to help entrepreneurs, investors, and policymakers make more informed decisions to support startup growth and sustainability in emerging markets. The research is

particularly timely given Egypt's growing importance in the MENA startup scene and the rapid evolution of its entrepreneurial ecosystem.

3. Research Methodology

3.1 Introduction

This chapter outlines the methodology used to explore how external factors relate to startup success and the moderating role of marketing strategies, building on the foundation established in the literature review.

3.2 Research Problem and Validation

The Egyptian startup ecosystem faces several critical challenges, including very low survival rates, limited access to funding, dynamic market conditions, strong competition, and pressure for rapid growth from investors. These challenges are validated by multiple studies. (Tripathi, Seppänen, Boominathan, Oivo, & Liukkunen, 2018) found only 10% of startups secure external funding, while the (Global Entrepreneurship Monitor, 2022) rated Egypt's entrepreneurial financing at 3.8/10. The (State Information Service of Egypt, 2024) highlights sector-specific growth, notably FinTech securing \$796 million in 2023. Survival rates are concerning, with only 3% of startups surviving beyond ten years.

3.3 Research Aims and Objectives

The primary objective is to examine the relationship between external factors (investment, market dynamics, and competition) and startup success, including the moderating role of marketing strategies. The study aims to study relationships between external factors and startup success, investigate marketing strategies' moderating role, and assess perception gaps between entrepreneurs and investors. These objectives serve to provide effective guidance for entrepreneurs in tailoring their marketing strategies to external challenges and opportunities.

3.4 Research Philosophy

The study adopts a positivist philosophy with a primarily quantitative approach, using structured surveys and hypothesis testing to measure relationships between variables objectively. This philosophical approach allows for standardized measurement across the sample while maintaining minimal qualitative elements to capture additional insights.

3.5 Research Purpose

The study serves multiple complementary purposes within the Egyptian startup ecosystem. As an exploratory study, it uncovers relationships between variables. Its descriptive nature provides detailed insights into the Egyptian startup ecosystem, while the explanatory aspect clarifies how factors relate to startup success.

3.6 Theoretical Framework

The study examines venture success through survival (continued operation over time), profitability (financial returns exceeding costs), and sustained growth (consistent expansion of operations). The independent variables consist of external factors: investors providing financial capital, market dynamics influencing market direction, and competition representing market rivalry. The moderating variables include traditional marketing strategies using conventional 4Ps approaches and entrepreneurial marketing strategies focusing on innovative, resource-constrained approaches.

3.7 Research Questions and Hypotheses

The primary research question examines the key relationships among external factors, marketing strategies, and startup performance. Four hypotheses guide the research: external factors have significant positive relationships with startup performance, traditional marketing strategies moderate these relationships, entrepreneurial marketing strategies moderate these relationships, and gaps exist between investor and entrepreneur perspectives.

3.8 Methodology

The study employs primarily quantitative methods with two separate surveys for entrepreneurs and investors, including Likert-scale questions and minimal qualitative elements. Data collection occurs over three weeks using online surveys via JotForm and offline distribution at events, with follow-up procedures for non-respondents. The sampling targets two populations: entrepreneurs from Egyptian startups classified by age and investment status across top industries, and investors funding Egyptian startups categorized by investment experience. The target sample includes 80 startups and 40 investors.

3.9 Data Analysis and Variables

Analysis includes descriptive statistics, correlation analysis, and multiple regression analysis using SPSS software. Variables are operationalized through specific survey questions measuring startup success indicators, external factors, marketing strategies, investor involvement, and marketing effectiveness. This comprehensive approach ensures thorough examination of all research components.

3.10 Research Steps

The research progresses through five phases: literature review and framework development, research design and instrument development, data collection, data analysis, and interpretation and reporting. This structured approach ensures systematic progression through the research process.

3.11 Ethical Considerations

The research maintains strong ethical standards throughout its execution. This includes ensuring informed consent from all participants, maintaining confidentiality through data anonymization and secure storage, respecting cultural sensitivity within the Egyptian context, and avoiding bias in data collection and analysis. These ethical considerations help foster a trustworthy research environment and ensure the findings contribute positively to academic knowledge and industry practices.

4. Research Findings and Data Analysis

4.1 Introduction

This chapter summarizes the analysis of the relationships between external factors (investment, market dynamics, and competition) and startup performance, with a focus on the moderating roles of traditional and entrepreneurial marketing strategies. The findings highlight significant differences between entrepreneurs' and investors' perspectives and offer actionable insights into the Egyptian startup ecosystem. These insights are based on detailed survey data from 81 entrepreneurs and 47 investors.

4.2. Instrument Design

Two distinct surveys were designed to capture comprehensive data from entrepreneurs and investors. The Entrepreneur Survey explored startup performance metrics, external factors, and the utilization of traditional versus entrepreneurial marketing strategies. Similarly, the

Investor Survey mirrored these questions while adding criteria for investment decision-making and perceived success factors. Both surveys utilized 5-point Likert scales, supplemented by quantitative performance indicators. Reliability was ensured through Cronbach's Alpha (values > 0.7), confirming high internal consistency and robust data quality.

4.3 Entrepreneurial Perspective Analysis

4.3.1 Background and Performance Metrics

The entrepreneur sample represented a diverse cross-section of Egypt's startup ecosystem, with Services, Ecommerce, and FinTech emerging as dominant sectors. The distribution of 51 funded startups versus 30 unfunded ones provided valuable comparative insights into how external funding influences performance.

The data reflects diverse performance metrics among startups:

- Profitability varied widely, with 21 startups achieving profit margins above 15%, while 16 reported negative profitability.
- Customer acquisition growth was strongest in the 10-20% range, with a notable 23 startups exceeding 20% growth.
- Return customer growth rates showed strong loyalty in 27 startups (growth > 20%), though 10 lacked tracking data.
- Revenue growth similarly peaked at 20% or higher for 27 startups, showcasing robust financial performance.

The analysis revealed distinct patterns based on startup age. Mature startups, particularly those operating for over ten years, showed higher profitability, with 15 out of 22 companies reporting profit margins exceeding 15%. Conversely, younger startups faced more significant financial challenges, with only 6 of 18 startups aged 1-3 years achieving profit ratios above 10%. This finding underscores the importance of longevity in driving financial

stability, though younger startups demonstrated robust customer acquisition growth, signaling potential for future scalability.

4.3.2 Relationship Between Variables

- **Data Reliability**

The scale reliability test yielded a Cronbach's Alpha of 0.930 across 67 items, underscoring excellent internal consistency. This robust reliability highlights the validity of the instruments for assessing startup performance and external factor relationships.

- **Correlation Analysis**

Pearson's correlation analysis revealed nuanced relationships between external factors and startup performance:

- Investment showed a weak but significant positive correlation with startup performance ($r = 0.280$, $p = 0.011$), suggesting that while funding plays a role, it is not the sole determinant of success.
- Market Dynamics displayed a weak positive correlation ($r = 0.251$, $p = 0.024$), indicating that favorable market conditions can slightly enhance performance.
- Competition exhibited the strongest correlation ($r = 0.296$, $p = 0.007$) among the three factors, highlighting the critical role competitive pressures play in driving startup performance.

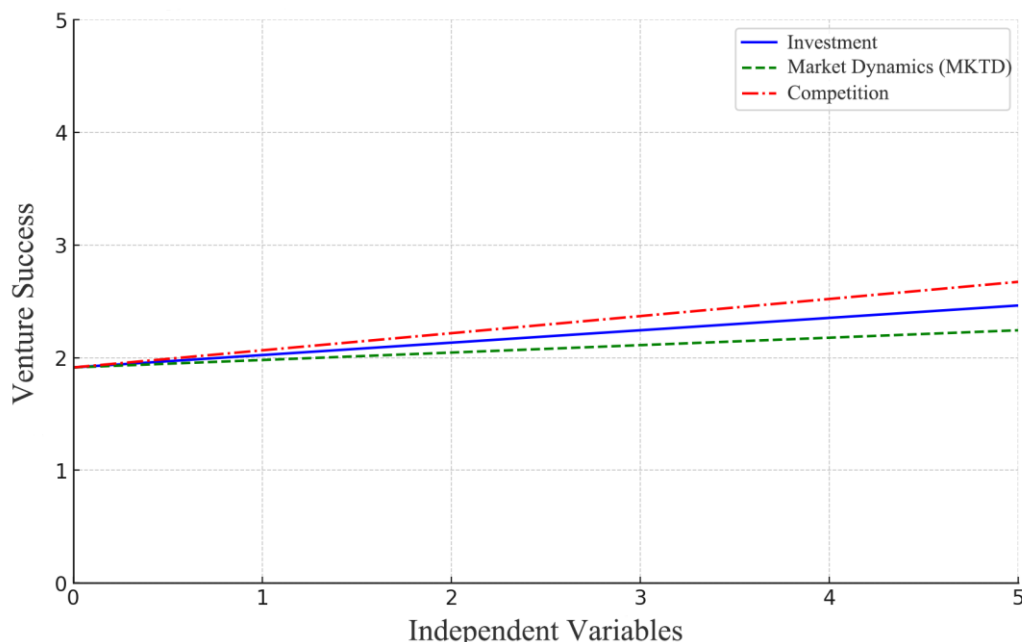


Figure 2: Linear Regression Models: Independent Variables & Venture Success – Entrepreneur Perspective

• **Implications of Correlation Results**

While external factors do influence startup performance, their individual impact is relatively limited. The combined external factors explained only 11.7% of the variance in startup performance ($R^2 = 0.117$). This suggests that internal factors, strategic decisions, and execution quality may play more substantial roles in shaping outcomes. The findings challenge the traditional emphasis on external conditions as primary drivers of success.

4.3.3 Moderation by Marketing Strategies

• **Traditional Marketing**

Table 1: Moderation Analysis for Traditional Marketing – Entrepreneur Perspective

| Model | R | R Square | Adjusted R Square | Std. Estimate |
|--|-------------------|----------|-------------------|---------------|
| 1 | .170 ^a | .029 | .017 | .69441 |
| a. Predictors: (Constant), Traditional Marketing | | | | |

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-----------------------|-----------------------------|------------|---------------------------|--------|-------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.605 | .246 | | 10.574 | <.001 |
| | Traditional Marketing | .024 | .016 | .170 | 1.537 | .128 |

Traditional marketing strategies showed a weak and statistically insignificant moderation effect on the relationship between external factors and startup performance ($R^2 = 0.029$, $p = 0.128$). The unstandardized coefficient ($B = 0.024$) suggested a slight positive impact, but the lack of significance indicates that traditional marketing does not meaningfully enhance the effect of external factors on performance. This finding suggests that conventional approaches may not align well with the dynamic and fast-paced nature of startup environments.

- **Entrepreneurial Marketing**

Table 2: Moderation Analysis for Entrepreneurial Marketing - Entrepreneur Perspective

| Model | R | R Square | Adjusted R Square | Std. Estimate |
|--|-------------------|----------|-------------------|---------------|
| 1 | .255 ^a | .065 | .053 | .68143 |
| a. Predictors: (Constant), Entrepreneurial Marketing | | | | |

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---------------------------|-----------------------------|------------|---------------------------|-------|-------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.390 | .257 | | 9.314 | <.001 |
| | Entrepreneurial Marketing | .034 | .015 | .255 | 2.343 | .022 |

Entrepreneurial marketing strategies demonstrated a modest but statistically significant moderation effect ($R^2 = 0.065$, $p = 0.022$). The unstandardized coefficient ($B = 0.034$) reflected a small but positive impact, highlighting the value of flexible and innovative approaches. Unlike traditional approaches, entrepreneurial strategies enable startups to respond swiftly

to external pressures and opportunities, making them more effective in dynamic environments.

4.3.4 Exploratory Statistics

- **Common Marketing Mistakes**

An analysis of marketing errors revealed several critical challenges faced by startups. The most significant mistake identified was "following a strategy not based on data" (M = 3.54), indicating a widespread reliance on intuition or anecdotal evidence over empirical decision-making. Other notable mistakes included "working on marketing activities without a strategy" (M = 3.52) and "overlooking the importance of a cohesive brand identity" (M = 3.42). These findings highlight the need for startups to prioritize strategic planning and data-driven approaches to marketing.

Lower-rated mistakes, such as "over-stressing online presence" (M = 2.44) and "emphasizing media coverage, assuming it will generate funding" (M = 2.69), reflect areas where startups may overinvest resources without clear returns. Overall, the data underscores the importance of aligning marketing efforts with long-term business objectives and data-backed strategies.

- **Pressures to Scale Quickly**

Startups face significant pressure to scale rapidly due to various external and internal factors. The strongest pressure identified was "rapid market growth opportunities" (M = 3.94), followed closely by "funding availability or terms" (M = 3.90). Other notable pressures included "market competition" (M = 3.62) and "customer demand" (M = 3.53). These factors suggest that external opportunities and competitive dynamics are primary drivers of rapid scaling efforts.

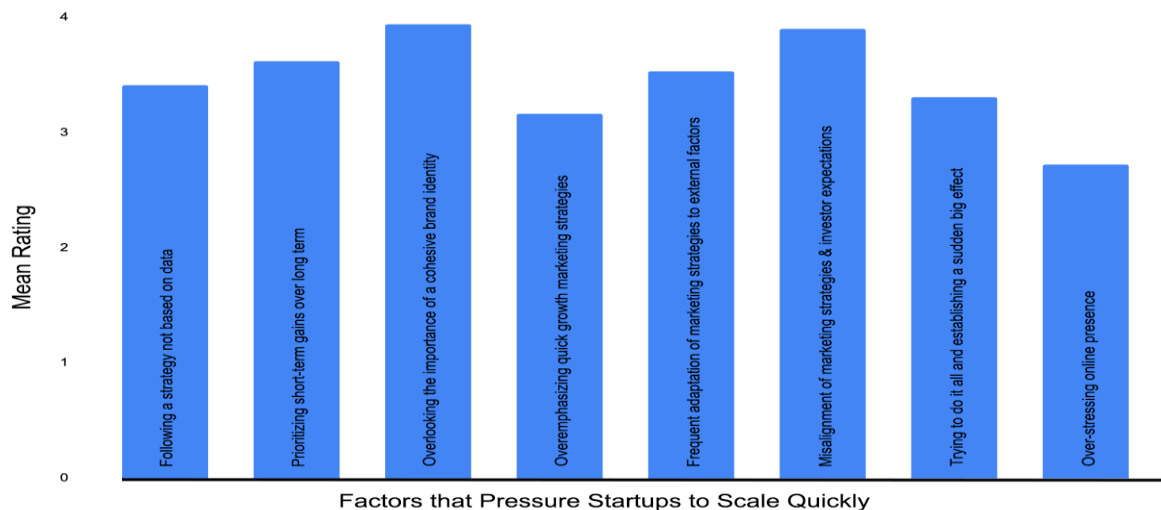


Figure 3: Factors That Pressure Startups to Scale Quickly

- **Impact of Scaling Pressures**

The impact of these pressures was most pronounced in areas such as "ability to adapt to market changes" (M = 3.57), "business survival" (M = 3.51), and "long-term competitive positioning" (M = 3.46). These findings emphasize the need for startups to develop resilience and adaptability to navigate the challenges associated with rapid scaling.

4.4 Investor Perspective Analysis

4.4.1 Portfolio Startup Performance Metrics

Investors reported varied success rates across their portfolios. A majority (29 investors) noted success rates exceeding 20%, indicating relatively high-performance levels. However, 15 investors reported negative profitability, showcasing a significant outcome disparity across portfolios. Moderate profitability rates (5-15%) were observed in smaller proportions, reflecting a spectrum of success and challenges. These findings reveal a diverse performance landscape, highlighting the varying degrees of risk and reward associated with investment portfolios.

4.4.2 Relationship Between Variables

- **Data Reliability**

The reliability analysis of the investor survey showed high internal consistency for the scale items related to investment decisions and performance evaluation. Cronbach's Alpha values

exceeded the 0.7 threshold, indicating that the data collected from investors was robust and reliable. This ensured confidence in the insights drawn from the investor responses regarding portfolio performance and strategic preferences.

- **Correlation Analysis**

Correlation and regression analyses revealed weak and statistically insignificant relationships between external factors and startup performance. Correlations ranged from -0.087 to 0.233, suggesting minimal association. The lack of significant relationships highlights perceptual gaps between investors and entrepreneurs regarding the impact of these factors on performance.

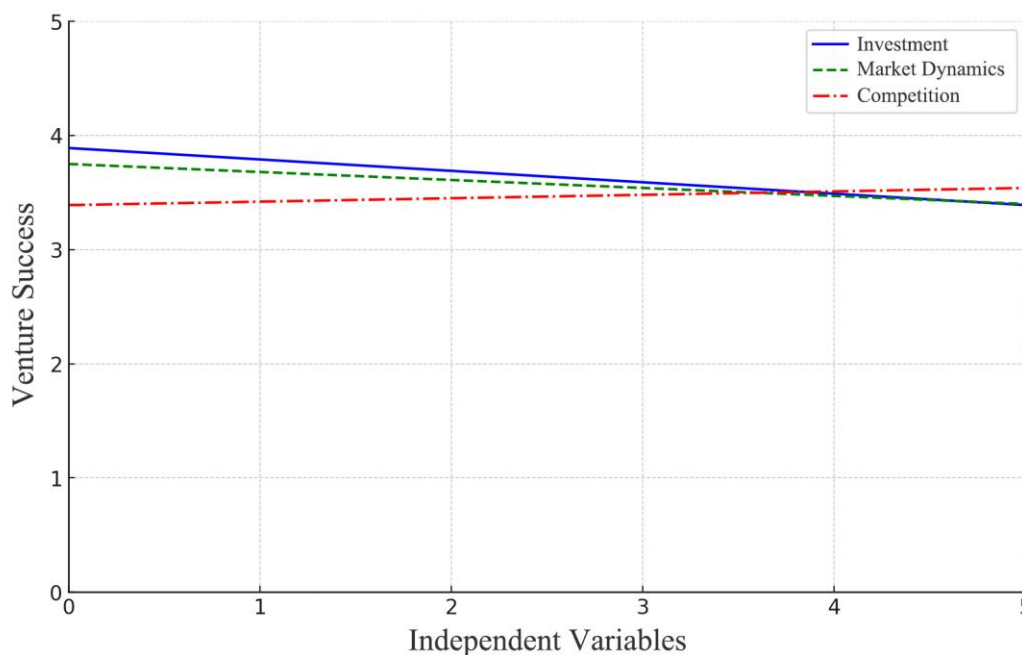


Figure 4: Linear Regression Models: Independent Variables & Venture Success – Investor Perspective

4.4.3 Moderation by Marketing Strategies

- **Traditional Marketing**

Table 3: Moderation Analysis for Traditional Marketing – Investor Perspective

| Model | R | R Square | Adjusted R Square | Std. Estimate |
|-------|-------------------|----------|-------------------|---------------|
| 1 | .437 ^a | .191 | .173 | .92112 |

a. Predictors: (Constant), TradMOD

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. |
|-------|------------|-----------------------------|------------|--------------|-------|-------|
| | | B | Std. Error | Coefficients | | |
| 1 | (Constant) | 1.562 | .436 | | 3.584 | <.001 |
| | TradMOD | .078 | .024 | .437 | 3.263 | .002 |

a. Dependent Variable: Venture_success

Traditional marketing strategies demonstrated a moderate positive relationship with startup performance ($R^2 = 0.191$, $p = 0.002$). The unstandardized coefficient ($B = 0.078$) indicated a meaningful impact, suggesting that traditional approaches remain relevant for some portfolio startups, particularly those operating in more stable or traditional markets.

- **Entrepreneurial Marketing**

Table 4: Moderation Analysis for Entrepreneurial Marketing - Investor Perspective

| Model | R | R Square | Adjusted R Square | Std. Estimate |
|-------|-------------------|----------|-------------------|---------------|
| 1 | .488 ^a | .238 | .221 | .89412 |

a. Predictors: (Constant), EntMOD

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. |
|-------|------------|-----------------------------|------------|--------------|-------|-------|
| | | B | Std. Error | Coefficients | | |
| 1 | (Constant) | 1.228 | .468 | | 2.622 | .012 |
| | EntMOD | .070 | .019 | .488 | 3.750 | <.001 |

a. Dependent Variable: Venture_success

Entrepreneurial marketing strategies exhibited a stronger and statistically significant moderation effect ($R^2 = 0.238$, $p < 0.001$). The unstandardized coefficient ($B = 0.070$) reflected a moderate positive relationship, reinforcing the value of innovative approaches in enhancing portfolio performance. This finding aligns with the dynamic and high-growth nature of startups, where entrepreneurial marketing strategies are particularly effective.

4.4.4 Exploratory Statistics

- **Key Investment Factors**

Investors prioritized scalability ($M = 4.17$) and market demand ($M = 4.12$) as the most critical factors influencing investment decisions. Alignment with market trends ($M = 3.93$) and growth-oriented objectives ($M = 4.04$) were also highly rated. These preferences highlight a focus on market-driven opportunities and the potential for rapid expansion. Lower-rated factors, such as branding/public recognition ($M = 2.78$) and aggressive projections ($M = 3.31$), suggest that investors are cautious about overambitious claims and prioritize tangible growth potential over visibility.

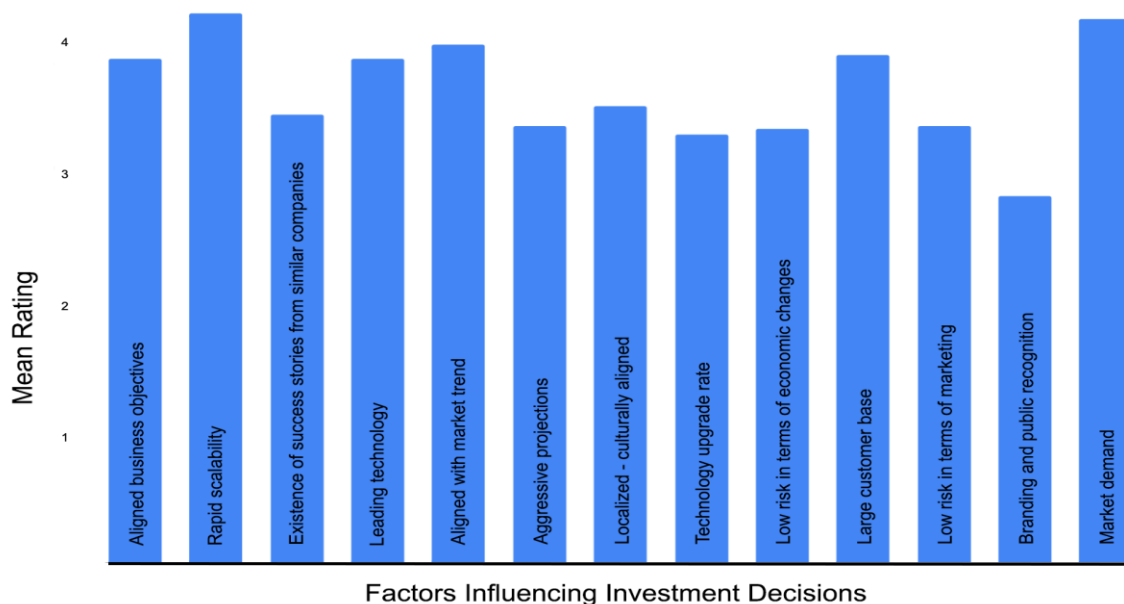


Figure 5: Factors Influencing Investment Decisions

- **Marketing Mistakes**

Investors identified similar marketing challenges as entrepreneurs, with "following a strategy not based on data" ($M = 3.97$) rated as the most significant mistake. Overemphasis on quick-growth strategies ($M = 3.87$) and a lack of strategic planning ($M = 3.87$) were also highlighted. These findings emphasize the need for data-driven, well-planned marketing efforts to achieve sustainable success.

4.5 Gap Analysis

4.5.1 Divergent Perspectives

• Differences in Perceived Relationships

The analyses revealed significant perceptual gaps between entrepreneurs and investors. Entrepreneurs identified statistically significant relationships between external factors and performance, emphasizing the role of competition ($r = 0.296$) and market dynamics ($r = 0.251$). In contrast, investors found these relationships to be weak and statistically insignificant, with correlations ranging from -0.087 to 0.233 . This divergence suggests that entrepreneurs perceive external factors as more influential in shaping startup performance, while investors may view internal strategies and management decisions as more critical.

• Views on Marketing Strategies

Another area of divergence lies in the perceived impact of marketing strategies. Entrepreneurs reported that entrepreneurial marketing had a modest but significant moderating effect ($R^2 = 0.065$, $p = 0.022$), whereas traditional marketing had a negligible influence ($R^2 = 0.029$, $p = 0.128$). Conversely, investors attributed stronger moderating effects to both entrepreneurial ($R^2 = 0.238$, $p < 0.001$) and traditional ($R^2 = 0.191$, $p = 0.002$) marketing strategies. This highlights a potential overestimation of marketing's impact by investors and an underappreciation by entrepreneurs.

4.5.2 Shared Concerns

• Data-Driven Decision-Making

Despite these differences, there are areas of alignment between the two groups. Both entrepreneurs and investors acknowledged the critical role of data-driven decision-making. Entrepreneurs emphasized the need for strategies rooted in empirical evidence to navigate competitive and dynamic markets, while investors highlighted data as a cornerstone for evaluating potential and managing risk.

- **Importance of Entrepreneurial Marketing**

Additionally, both groups recognized the value of entrepreneurial marketing strategies in fostering innovation and adaptability, with high mean scores for this approach (entrepreneurs: $M = 3.31$, investors: $M = 4.14$). The shared emphasis on avoiding common marketing mistakes further underscores their alignment. Both groups rated "following a strategy not based on data" as the most significant error, emphasizing the shared recognition of data-driven approaches as a critical success factor.

4.6 Conclusion

This comprehensive analysis reveals complex and sometimes unexpected relationships between external factors, marketing strategies, and startup performance in the Egyptian ecosystem. The surprisingly weak direct relationships between external factors and performance ($R^2 = 0.117$) challenge conventional wisdom about what drives startup success, suggesting that performance depends more on how startups respond to external conditions than on the conditions themselves.

The moderation analysis provides particularly valuable insights into the role of marketing strategies in startup success. While both traditional and entrepreneurial marketing approaches show some ability to leverage external factors for improved performance, entrepreneurial marketing demonstrates consistently stronger effects. However, the substantial perspective gaps between entrepreneurs and investors in perceiving these effects (R^2 differences exceeding 0.17) highlight a critical need for better stakeholder alignment.

The research reveals several crucial implications for the Egyptian startup ecosystem. First, the assumption that external factors directly determine startup success needs reassessment, as the data suggests a more complex relationship. Second, the choice of marketing strategy significantly influences how effectively startups can leverage external conditions, with entrepreneurial approaches showing particular promise. Third, the substantial gaps between entrepreneur and investor perspectives need addressing to ensure more effective collaboration and resource allocation.

The findings emphasize that success in the Egyptian startup ecosystem requires a sophisticated understanding of how external factors and marketing strategies interact.

Equally important is the need to bridge the perspective gap between entrepreneurs and investors, particularly regarding marketing strategy effectiveness and growth expectations. Future research might productively explore mechanisms for better-aligning stakeholder perspectives and developing frameworks for more effective collaboration in strategy development and execution.

Looking ahead, these insights suggest that successful navigation of the Egyptian startup ecosystem requires not just effective strategy implementation, but also improved communication and alignment between key stakeholders. The findings provide a foundation for developing more nuanced approaches to startup development that consider both the complex interplay of external factors and marketing strategies, and the need to reconcile different stakeholder perspectives on what drives success.

5. Conclusion, Recommendations and Future Researches

5.1 Introduction

This chapter synthesizes our research findings on the relationships between external factors and startup performance in the Egyptian ecosystem, focusing particularly on the moderating role of marketing strategies. The analysis revealed significant insights in four key areas: the direct relationships between external factors and startup performance, the moderating roles of traditional and entrepreneurial marketing strategies, and the notable differences in perspectives between entrepreneurs and investors. These findings provide a foundation for practical recommendations to enhance startup success and ecosystem development in Egypt.

5.2 Research Findings Discussion

Our comprehensive analysis of the Egyptian startup ecosystem reveals intricate relationships between external factors and startup success. While entrepreneurs recognize external factors as significant influences, their impact proves more nuanced than initially hypothesized. Competition emerged as the most influential factor with a correlation of 0.296 ($p = 0.007$), followed by investment ($r = 0.280$, $p = 0.011$) and market dynamics ($r = 0.251$, $p = 0.024$). However, the relatively weak correlations suggest that other unmeasured variables play substantial roles in determining startup performance.

The effectiveness of marketing strategies in enhancing external factors' contribution to success varies significantly between traditional and entrepreneurial approaches. Traditional marketing showed limited impact ($R^2 = 0.029$, $p = 0.128$), suggesting conventional methods may not effectively leverage external factors in dynamic startup environments. In contrast, entrepreneurial marketing strategies demonstrated significant moderating effects ($R^2 = 0.065$, $p = 0.022$), indicating that innovative, flexible approaches better suit startup needs in the Egyptian ecosystem.

A particularly interesting finding emerged in the analysis of scaling pressures, where rapid market growth opportunities ($M = 3.94$) and funding availability pressures ($M = 3.90$) emerged as primary drivers of strategic decisions. These pressures significantly influence how startups approach marketing strategy selection and implementation, often pushing them toward more entrepreneurial approaches despite investor preferences for traditional methods.

5.3 Practical Implications and Recommendations

For entrepreneurs, our findings suggest several key strategic priorities. First, the development of robust competitive monitoring systems should take precedence, given competition's stronger correlation with performance. This includes implementing systematic market analysis processes and developing rapid response capabilities to competitive threats. The research indicates entrepreneurs should focus on strategic deployment of funds rather than just securing them, with particular attention to building adaptive marketing capabilities.

For investors, the research indicates a need for significant refinement in startup evaluation and support approaches. While rapid scalability remains important (rated $M = 4.17$ by investors), our findings suggest greater weight should be given to startups' adaptive capabilities. The substantial gap in perceived marketing strategy effectiveness between investors and entrepreneurs (difference in R^2 of 0.173 for traditional marketing and 0.173 for entrepreneurial marketing) indicates a need for more nuanced portfolio management approaches. Supporting the development of balanced marketing strategies that combine entrepreneurial agility with selective traditional elements could yield better results.

For ecosystem stakeholders, the priority should be developing infrastructure that enables data-driven decision making and knowledge sharing. Given that both entrepreneurs ($M = 3.54$) and investors ($M = 3.97$) rated "following a strategy not based on data" as their most significant concern, creating platforms for accessing market research and analytics tools could significantly impact ecosystem development. Risk management emerges as a crucial area for ecosystem support, particularly given that only 3% of startups survive beyond ten years.

The strategic framework for implementation should follow three distinct phases:

Foundation Phase: Startups should begin by establishing comprehensive data-driven decision-making systems. This includes implementing market monitoring tools, setting up performance tracking metrics, and developing responsive marketing processes. The focus should be on entrepreneurial marketing approaches that can quickly adapt to market feedback, given their demonstrated stronger moderation effect ($R^2 = 0.238$).

Growth Optimization Phase: As ventures mature, they should integrate more structured elements while maintaining agility. The research shows that traditional marketing approaches become more effective as startups grow (R^2 increasing to 0.191 from investors' perspective), suggesting a gradual integration of conventional marketing elements alongside entrepreneurial approaches.

Sustainability Development Phase: The final phase focuses on building lasting competitive advantages through hybrid marketing approaches. This includes creating robust systems for managing external factors and implementing comprehensive performance measurement frameworks that satisfy both operational needs and investor expectations.

5.4 Limitations

The research faced several significant methodological and practical limitations that affect the interpretation and generalization of results. The convenience sampling method, while practical for accessing key stakeholders, likely skewed the sample toward more established ventures. Out of 677 active startups in Egypt, our sample of 81 entrepreneurs and 47 investors represents only a fraction of the ecosystem, potentially limiting the generalizability of findings.

Data quality and measurement challenges proved significant. The self-reported nature of survey data may introduce respondent bias, particularly in performance metrics. Many startups and investors lack systematic performance tracking, especially for marketing metrics, making it difficult to verify reported data. The cross-sectional nature of data collection limits understanding of how marketing strategies evolve over time, particularly during critical growth phases.

Scope and representation limitations affect the comprehensiveness of our findings. Focus on the top 8 startup industries may not fully represent Egypt's diverse startup ecosystem, which includes emerging sectors not captured in our analysis. Variables introduced by international startups and investors, particularly in terms of different market expectations and resources, may not be fully accounted for. Limited academic literature on the Egyptian startup ecosystem required supplementing with research from similar developing markets, potentially introducing contextual misalignments.

5.5 Future Research Directions

Our findings suggest several promising directions for future research that could significantly enhance understanding of startup success factors in Egypt and similar emerging markets.

Longitudinal Studies: Extended research tracking startup evolution over time could provide crucial insights into how marketing strategies adapt through different growth stages. This could include studying pivotal moments when startups transition between entrepreneurial and traditional marketing approaches, and how these transitions affect performance outcomes. Such studies should track at least a three-year period to capture meaningful strategic shifts.

Standardized Performance Metrics: Development of comprehensive measurement frameworks specifically designed for Egyptian startups represents an urgent research need. These frameworks should include both financial and non-financial metrics that reflect the unique characteristics of the ecosystem, particularly focusing on how different marketing approaches contribute to various success indicators.

Industry-Specific Research: Detailed studies examining how marketing strategy requirements vary across sectors could provide valuable insights, particularly regarding

digital transformation impacts. This research direction becomes especially relevant given the varying success rates observed across different industries in our study (with FinTech showing particularly strong performance indicators).

Cross-Regional Analysis: Comparative studies examining marketing strategy effectiveness across different regional startup ecosystems could provide valuable insights into the role of environmental factors in strategy success. Comparing Egyptian startup approaches with those in other MENA countries would help identify both universal principles and context-specific requirements.

5.6 Conclusion

This research provides crucial insights into the complexities of startup success in emerging markets like Egypt. The findings reveal that external factors exhibit weak but significant correlations with startup performance ($R^2 = 0.117$), with their influence significantly moderated by marketing strategies. Entrepreneurial marketing strategies demonstrated stronger positive moderation effects ($R^2 = 0.238$) compared to traditional marketing approaches ($R^2 = 0.191$), suggesting that flexible and innovative marketing strategies are more effective in leveraging external factors to optimize performance.

The notable divergence in perspectives between entrepreneurs and investors regarding marketing strategy effectiveness highlights a key ecosystem challenge. While investors tend to prioritize traditional marketing approaches for long-term sustainability, entrepreneurs favor more agile entrepreneurial marketing strategies. This misalignment creates strategic tensions that impact venture development and the ability to meet both growth targets and investor expectations.

The theoretical contributions enhance understanding of how marketing strategies can be effectively deployed in emerging markets, while practical implications provide evidence-based guidance for selecting appropriate marketing strategies based on venture development stage. The study's implications extend beyond Egypt, offering insights applicable to other emerging markets facing similar challenges.

The research ultimately demonstrates that successful navigation of the Egyptian startup ecosystem requires sophisticated understanding of external factors' influence on startup performance and strategic deployment of marketing strategies at various development stages. Focus on adaptability, strategic alignment between entrepreneurs and investors, and intelligent use of marketing resources positions startups to better thrive in Egypt's dynamic business environment.

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