INVESTMENT STRATEGIES OF E-COMMERCE STARTUPS

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PLAGIARISM

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

HAKAN KİBAR

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Abstract

Our study consists of 5 main sections. In the introduction part, the purpose and importance of our study and contribution provided to the literature with our study are evaluated. The conceptual framework is included in the second part of our study. Here, comprehensive information about investment, strategy, financing models, e-commerce, and start-up concepts are included. In the third part, the sources of funding and the problems faced by start-ups in this regard are discussed. Start-ups and financing models are classified in Turkey and in the world. In this context, funding through angel investors, venture capital, crowdfunding, grants, incentives, and support are addressed. In the fourth part, characteristics of entrepreneurs, strategies to be implemented, team-financing relations, and investment practices are mentioned. The fifth section consists of the conclusion section. Here, we emphasized the results of our study, advice of angel investors to entrepreneurs, and the strategies to be applied in finding financing.

Keywords: Investment, Strategy, Financing, Financing Models, Start-up, E-commerce.

Özet

Araştırmamız 5 ana bölümdenmeydanagelmektedir. Girişkısmındaaraştırmamızınamacı, önemi, verilendeğervearaştırmamızileliteratüreverilenkatkıdeğerlendirilmektedir. Araştırmamızınikincibölümünde, kavramsalçerçeveyeyerverilmektedir. Burada; yatırım, strateji, finansmanmodelleri, e-ticaretve start-up kavramlarıhakkındakapsamlıbilgilereyerverilmektedir. Üçüncübölümde start-uplarınfinansmankaynaklarıvebunoktadayaşadıklarısorunlaradeğinilmektedir. Türkiye'devedünyada start-uplarvefinansmanmodellerisınıflandırılmaktadır. Bu kapsamda; melekyatırımcılar, risk sermayesi, kitleselfonlama, hibe, teşvikvedesteklemeyoluylafonlamaelealınmaktadır. Dördüncübölümde, girişimcilerinözellikleri, uygulamalarıgerekenstratejiler, ekip-finansmanilişkisiveyatırımuygulamalarındanbahsedilmektedir. Beşincibölümisesonuçbölümündenoluşmaktadır. Burada da, araştırmamızdaeldeedilenneticeler, melekyatırımcılarıngirişimcilereolantavsiyeleri, finansmanbulmakonusundauygulanmasıgerekenstratejilerüzerindedurulmaktadır.

AnahtarKelimeler: Yatırım, Strateji, Finansman, FinansmanModelleri, Start-up, E-ticaret.

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List of Abbreviations

AB	:	AvrupaBirliği
ABD	:	Amerika BirleşikDevletleri
BEÜ	:	Bülent Ecevit Üniversitesi
C.	:	Cilt
CEO	:	BaşYönetici
CRM	:	MüşteriİlişkileriYönetimi
Çev	:	Çeviren
DPT	:	DevletPlanlamaTeşkilatı
GSMH	:	Gayrisafi Milli Hasıla
İSO	:	UluslararasıStandardizasyonKuruluşu
KOBİ	:	KüçükveOrtaBüyüklüktekiİşletmeler
KPMG	:	Klynveld Peat Marwick Goerdeler
OECD	:	EkonomikİşbirliğiveKalkınmaÖrgütü
S.	:	Sayı
s.	:	Sayfa
SBE	:	SosyalBilimlerEnstitüsü
T.C.	:	TürkiyeCumhuriyeti
TDK	:	TürkDilKurumu
TL	:	TürkLirası
TOBB	:	TürkiyeOdalarveBorsalarBirliği

UCSB	:	Santa Barbara California Üniversitesi
V.b.	:	Vebenzeri
V.d.	:	Vediğerleri

1. INTRODUCTION

It is seen that technological developments bring some needs with them in today's conditions, where globalization has an intense effect. Since the First Industrial Revolution, the Industry has developed up to 5.0 and brought many innovations in our lives. For instance, Industry 4.0 will provide manufacturing ecosystems driven by intelligent systems with autonomic features such as self-configuration, automatic monitoring, and self-improvement and this will provide great convenience. Thus, new types of advanced production and industrial processes will emerge for machine-human cooperation and symbiotic product realization. As a result of all this, it will allow us to achieve unprecedented levels of operational efficiency and speed up our productivity (Thames & Schaefer, 2016, pp.12-17). It is beneficial to focus on the Industrial Revolutions when we want to examine the Industry 4.0 revolution and its foundations (Economic Forum, 2016, p. 17).

- 1st Industrial Revolution:
  - Use of steam power,
  - Use of various instruments for machines,
- 2nd Industrial Revolution:
  - Transition to mass production,
- 3rd Industrial Revolution:
  - Introduction of Modicon 084, first programmable smart control device,
- 4th Industrial Revolution:

The creation of interprocess networks are in question.Industry 5.0 (Society 5.0) is a revolution that is aiming to integrate technological developments into society, not afraid of technology, and wants to create a society in cooperation with technology.

The main reason why it is expressed as Society 5.0 is regarded as ensuring the integration of technology and social life (Gökten, 2018, p. 884).

Major changes have also been observed in marketing and commerce as the age of digitalization walks into our lives at an increasing pace. The traditional marketing concept involved in modern marketing and commerce has shifted to virtual platforms. Many advantages have also come up through electronic commerce. The selection and delivery of many products and services via electronic media are some of these important advantages.

Entrepreneurship has various consequences on behalf of individuals and economies where it is practiced. In the digitalization process, we mentioned earlier, entrepreneurship has evolved into something with utmost importance. Entrepreneurial activity that has gained new momentum with startups also brings up many funding needs. The funding sources of startups are also shaped in accordance with today's conditions. Funding, provided by venture capital or the support of angel investors in different cases, is also provided by crowdfunding and sometimes by grants, incentives, and support.

An entrepreneur is a person who never gives up, has nerves like steel, and develops himself without being daunted. An entrepreneur is a person who focuses on the problems as soon as he starts the day and produces solutions instead of complaints. He is the person who develops the skills on software, graphics, and finding investments and keeps them constantly updated. Besides the entrepreneur concept, ‘’Growth Hacking’’ is also another important concept. Growth hacking is the process where the entrepreneur growing his idea/project using his own talents and intelligence. For example, you can reach thousands of users with a proportional ad you will make with a social media celebrity once your project reaches a certain point. If you do this often, you will be known and followed by millions of people.

If an entrepreneur does not have the capital to start/realize his option, he must turn into a person who seeks and successfully receives a source. Also, the person who is producing more innovative and different solutions with different perspectives on the current market and system and successfully exploits these opportunities is called an entrepreneur. The entrepreneur moves towards his goal without giving up and ignoring all the negativities that try to stop him to reach his ultimate goal.

There is a certain process that startups must follow. Here, acceleration programs, grants, angel investors (multiple investments can be received from angel investors) and VC rounds are in question, respectively.

It is possible to shape the purpose of our study on the basis of e-commerce, startups, entrepreneurship, and finance concepts. A comprehensive examination of startups that are getting more and more attention today is the basis of our study. Successful startups of today based on the formation, functioning, and funding of startups, which are also a driving force for economies, and especially the meetings with angel investors who provide funding for these structures shape our study.

It is clear that start-ups, which their names are heard more in Turkey since 2010, will gain more importance in the future. Analysis of the mechanism of operation of start-ups and, in particular, the difficulties they face in finding funding has a separate value. Our study is an illuminating study in this regard and valuable information acquired from investors such as Sina Afra, NevzatAydın, and ÖmerErkmenthat will guide entrepreneurs is available in our study.

- You can find the goals of our study in the following;
- Classification of startups' funding resources

- Determining the place of angel investors in startup funding,

Analyzing the future expectations of startups.The structuring, success rates, and funding resources of startups that have become popular in recent years constitute the importance of our study. We share the interviews and valuable experiences of important angel investors (Afra, Erkmen, and Aydın) in Turkey. We also emphasized what should startups pay attention to when searching for funding sources, how to introduce their initiatives, and what kind of promises they should make.

Not being able to reach all the angel investors in Turkey is among the limitations of our study. It is also clear that there are not many Turkish studies on startups, which are considered a new issue for Turkey.

You can find the assumptions of our study in the following;

- Startups will be a driving force on developing economies,
- The number of angel investors has increased in Turkey,

Angel investors are the sources that startups benefited most in terms of funding.In our study, where we tried to verify that an idea can be realized and a company can be established by finding a funding, it is shown that it is possible for ideas to reach a certain point and grow by investing with acceleration programs and angel investors. Up to the present, I have successfully completed five investment rounds and have forty investors in total. NevzatAydın, Sina Afra, Turgut Konukoğlu, Fahad Abdullah S Alsulaim, NeşeGök, Yusuf Azoz, Joachim Behrendt, ÖmerErkmen, Ali Çebi, HakanGonca, Ali RızaBabaoğlan, Emre Narin, Ralf RıfatRulso, ÇağlarKarataş, SimlaÖzbay, Murat Çekirdek, Mehmet Onarcan, EnginFrayman, ErsinGençtürk, Mehmet Alp Sunar, SertaçTaşdelen, BurcuTuzcuErsin, MeltemÖzçelebi, Ferhat Ferhangil, Sinan Güler, İskender Kökey, AydınBuğraİlter, Frederic Pagy, Şelale Zaim, ÖzümİlterDemirci, Mustafa Aslan, LeventKuşgöz, Mesut

Özdamar, Alp Avni Yelkenbiçer, HüseyinKadıoğlu, OrkunÜrkmez are among these investors.

Also, before coming back to Turkey, I have made presentations about my venture in Silicon Valley, San Francisco, the United States of America to many technology giants like Apple, Google, Facebook, Instagram, Twitter, Uber, Airbnb, Spotify, 500 Startups, Y Combinator, Wired, Udemy, Koding, Citrix, Endeavor and both found investors for my venture and received feedbacks. As a young entrepreneur, I still continue my business life actively at Temizlikyolda.com, which I founded back in 2013 as ‘’Temizlikyolda’’ İnternet Hizmetleri Cooperation. In this regard, I have successfully organized 5 different investment rounds and attracted 40 local and foreign figures of the ecosystem for my company such as the CEO of yemeksepeti.com, NevzatAydın, the founder of the Entrepreneurship Foundation (GİRVAK), Sina Afra, Turgut Konukoğlu from SANKO Holding, the chairman of İnci Holding, NeşeGök, and Dr. Joachim Behrendt. I also received the AltınÖrümcek Awards with both public and jury votes, Webrazzi Awards, Initiative of the Year Award, Türk Telekom Pilot Award, Startup 100 Award and ranked in the Forbes 50 list and received my award from the Minister of Youth and Sports, Dr. Mehmet Kasapoğlu. My company, Temizlikyolda.com, has reached millions of users with my cooperation with many brands such as Türk Telekom, Enpara, Finansbank, ING Bank, KuveytTürk, AlbarakaTürk, BKM Express, Yemeksepeti, Samsung. I have grown the company I have established in Turkey by offering SaaS technology in different countries such as TRNC, Saudi Arabia, Qatar, United Arab Emirates, and Israel. What is meant by all these above-mentioned actions is what e-commerce start-ups can achieve by applying the right investment strategies, how much they can grow, and what kind of positive results can be achieved.

A descriptive research model will be used in this study since our goal is to describe the situation as it is. According to Karasar (2012), descriptive studies are research aiming to describe a past or present situation as it is. Since the event, individual, or object subject to the research is tried to be defined in its own conditions and as it is, no effort is made to change or influence them in any way. The purpose of descriptive research is to achieve an accurate description of the universe or an unbiased sample drawn from it.

In our study, the induction method is used by progressing from part to whole. Here, we progress from the conceptual framework and literature review to results. Quantitative research techniques are included within the scope of our study. Besides, the studies that have been done so far within the scope of our subject will be compiled and it will be possible to compare our results with academic studies.

Especially, traditional sources such as books, magazines, articles, laws, regulations, constitutions, and similar resources are used. Also, past academic studies related to the subject are analyzed and included in the study.

Interviews with valuable angel investors such as NevzatAydın, Sina Afra, and ÖmerErkmen have been analyzed in our study. Since mentioned angel investors are also investors of my start-up in practice, I hold various meetings with them at regular intervals. The information provided and analyzed here was obtained through face-to-face and one-on-one interviews. The following can be listed within the scope of these interviews;

- What should entrepreneurs pay attention to,
- What are important to promise to investors,
- Strategies to be carried out in order to stay in the competition,
- Difficulties in accessing funding sources and overcoming them,

- Factors that entrepreneurs consider while investing,
- Classification of the characteristics that the entrepreneur should have,
- Factors that need to be applied and should be considered to stand out.

As stated above, the aim of this study is to investigate how startups are founded, what are the factors that affect functioning of the startups and how do they find funding for their ideas. In order to reach this aim, we will utilize both quantitative and qualitative methods. The qualitative part of the methods includes five semi-structured interviews with Turkey's most notable angel interviews. These interviews will be incorporated into the study by synthesizing them with the findings of the academic literature, so that we will be able to observe any similarities and/or discrepancies between the literature on e-commerce and real-life experiences of angel investors. The quantitative part of the methods will comprise of descriptive statistics to understand better the current climate of the e-commerce in world and especially in Turkey. It is aimed that these descriptive statistics will be helpful in evaluating the future of e-commerce in Turkey. In addition to all these, incorporating both the qualitative and quantitative methods constitute another strength of the study.

2. CONCEPTUAL FRAMEWORK

2.1. Investment Concept

When the concept of investment is viewed in an economic sense; it is defined as the part that is increased or separated from the national income or the renewal of the units that are worn out, enlarged, or have outdated technology (Özerdem, 1978, p. 15).

2.1.1. Definition

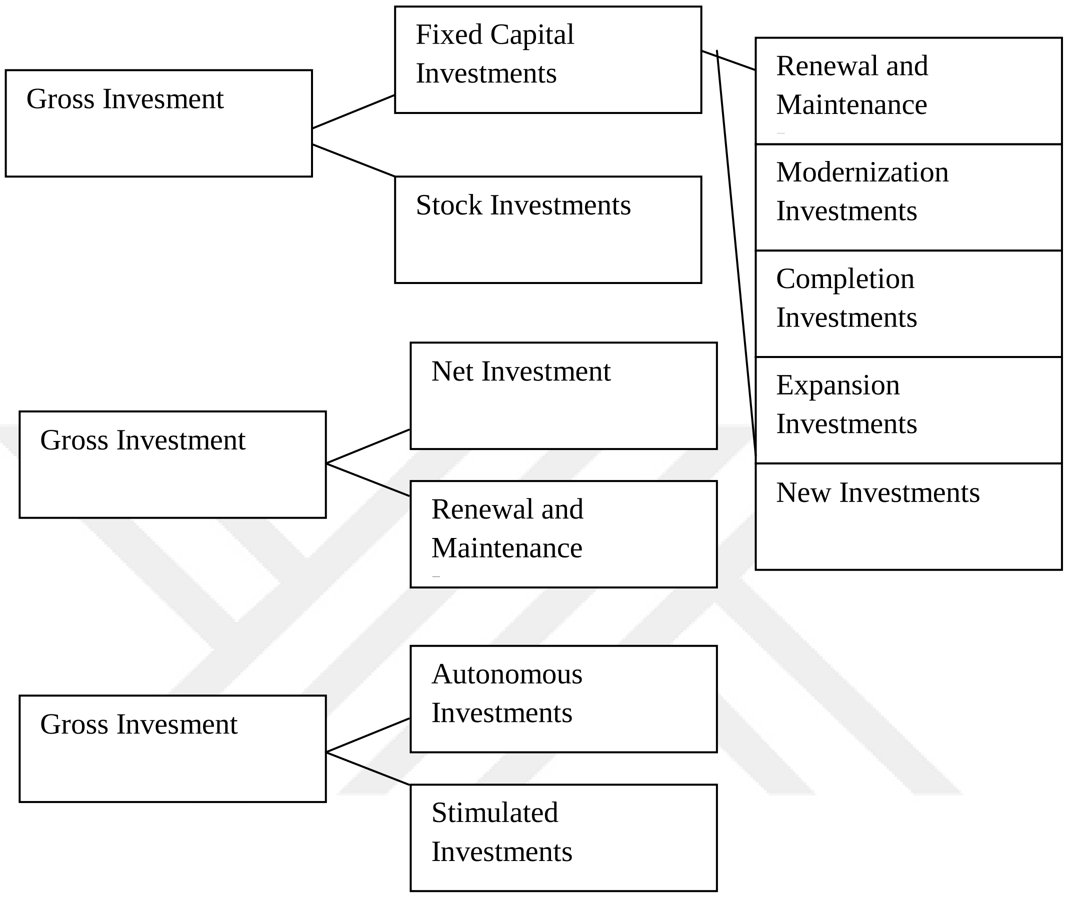
According to the definition of the State Planning Organization, the investment concept is accepted as additions to production goods within a certain period of time (Kıratlı, 2005, p. 17).

The investment is accepted as additions made to stock and equipment in a certain period (Ülgener, 1991, p. 195). The additions mentioned here are made for existing equipment and capital goods within a certain period of the economy (Dinler, 1998, p. 309).

According to a different definition, the investment is expressed as not consuming the resources that can be used for consumption and adding them to the capital stock (Bolat, 2014).

Figure 1.

Types of Investments



Note. A. Çiftçi (2014). FizibiliteEtüdü, KırıkkaleÜniversitesiMühendislikFakültesi, Kırıkkale.

It should be taken into account that the definition of investment concept is divided into various types. Following are considered while the investments are divided into types (Dağ&Çelik, 2018, p. 866);

- Investment orientation areas,
- The lifetime of the investment,
- Status of the factors that encourage investment.

Table 1.

Types of Investments

TYPES OF INVESTMENTS	
Gross Invesment Gross Invesment=Net Investment + Wear + Wear + Depreciation	Net Invesment It occurs when investment is subtracted from depreciation, depreciation, and depreciation from the amount over a period of time.
Stimulated Investments It is directly related to the national income level.	Autonomous Investments They are long term investments.
Real Investments It is in the form of purchases of machinery, equipment and similar in order to increase the production capacity.	Financial Investments There are valuable documents.
Infrastructure Investments Investments such as roads, bridges and water.	Superstructure Investments These are investments that directly affect production.
Public Investments Most of them are non-profit and government investments.	Private Sector Investments Investments made with the effect of profit and for profit.
Mandatory Investments They can be private or public investments. Generally, the benefit of the society is at stake. In case of failure, criminal action comes to the fore. Like not harming the environment, protecting the nature ...	
Extension Investments Investments made in order to increase the quality or capacity of the production.	

*Note.*M. Dağ& M. Çelik (2018). YatırımTeşvikleriNedir? KavramveKapsamıÜzerine Bir Değerlendirme, BEÜ SBE Dergisi, 7(2).

2.1.2. Characteristics and components

There are three basic dynamics of Modern Finance in the field of investment (Kondak, 1999):

- It is possible to create a stock portfolio with the lowest possible risk in line with the targeted expected return. The technique of creating this portfolio is called the instrument.
- What will happen if we assume that this instrument is used by everyone? If we gather all portfolios together to form a market index, the risk will be the lowest at the level of return expected from it. This idea is based on the idea that the instrument can be used by everyone globally and it is called Capital Assets Pricing Model. This is also called the theory.
- In this case, what will happen if all known relevant information is reflected in the prices of all stocks? This also reveals the Efficient Markets Hypothesis. According to one of the claims of this hypothesis, stock prices react very quickly to the newly announced information. This is not true. Stock prices overreact slowly. Investors tend to overreact immediately to new information about stocks. This causes a considerable delay. This case causes the created stock portfolios to get higher returns with lower risk than any index. The traditional finance theories and models are basic finance theories and models applied in their theoretical frameworks and included in traditional finance literature without considering human psychological variables and their effects on investment decisions in their analysis of uncertainties about the future and investment valuation and assuming that people are rational. Traditional investment policies of investors especially invest in securities with a high conversion rate and low risk of non-payment. Investors aim to generate high

income in their investment decisions. Therefore, they aim to achieve financial balance by taking into account the risk, liquidity, and earnings ratios in their portfolios.

2.2. Strategy Concept

Administrative, social, political, economic changes and developments occurring in today's organizations direct them to different applications. It has led to the understanding that the traditional management understanding and practices were inadequate and ineffective in responding to the contemporary management principles and needs of the 2000s. At this point, the need for the concept of strategy comes to the fore (Yatkın, 2003, p. 33).

The following can be said for the strategy concept (Özevren, 2009, p. 168);

- It is mainly perceived as a military term.
- In Latin, it means the path to reach the goal.
- Long-term plans that show what businesses will compete with are also called strategy.

2.2.1. Definition

Strategy is the determination of the counteraction alternatives to be created in the face of possible events that may occur in businesses. Therefore, strategies are in the form of explanatory planning or studies considering the plans of competitors (Ülgen&Mirze, 2007, pp. 33)

In general, strategy is used for political purposes. Of course, this happens by using military means (Heuser, 2010; Gilbert, 1986).

The concept of strategy can be defined as a collection of long-term and dynamic decisions that are determined to reach the goals and focused on the ultimate result by examining the activities of the competitors (Ülgen&Mirze, 2007, p. 33).

Strategy refers to the process of building and creating. It can also be defined as shaping the future in the light of healthy predictions (Ünaldı, 2002). The concept of strategy, which is Strategia in Latin, is defined as the art of leading generals' armies. According to the Turkish Language Association, strategy is described as (Haznedar, 2011, p. 7);

- Monitoring,
- The path is determined to achieve the predetermined goal.

It can be seen that there are different definitions of strategic collaborations. These definition differences derive from the existence of different perceptions about the quality of cooperation activities. Naturally, the lack of a common approach to this concept affects the fact of which structures are strategic cooperation and which are excluded from the concept of strategic cooperation (Contractor et al., 1990, p. 28).

When we focus on the concept of strategy (Özevren, 2009, p.168):

- It is mostly perceived as a military term.
- In Latin, it means the path to reach the goal.
- Long-term plans that show what businesses will compete with are also called strategy.

Figure 2.

What is Strategy?

Note. - (11.04.2019)

2.2.2. Characteristics and components

The concept of strategy emerges as a concrete concept that serves to show where and in what amounts to distribute resources in line with the mission. The concept of strategic management is referred to as a management technique that enables the determination of future goals and targets in all organizations and the determination of the necessary actions to achieve these goals (Ülgen&Mirze, 2007, p. 33).

The characteristics of the strategy help to define the concept. For instance, it is in the form of (Ünaldı, 2002);

- Leading change through practices,

- A process that is completely over the planning period,
- Undertaking practices developed to be much better than competitors in a competitive environment,
- And others.

2.3. The Concept Of Financing Models

When the concept of financing models is checked, it can be seen that it vary according to many factors. Among these factors, political policies, economic practices, management styles, and financial structures of countries come to the fore (Bat, 2013, p. 16).

Financing resources can be classified as (Burşuk, 2012);

- Equities,
- Short term liabilities,
- Long term liabilities,
- Auto finance,
- Trade liabilities,
- Bond issuance,
- Debt securities.
- Besides these, leasing, swap, factoring, forfeiting, barter, angel financing, and venture capital are also on the agenda.

In our study, the financing models are classified as a public financing model, private financing model, and mixed financing model.

Table 2.

Financing Models

GOVERNMENT FİNANCİNG	PUBLIC PRİVATE PARTNERSHIP MODELS	CUSTOMIZE
1.The project is funded and operated by the state.	1.Build-transfer model	1.Public services are operated and owned by the private sector.
2.Both the yield and the risk are owned by the state.	2.Build-lease-operate-transfer	2.The private sector bears both the return and the risk.
-	3.Build-transfer-operate	-
-	4.Build-transfer-operate	-
-	5.Build-own-operate	-

*Note:*D. Teker(2008). SağlıkSektöründeProjeFinansmanModelleri: Türkiyeİçin Bir Model Önerisive Bir HastaneFizibiliteAnalizi.

2.4. E-Commerce Concept

It will be beneficial to talk about the concept of electronic service before handling electronic commerce. In electronic service delivery, one party makes a commitment to provide services to the other party through electronic media. The mentioned electronic media is usually a website on the Internet (Sözer, 2002, p. 66; Sağlam, 2007, p. 24).

How the service is provided is as important as the result of the service in today's conditions. It can be seen that quality product delivery is not enough in electronic service but also service quality that can meet different customer expectations is necessary (İlter, 2009, p. 99).

The increase in commercial activities in electronic media causes these activities to gain importance as well. At this point, the extent of the quality of this service has gained importance with the adoption of the electronic service (Al-Tarawneh, 2012, pp. 124). Interactive availability of services and products based on electronic services strengthens the interaction between the customer and the supplier (Sukaseme, 2005, p. 2).

2.4.1. Definition

Electronic trade emerges as a broad trade model. The model that includes the processes in which services, products, and information are bought, sold, replaced, and transferred on the internet platform is called electronic commerce(http://www.selcuk.edu.tr/dosyalar/files/074/elektronik_ticaret(1).pdf, 11.04.2019).

In its most general definition, e-commerce concept is defined as (Bulunmaz, 2016, p. 357);

- The application of traditional marketing tactics in digital media,
- By using digital channels,
- Performing all marketing applications in the digital environment;
    - ✓ Offers more advantages than traditional marketing,
    - ✓ Provides a great financial source in terms of economical sense,
    - ✓ Provides simultaneous access to the target audience,
    - ✓ Offers updatable feature,
    - ✓ Has creative feature,
    - ✓ Innovative,
    - ✓ Comes with competitive features.

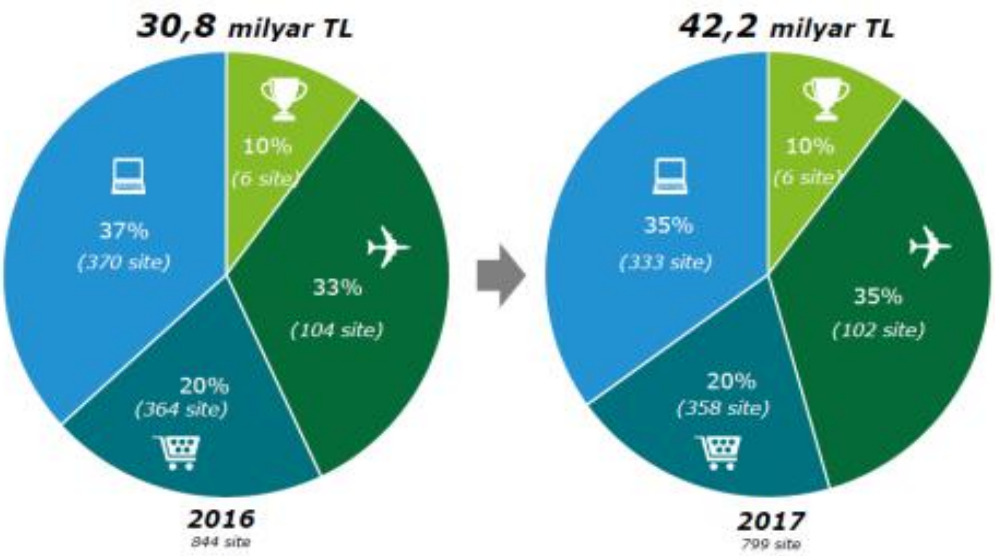
2.4.2. Characteristics and components

As digitalization occurs specifically in media such as education, health, production, trade, publishing, and finance, it also emerges in the field of consumption (OECD, 2007, p. 6).

It is used to improve the marketing of products, brands, or services by utilizing all digital branding methods. Electronic trade emerges as a type of marketing that reaches the customer on time by staff personnel and cost expenses (Ersöz, 2013, p. 1).

Figure 3.

Features of Start-ups



*Note.*Tübisad (2018).Etid, Deloitte OrtakÇalışması: Türkiye'de E-TİCARET PazarBüyüklüğü.

You can find the analysis of the market size of e-commerce in Turkey between 2016 and 2017 in Figure 3. It is seen that the market size of 30.8 billion TL in 2016 reached 42.2 billion TL in 2017.

The limitations of e-commerce are not only related to customers. Apart from these, the following are in question;

- Business to business,
- Public,
- Customer to customer.

There are applications in all forms depending on the manufacturer's request.

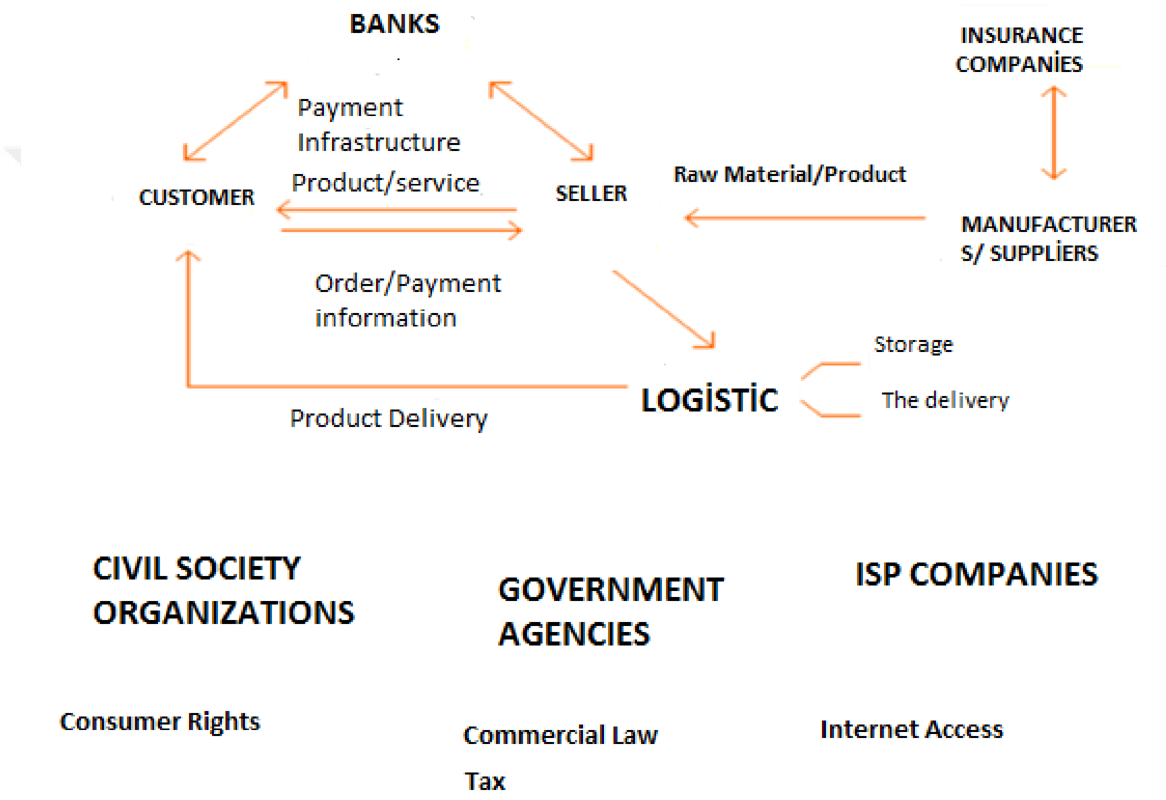
2.4.3. Formation Stages and Purposes

Marketing understanding has shifted from traditional marketing to modern marketing. Over time, changes in request, demand, and supply have been observed in e-commerce. Customers follow the developments in technology by following the developments in e-commerce. E-commerce reaches customers with various instruments and highlights time savings. In this respect, both companies and countries compete to be the first to reach the customer. E-commerce has turned to international markets over time. Being a global brand means getting more customers. Countries and companies plan to reach more people and become market leaders by using online instruments (Strauss, 2016).

It is seen that electronic commerce has developed since the 1950s and has become widespread rapidly in recent years. In this context, digital electronics, information transmission, and storage instruments allow telecommunications, mass communication, and informatics industries get closer to each other (Baştan, 2004, p. 29).

Figure 4.

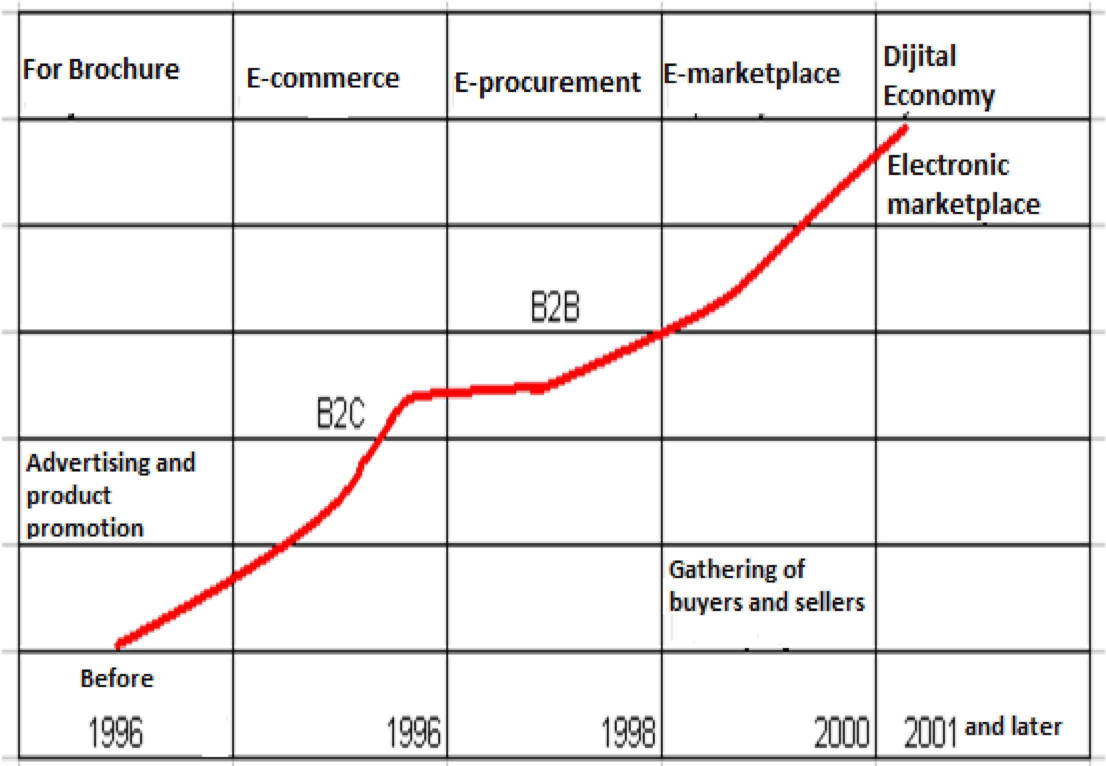
The Top 20 Hubs Around The World



Note.HilmiKuşçu(2007). ElektronikTicaretDersi, http://hilmi.trakya.edu.tr/ders_notlari/e_ticaret/ETICARET.pdf, 11.11.2019.

Figure 5.

Development Process of Development Commerce



Note.İnfomagDergisi, (2002). Sayı 19.

2.4.4. Importance and necessity

Technological developments create positive results in reaching more people. It is easier to reach the masses thanks to e-commerce. E-commerce offers a channel that helps parties to communicate economically online. It is one of the ways to become a universal brand. E-commerce highlights unlimited possibilities for marketing. These applications are used by everyone. The following comes to the fore with e-commerce (Porter, 1988);

- Cheaper service or product,
- More customers,
- More feedback.

All these features lead to the preference of e-commerce more.

E-commerce also shows the development rates of countries. The strong demands, desire, and power of the manufacturing departments come to the fore in the success of e-commerce. While e-commerce increases competition between manufacturers, it also provides an increase in investments in different fields (Chan, 2000).

2.4.5. Functions

E-commerce applications provide many contributions to both individuals and companies. Some of these are (Porter, 1988);

- Personal vendors and businesses benefit from the advantages of e-commerce,
- It easily brings manufacturers and the masses together,
- It allows consumers from all over the world to reach products,
- It also assists governments and economies.

Instead of a single product, it is possible to reach thousands of products and brands with e-commerce. Besides, customers' tastes, preferences, and options are decisive in this world. Companies that want to increase their trade capacity apply different strategies and development plans. Every manufacturer can offer products to the world with the help of e-commerce (Grossman &Helpmen, 1989).

2.5. Startup Concept

Start-ups are known as a start-up or spin-off companies in the world. Their number is increasing gradually after the 2000s with the widespread use of internet technology (Aktaş, 2017).

2.5.1. Definition

Although there are many definitions for the concept of start-up, it is seen that no ultimate conclusion has been achieved. In addition, it is generally perceived as a business between the ages of 0-3 and established for the purpose of developing technology-based services, systems, and products. According to different definitions, it is described as (http://itugirisim.org/girisimci-sozlugu/, 12.12.2019);

- Inexperienced company,
- Rapidly growing, newly established, and risky venture.

Various definitions are determined when the concept of the start-up in the international literature is checked. For example, according to a study, companies within the scope of the venture that includes innovation and may take 5 to 11 years for the company to reach maturity call themselves startups (Stinchcombe, 1965).

In another study, startups are research-based companies which 3 to 5 years have passed since their establishment (Heirman, 2003).

2.5.2. Characteristics and components

When the characteristics and components of start-ups are examined, the following can be seen (Aktaş, 2017);

- Established by young entrepreneurs dealing with internet technology,
- The acquired knowledge is transformed into economic added value in the shortest possible time,
- There is an emphasis on software-related studies.

Table 3.

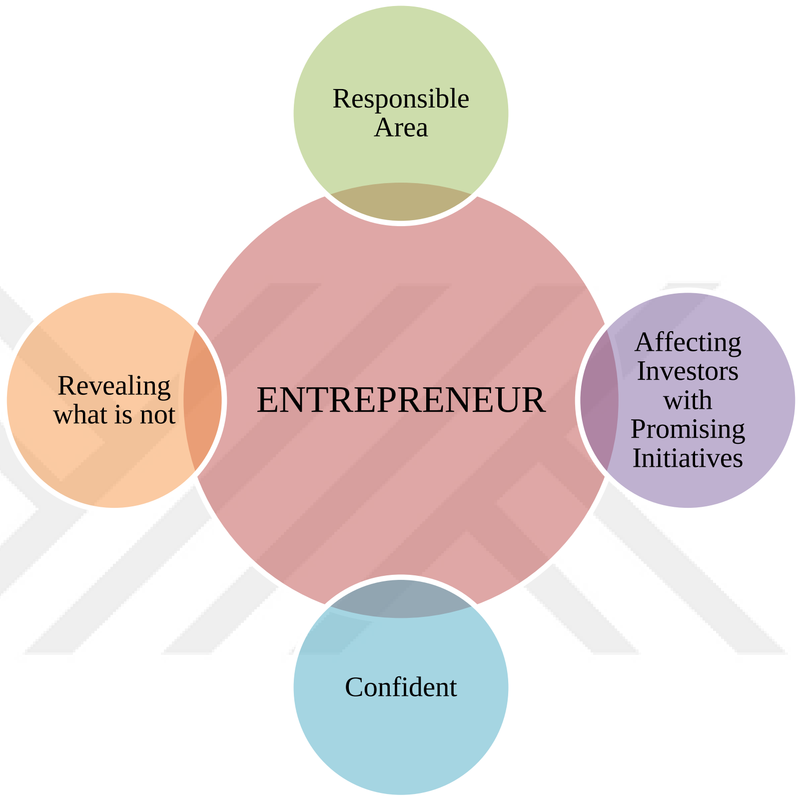
Features of Start-ups

Financing	Supportable amounts of funds are obtained in the form of initial funds.
Product	It is a new product. For this reason, efforts to settle in the market and gain customers come to the fore.
Risk	He has a high tendency to take risks. Thus, the fact that it is an extraordinary form of intervention creates a driving force.
Human Resources	It operates in direct proportion to the capabilities of human resources. Provides workforce in multiple positions and roles.
Leadership	In leadership, features such as mentoring and providing motivation are necessary.

Note.5 notabledefrences you need to know between startup and scaleup,https://siliconcanals.com/news/5-notable-differences-you-need-to-know-between-startup-and-scaleup/, 22.12.2019.

Figure 6.

Entrepreneur Profile



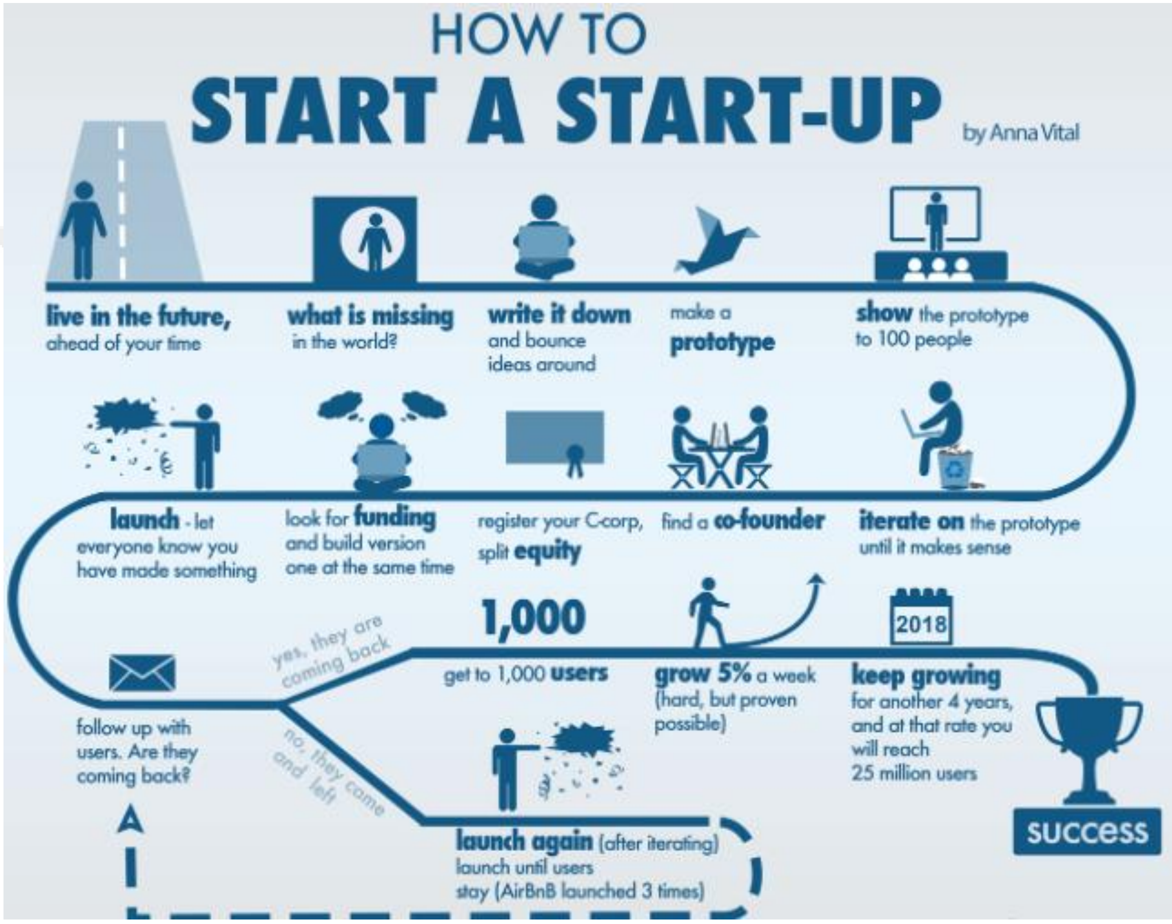
Note.

2.5.3. Formation stages and purposes

Small technology companies that have started to establish since the 1950s are organizations aiming to provide production based on knowledge, ensuring innovative parts are added to the products and services produced and that R&D activities are carried out economically and quickly. In general, start-up founders are entrepreneurs or academics who have just entered business life, and these companies are established in regions around the universities (Aktaş, 2017).

Figure 7.

How to Set up a Start-up?



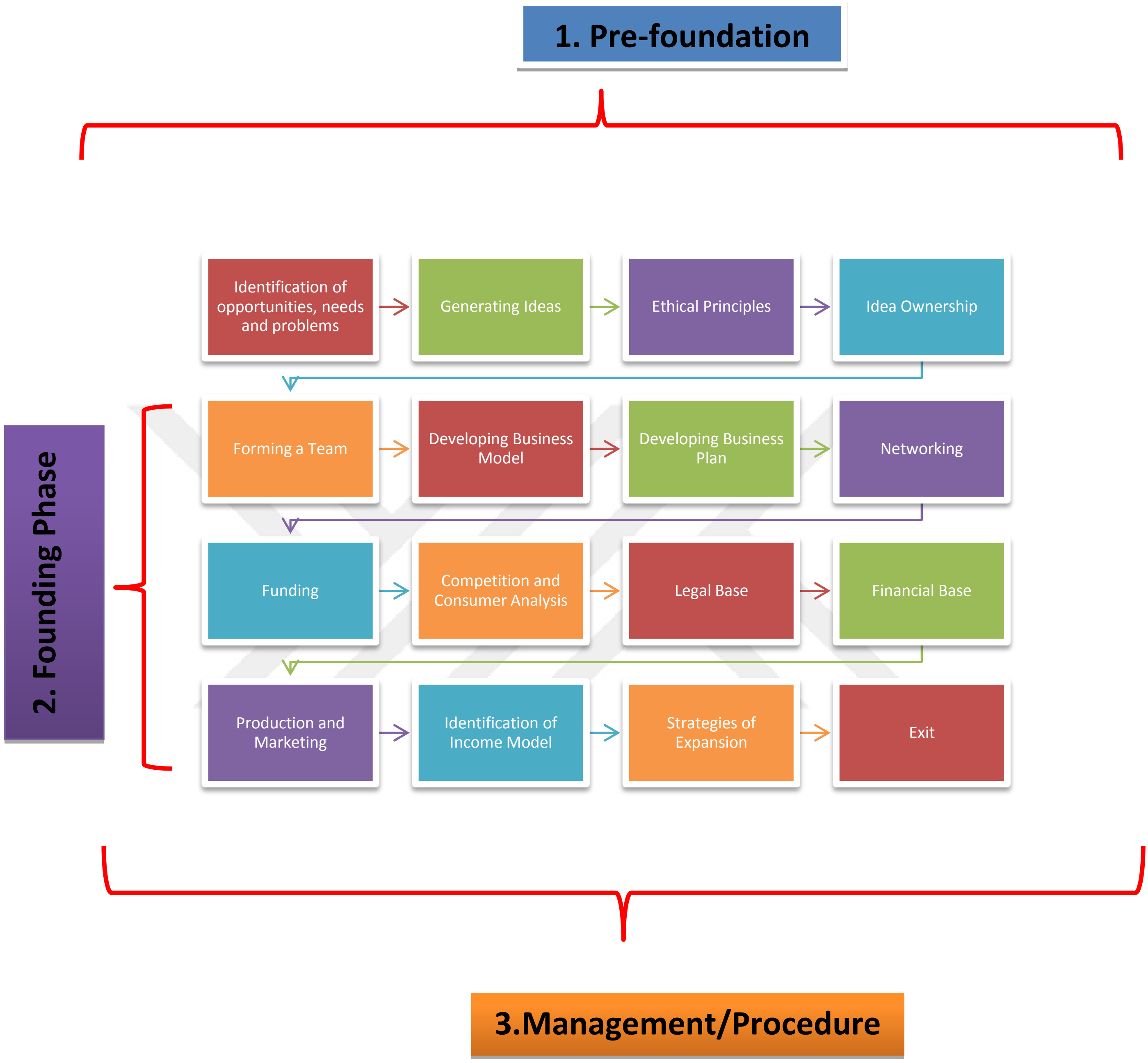
Note.How to Set up a Start-up?, https://blog.adioma.com/how-to-start-a-startup-infographic/, 15.12.2019.

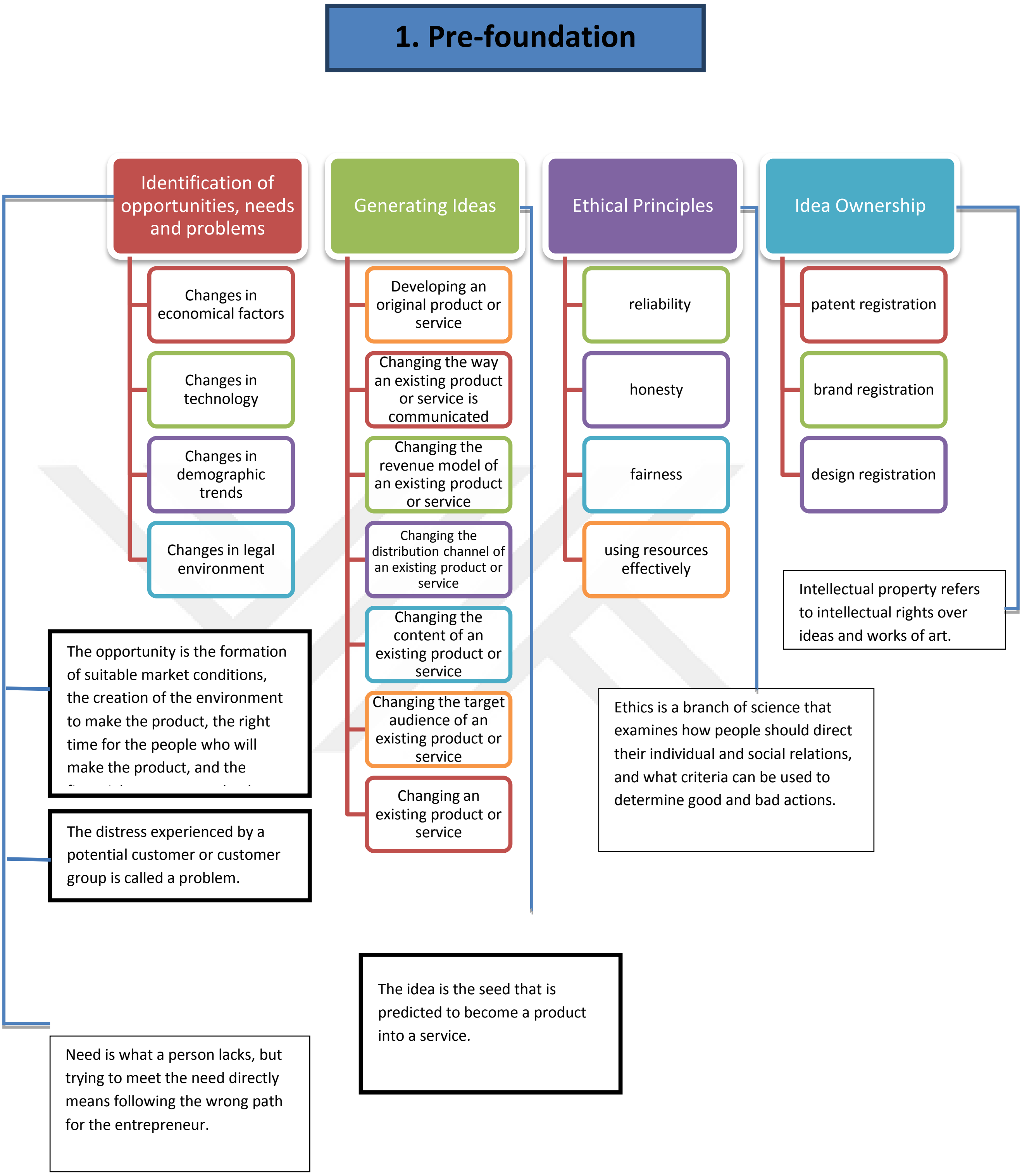
2.5.4. Scopes

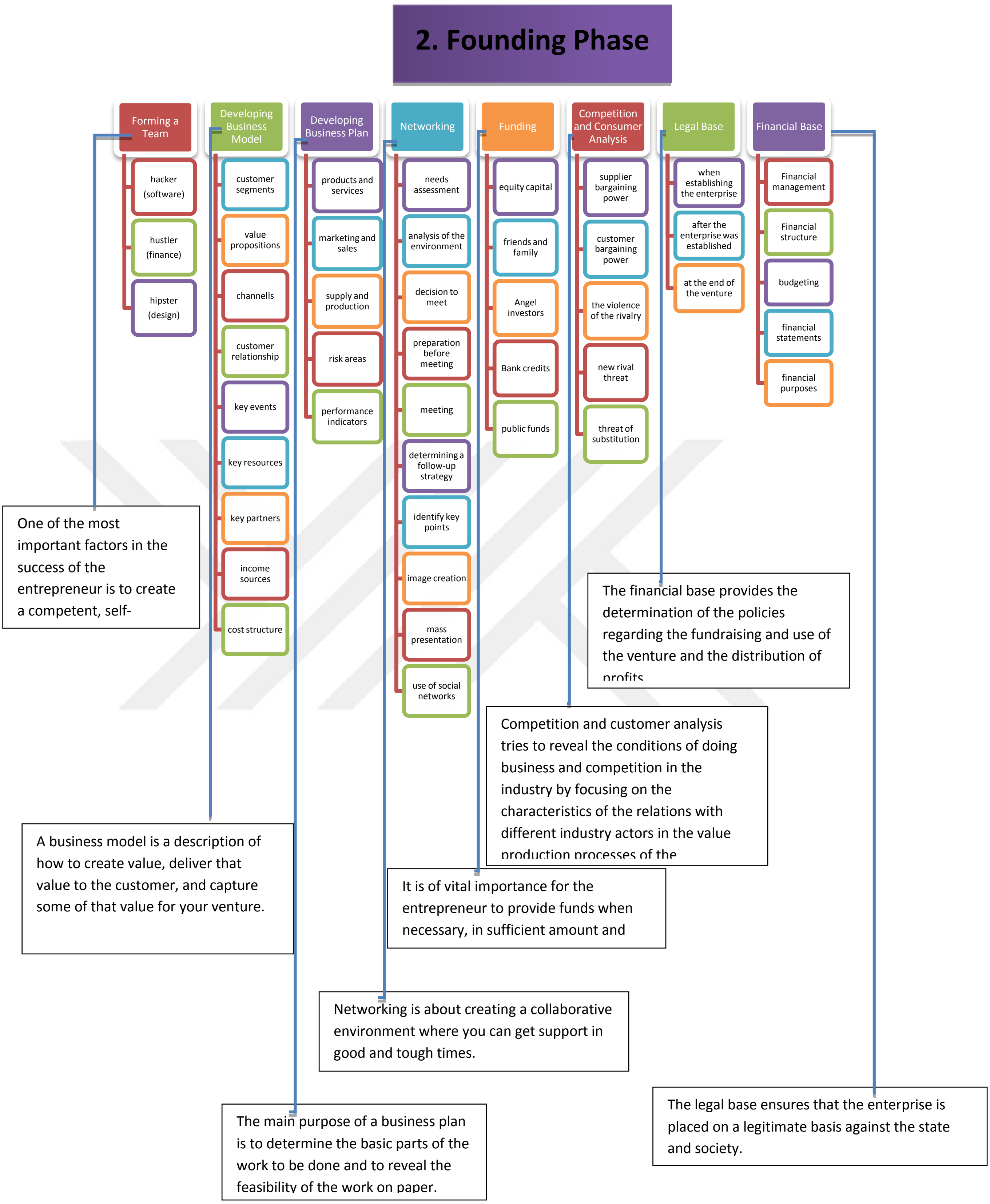
There are some criteria about which businesses will be considered as start-ups, i.e., in determining their scopes. The following can be achieved when these criteria are classified (Marangoz, 2016);

- It is not enough to be a new business for a company to be considered a start-up. What is prominent here is a company has the potential to grow to be considered as a start-up.
- The fact that being young criterion is investigated in the acceptance of companies as start-ups.
- A misconception about start-ups is that they are only technology-oriented companies. Start-ups are closely related to technology. However, although they use technology in problem-solving, by definition, they are not accepted as companies that are established in the field of technology.
- Start-ups are a different type of company. For instance, there is a C-Corp company type that includes legal procedures that facilitate the reduction of tax costs of start-up investors in the USA. However, there is no such application in Turkey yet.

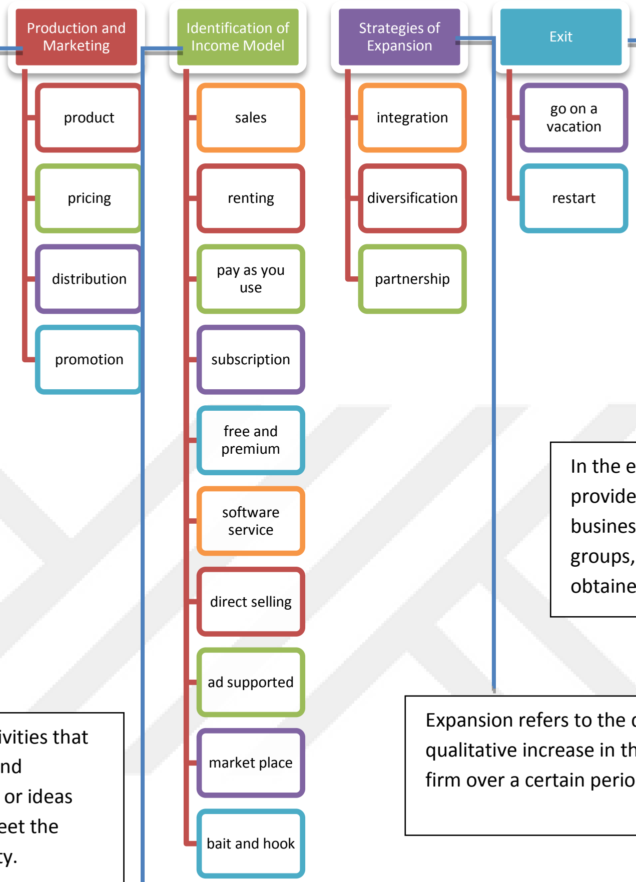
Figure 8. Roadmap of the Entrepreneur




1. Pre-foundation
Identification of opportunities, needs and problems
Changes in economical factors
Changes in technology
Changes in demographic trends
Changes in legal environment
The opportunity is the formation of suitable market conditions, the creation of the environment to make the product, the right time for the people who will make the product, and the
The distress experienced by a potential customer or customer group is called a problem.
Need is what a person lacks, but trying to meet the need directly means following the wrong path for the entrepreneur.
Generating Ideas
Developing an original product or service
Changing the way an existing product or service is communicated
Changing the revenue model of an existing product or service
Changing the distribution channel of an existing product or service
Changing the content of an existing product or service
Changing the target audience of an existing product or service
Changing an existing product or service
The idea is the seed that is predicted to become a product into a service.
Ethical Principles
reliability
honesty
fairness
using resources effectively
Ethics is a branch of science that examines how people should direct their individual and social relations, and what criteria can be used to determine good and bad actions.
Idea Ownership
patent registration
brand registration
design registration
Intellectual property refers to intellectual rights over ideas and works of art.


2. Founding Phase
Forming a Team
hacker (software)
hustler (finance)
hipster (design)
Developing Business Model
customer segments
value propositions
channells
customer relationship
key events
key resources
key partners
income sources
cost structure
Developing Business Plan
products and services
marketing and sales
supply and production
risk areas
performance indicators
Networking
needs assessment
analysis of the environment
decision to meet
preparation before meeting
meeting
determining a follow-up strategy
identify key points
image creation
mass presentation
use of social networks
Funding
equity capital
friends and family
Angel investors
Bank credits
public funds
Competition and Consumer Analysis
supplier bargaining power
customer bargaining power
the violence of the rivalry
new rival threat
threat of substitution
Legal Base
when establishing the enterprise
after the enterprise was established
at the end of the venture
Financial Base
Financial management
Financial structure
budgeting
financial statements
financial purposes
One of the most important factors in the success of the entrepreneur is to create a competent, self-
A business model is a description of how to create value, deliver that value to the customer, and capture some of that value for your venture.
The main purpose of a business plan is to determine the basic parts of the work to be done and to reveal the feasibility of the work on paper.
Networking is about creating a collaborative environment where you can get support in good and tough times.
It is of vital importance for the entrepreneur to provide funds when necessary, in sufficient amount and
Competition and customer analysis tries to reveal the conditions of doing business and competition in the industry by focusing on the characteristics of the relations with different industry actors in the value production processes of the
The financial base provides the determination of the policies regarding the fundraising and use of the venture and the distribution of profits
The legal base ensures that the enterprise is placed on a legitimate basis against the state and society.

3.Management/Procedure



In the exit strategy, the entrepreneur not only provides the high capital required by the business by selling her business to large capital groups, but also evaluates the cash she has obtained by investing in different areas.

Expansion refers to the quantitative or qualitative increase in the size of the firm over a certain period of time.

Marketing is the whole of activities that involve creating, presenting and exchanging a product/service or ideas that have value in order to meet the needs and wants of the society.

Anincome model is a description of how to monetize a business idea.

3. STARTUPS AND FUNDING DIFFICULTIES

3.1. Startups Around the World

In the interview with Sina Afra, one of the leading Angel investors in Turkey, when asked the question "What are your opinions about the investment ecosystem in the world and in Turkey?", he replied;

‘The relationship between the investor and the entrepreneur is among the topics with the most intense discussions about entrepreneurship.

The first question that comes to mind for many people who are usually or periodically involved in this ecosystem is; "Where are the investors in the entrepreneurship ecosystem?”

In a general sense, the answer to this question will be "Of course, right at the middle". However, when this is experienced at a practical level, it is seen that all cases change according to the cultural codes of the geography where the entrepreneurship ecosystem is located.

We can think of investor groups as intertwined links in an entrepreneur's journey. In general, we can talk about their links: "Family and Friends", "Investment Angels", and "Institutional Investors”.

The roles of these links in the entrepreneur's journey vary considerably according to geography. In our country, where family and friend ties are strong, naturally, the first investor segment that is applied for investment is Family and Friends. However, there are very few resources in the family and friends circle to cover the initial investments of an enterprise and it will not be enough for those other than a crowd we can call lucky. Naturally, the entrepreneur turns his eye to the second link, the investment angels.

It can be said that angel investor is the most compatible investor class with the context of its name in the entrepreneurship ecosystem. Although they do not have visible wings, the risk they bear is greater because they finance their investments with their own resources.

This investor segment is still in its infancy period in our country. This is because of two reasons. The first one is first-generation internet entrepreneurs in Turkey invest in their own businesses. These people who have established their own businesses with great success are remembered with great respect as entrepreneurs. When this group, which generally directed their investments to their own business or to businesses where they have the majority, does not become an investment angel, naturally, successful investment angel role models in Turkey are lacking. The second reason is industry-weighted capital has not yet turned into technological investments. Although there are great examples, I must say that their number is limited.

Institutional investor companies that we can define as the third link exists in Turkey. These companies carry out business on an international scale and of quality. However, in general, the number of corporate companies that make investments at a level below TL 1 million, which we call "early stage" is quite low. The number of corporate companies that focus on the internet and make early-stage investments are almost zero.

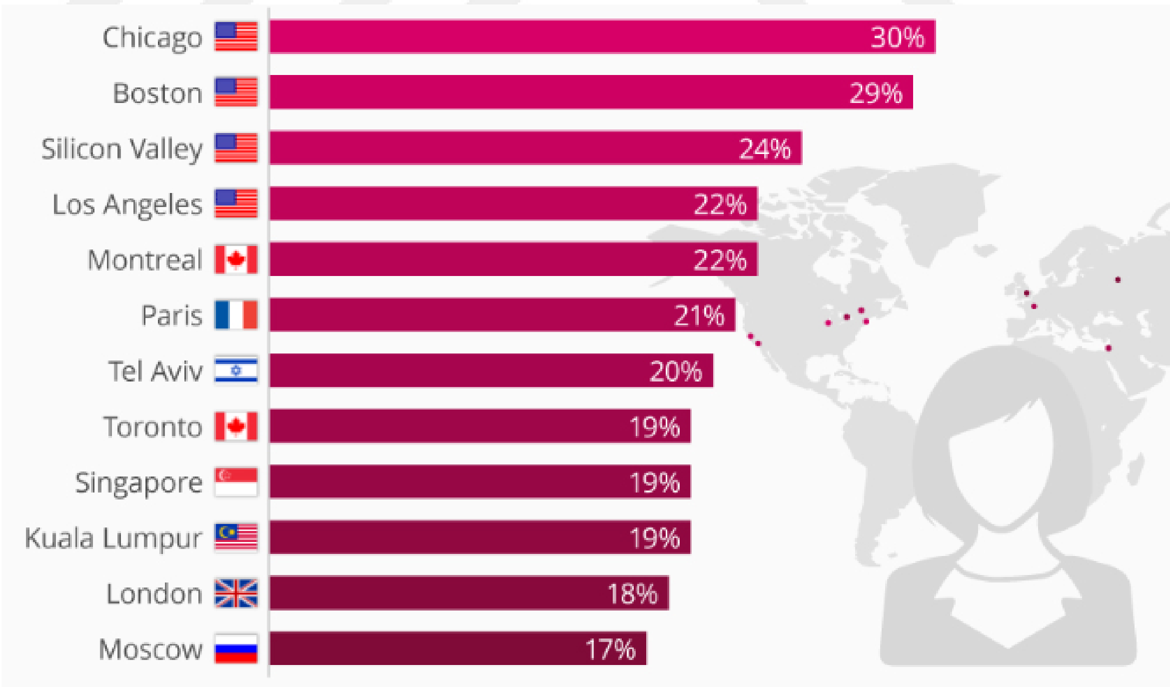
Well, how has the investor-entrepreneur relationship developed in our country lately under these circumstances? Foreign investors have been largely abstaining for the last three years. The investment power in the domestic market is again stuck in the geography. On the other hand, this power is very extremely limited for a country of our size.

I have no doubt that foreign investors will return to our country with its old intensity following the full political, social, and economic stability. However, our failure to achieve the expected stability in these dimensions should not make us lazy. We need to strengthen our domestic investors at our fastest pace.

These periods are also a very important opportunity for us to improve the investment environment in the country. We need to develop our own investment climate with a full sectoral and social consensus in this unstable or inefficient investment environment. It is because witnessing the lack of support of the outside world in this area and be willing to our destiny means accepting a poor future for entrepreneurship''.

Figure 9.

The World's Top Cities For Female Intrepreneurs



Note.https://www.statista.com/chart/3751/the-worlds-top-cities-for-female-entrepreneurs/, 02.01.2020.

Table4.

E-Commerce Working System

	Ranking		Performance	Funding	Market Reach	Talent	Startup Exp.	Growth Index
Silicon Valley	1	◂	1	1	4	1	1	2.1
New York City	2	▴ 3	2	2	1	9	4	1.8
Los Angeles	3	◂	4	4	2	10	5	1.8
Boston	4	▴ 2	3	3	7	12	7	2.7
Tel Aviv	5	▾ 3	6	5	13	3	6	2.9
London	6	▴ 1	5	10	3	7	13	3.3
Chicago	7	▴ 3	8	12	5	11	14	2.8
Seattle	8	▾ 4	12	11	12	4	3	2.1
Berlin	9	▴ 6	7	8	19	8	8	10
Singapore	10	▴ 7	11	9	9	20	9	1.9
Paris	11	◂	13	13	6	16	15	1.3
Sao Paulo	12	▴ 1	9	7	11	19	19	3.5
Moscow	13	▴ 1	17	15	8	2	20	1.0
Austin	14	NEW	16	14	18	5	2	1.9
Bangalore	15	▴ 4	10	6	20	17	12	4.9
Sydney	16	▾ 4	20	16	17	6	10	1.1
Toronto	17	▾ 9	14	18	14	15	18	1.3
Vancouver	18	▾ 9	18	19	15	14	11	1.2
Amsterdam	19	NEW	15	20	10	18	16	3.0
Montreal	20	NEW	19	17	16	13	17	1.5

Note.https://clearbit.com/blog/why-location-still-matters-even-in-the-globalized-world-of-tech/, 02.01.2020.

3.2. Startups in Turkey

There are angel investment networks that play an active role in Turkey. Galata Business Angels, ŞirketOrtağım, TRAngelsMelekYatırımAğı, İstanbul Startup Angels, Keiretsu Forum Türkiye, EGİAD Melekleri, BUBA Business Angels, Telos Angels İstanbul, Bahariye Business Angels and BUC Angels are among these (Öğütçü, 2018).

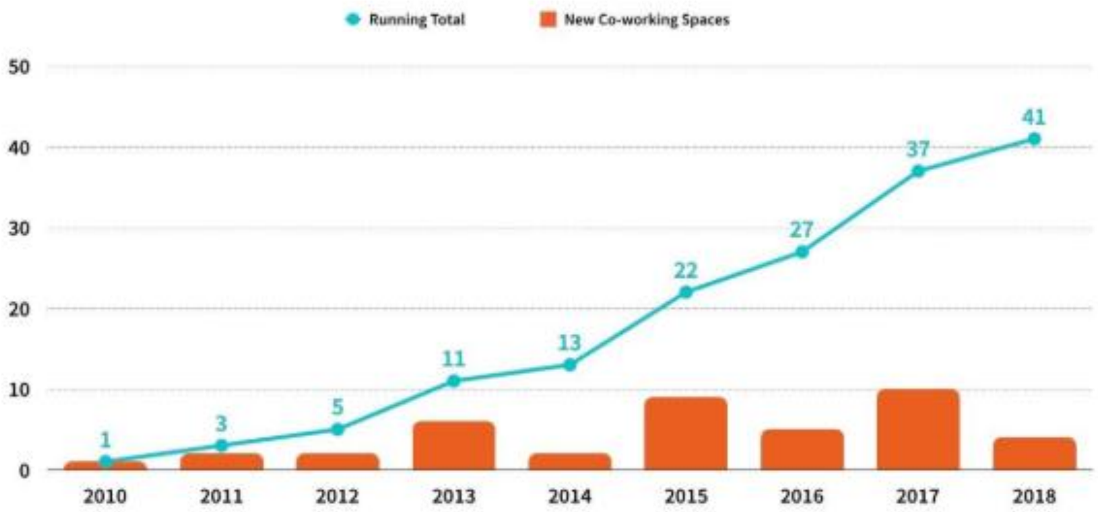
Figure 9.

The Number of Startup Accelerators in Turkey

Note.https://www.invest.gov.tr/en/pages/home-page.aspx, 03.01.2020.

Figure 10.

The Number of Co-working Spaces in Turkey



Note.https://www.invest.gov.tr/en/pages/home-page.aspx, 03.01.2020.

Figure 11.

Disclosed Equity Funding Rounds by Angels & Early Stage VCsw

Note.https://www.invest.gov.tr/en/pages/home-page.aspx, 03.01.2020.

Table 5.

Development Process of Development Commerce

İTÜ Çekirdek
KWORKS
BIC101
İmece
Workup
SabancıSUcool
Hackquarters
Türk Telekom PİLOT
Startup Bootcamp İstanbul
Bilkent Cyberpark
TECH STARTUP SCHOOL Start-up Acceleration Program

Note.F. İçen (2018). Türkiye'dekiEnİyiHızlandırmaProgramları, https://www.redbull.com/tr-tr/turkiye-deki-girisim-hizlandirma-programlari, 05.01.2020.

3.3. The Effects of Startups on Emerging Economies

There are some benefits that entrepreneurs provide to the economy. These are (Güney, 2008, p. 69):

- Creating job opportunities,
  - ✓ Providing part-time job opportunities to segments such as students and housewives,
  - ✓ Providing job opportunities to women,
  - ✓ Providing job opportunities to minorities,
  - ✓ Providing job opportunities to those who are fired or retired,
  - ✓ Providing job opportunities to those with a low education level.

Startups bear great importance in rapid and sustainable growth. Exporting high value-added products and services that require medium and advanced technology constitutes value for the economies of developing countries in terms of their national economies. In addition, R&D and innovation initiatives, techno entrepreneurship, opportunity entrepreneurship, financial technology entrepreneurs are important in terms of producing high value-added products and ensuring continuity (Acs, Desai & Hessels, 2008, pp. 221-223).

Some experts associate entrepreneurship with traditional economic factors. Inflation, interest rates, economic growth, and unemployment among these macroeconomic factors are classified as entrepreneurial intensity. It has been determined that Gross National Product (GNP) is positively associated with entrepreneurial activity (Samila& Sorenson, 2011; Şipoş-Gug&Badulescu, 2015).

3.4. Financing Models of Startups

When the financing models of startups are examined, funding through venture capital, angel investors, crowdfunding, grants, incentives, and support can be observed.

3.4.1. Venture capital

Venture capital is a modern financing method, which is creative-innovative, helping every investor who does not have sufficient financial power to realize their ideas, transfers capital against shares and providing management and operational support when required (Kuğu, 2004, p. 141).

If we analyze the venture capital process (https://www.sezginkoyun.com/risk-sermayesi/, 02.12.2019);

- Start-up Agreement,
- Scanning,
- Evaluation,
- Conditions and Valuation Negotiation,
- Post-Investment Activities,
- Plan Exit.

Some characteristics stand out when we examine the characteristics of venture capital. The following can be found among these (Metrik& Yasuda, 2011, p. 3);

- It is a financial instrument. It invests in portfolio companies by receiving capital from investors.
- It only invests in private companies. These companies are not expected to open to the public immediately once they receive an investment.

- It plays a key role in monitoring and assisting companies in the venture capital portfolio.
- It assists companies to grow within their structure.
- Maximizing the return on existing investments through public offering is aimed at venture capital.
- The partnership is in question for the profits and losses of the supported ventures.
- Venture capital is an investment that should not be considered in the short term. It is generally a long-term investment that takes 5 to 10 years.

Table 6.

Entrepreneur Profile

Core Funding
Initial Financing
Second-Third Stage "Growth-Expansion" Financing
Bridge of Support Financing

Note.M Yiğit& Ü. Güner (2008). ‘’DışTicaretveGirişimcilikPerspektifindenTürkiye’de Risk Sermayesi’’, DumlupınarÜniversitesiSosyalBilimlerFakültesiDergisi, 20.

3.4.2. Angel investors

Angel investor is a special type of investor. Angel investors are investors that provide capital for projects with growth and risk potential and people in need of financing and share their own experiences and make investments (Zachary &Misra, 2013; Ding et al., 2014).

Below, you can find the most powerful angel investors in Turkey (http://www.hurriyet.com.tr/galeri-turkiyenin-en-guclu-melek-yatirimcilari-40383720/1, 21.12.2019);

- **Hasan Aslanoba:**He started his career in ErikliSu and continued in AslanobaGıda. Hasan Aslanoba, who offers the most support to investments made over the internet supported ventures such as:
    - ✓ İncir,
    - ✓ Bitaksi,
    - ✓ Buldumbuldum,
    - ✓ Modacruz,
    - ✓ Alwaysfashion.
- **Sina Afra:**Afra, who is the co-founder and CEO of Markafoni, is the Chairman of the Board of the Turkish Entrepreneurship Foundation. He makes significant investments in digital ventures and invested in Turkey, Netherlands, Switzerland, and Germany. He is also the CEO of Evtiko and invested in Atölye15, Sadeceon and Lidyana.
- **NevzatAydın:**Aydın is the CEO of Yemeksepeti. Plates Akademi, Vispera, Uplifers, Buldumbuldum, Lidyana, and Modacruz are among his investments.
- **YüksekDibekoğlu:**Dibekoğlu is the founder of iLab Ventures. He has been involved in investment banking for many years. Neredekal.com, Dijimecmua, Unnado.com are among his investments.
- **BurakBüyükdemir:**Büyükdemir is the founder of E-tohum. He is famous for his assistance to Turkish entrepreneurs. PembePanjur.com and Evidea.com are among his investments.

- **Emre Kurttepeli:**Kurttepeli is the founder and CEO of Mynet. He is also the chairman of Galata İşMelekleri (Galata Business Angels). Hazinem.com, Mobilecraft, Sporcum.com, and Evidea.com are among his investments.
- **Ersan Özer:** Özer is the founder of Uzman TV. Besides, he is also the founder of Siberalem.com and Tahmin.com. PembePanjur.com, Cimri.com, and Timsah.com are among his investments.

Table 7.

How to Set up a Start-up?

	TİME		**COST**				**CONTROL**	
	Short Time	Long Time	Fixed Interesed Dept	Variable Interesed Dept	Percentage of Profit	Equity Capital	Contract Right	Control
Personal Funds		+			+	+	+	
Family-Friend	+	+	+	+		+	+	+
Venture Capital		+				+	+	+
Angel Investors		+	+	+	+	+	+	+

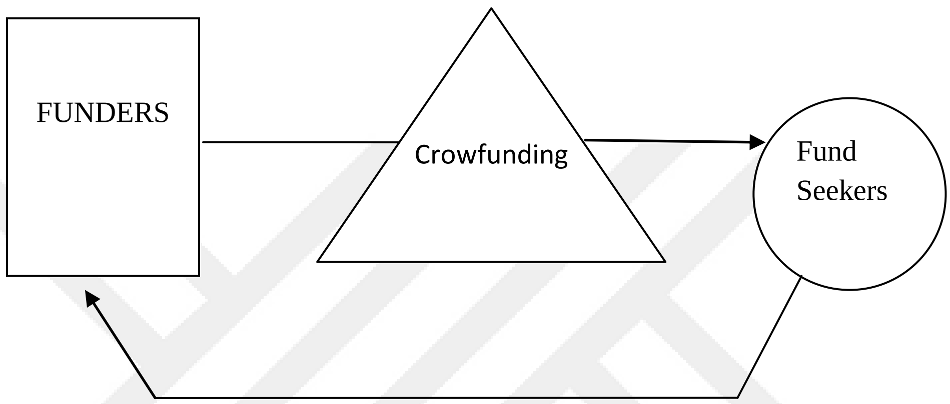
Note.E. Kantar (2008). Kobi'lerveGirişimcilerİçinAlternatifSermayeveFonKaynakları: GirişimSermayesiveMelekYatırımcı (Deri Sektöründe Bir Uygulama). YüksekLisansTezi, Marmara ÜniversitesiBankacılıkveSigortacılıkEnstitüsüSermayePiyasasıAnabilimDalı.

3.4.3. Crowdfunding

Crowdfunding within financing models is a method that supports innovation and projects belonging to entrepreneurs with the efforts of users and institutions using social networks and the internet and offers a new job opportunity (De Buysere et al, 2012, p. 3).

Figure 12.

Crowdfunding Model



Note.L. Valanciene& S. Jegeleviciute (2014). Valuation of Crowdfunding:Benefits and Drawbacks, 18 (1).

Crowdfunding has many advantages. The following can be considered among these advantages (Agrawal et al, 2014, p. 163);

- It allows small investors to make small investments,
- New projects can be purchased at cheaper prices,
- Investors can be aware of new projects before anyone else.

3.4.4. Funding through grants, ıncentives, and support

The economic equivalent of the term incentive, which is described as encouragement in the Turkish Language Association's current Turkish dictionary, is financial and in-kind encouragement, grants and supports applied by various methods determined by the state to ensure that some activities determined to show more development and continuity compared to other economic activities (Atamer, 2015, p. 8).

Regulations regarding incentives have started in Turkey and different steps have been implemented until today since the beginning of the 20th century. For this purpose, the types of incentives were tried to be named and the concepts of tax incentives were examined and it has also been handled with the state aspect. Comparison of tax incentive types has been made by referring to the incentive laws applied until today and the changes they have undergone. By examining the deficiencies of the incentive laws enacted in Turkey, it was concluded that these deficiencies were corrected with the new legal regulations carried out over time (Ermin, 2001).

Table 8.

Investment Incentive System

General Incentive	**Regional Incentive**	**Large Scale Investment**	**Strategic Investment**	**Priority Investment Topic**
All investments excluding investment subjects that cannot be incentivized	Incentives aiming to increase the export and production potential of the provinces and to reduce the development gap between the provinces	Investments that will provide competitive advantage and increase the development of technology and R&D capacity	Investments with high added value and aimed at reducing the current account deficit	Supporting the investments determined with the 5th region supports

Note.İstanbul Sanayi Odası (İSO) (2018)., DevletDestekleriveTeşvikler, İstanbul.

When we need to focus on the classification and types of incentive instruments (Duran, 2003);

- **Incentives by Their Purpose:**
  - ✓ SMEs,
  - ✓ R&D Activities,
  - ✓ Regional Development,
- **Incentives by Scope:**
  - ✓ VAT Deferral,
  - ✓ Investment Interest Support,
  - ✓ Customs Exemption,
  - ✓ Loan Guarantee Support,
- **Incentives by Issuance:**
  - ✓ Pre-Investment Incentives,
  - ✓ Investment Period Incentives,
  - ✓ Post-Investment Incentives,
- **Incentives by Used Instruments:**
  - ✓ In-kind Incentives,
  - ✓ Cash Incentives,
  - ✓ Tax Incentives:
    - ➢ Direct Tax Incentives,
    - ➢ Indirect Tax Incentives,
    - ➢ Other Incentives.

3.5. Funding Difficulties of Startups

There are also some difficulties experienced by start-ups. Some of the challenges of the search for a scalable and repeatable business model come to the fore among these (http://startupeuropepartnership.eu/scaleups-when-does-a-startup-turn-into-a-scaleup/, 22.12.2019).

Most of the funds in banks are granted to large enterprises that have no problem in providing collateral and that do not have a high risk (Poyraz&Tepeli, 2016, p. 36).

Some headings come to the fore when we need to classify financing difficulties related to startups. For example, (Ertuğrul, 2011, p. 9);

- Insufficient equity,
- Difficulties in reaching institutional investors,
- Problems in loan granting,
- Economic instability,
- Lack of financial management,
- Inadequacy of entrepreneurship policies,
- Inadequate incentive policies.

Startups experience great problems in finding capital at the beginning stage. They usually provide their initial capital with the resources of their family and friends with their own opportunities (Atsan&Erdoğan, 2015, p. 298).

4. INVESTMENT STRATEGIES REGARDING E-COMMERCE STARTUPS

4.1. Facts Considered by Entrepreneurs

The concept of the entrepreneur can be expressed as the person who plans the business, enabling the processing of inputs by organizing human resources, and demonstrating the ability to make the outputs available to consumers in a profitable manner (Young Businessmen Association of Turkey, 1993; Silver, 1983).

The entrepreneur is the person who organizes the business for profit and takes the risk of the business. He is a risk-taking speculator who purchases products at a certain price, sells at an uncertain price, and seeks a range of possibilities, from profit-making to arbitrage (Cantillion, 1755).

The features and skills that entrepreneurs should have been subject to some classifications. When these are examined, according to Lambing and Kuehl they are ranked as; trust, determination, risk management, creativity, not giving up despite failure, turning change into an opportunity, being enthusiastic to start a business, paying attention to details, perfectionism, tolerance to uncertainty, being a pioneer and the need for success (Lambing & Kuehl, 2000).

Entrepreneurs are generally people who take responsibility and have a desire in this direction, take calculated risks, have a strong desire to succeed, have high energy, anticipate opportunities and the future, want to make their vision a reality, care success more than money, can withstand changing events, adopt changes and conditions (Bozgeyik, 2005, p. 37).

4.2. Factors Attracting Investments

As a result of the one-on-one interview, I asked NevzatAydın how he decided on the startups to invest, he replied;

‘I prefer to invest in business models that integrate technology into the business and entrepreneurs that makes me excited. I invest in many different areas. In general, what I pay attention to in my investments is they necessarily be able to adapt technology to the business model no matter in which industry they operate. My investment strategy is mostly on online business. Marketplace concept ventures attract my attention in recent years.’’

4.3. Investment Strategies

In our research, the investment strategies of E-commerce startups are handled as a result of interviews with successful angel investors. Here, valuable interviews with ÖmerErkmen, Sina Afra, and NevzatAydın are available.

I kindly requested NevzatAydın to talk about himself and accordingly the following answer was received:

I was born in 1976. I went to Silicon Valley to get my MBA from the University of San Francisco after graduating from the Computer Engineering department at Boğaziçi University and I came back to Turkey to realize "yemeksepeti.com" project.

I am the co-founder and CEO of Yemeksepeti, Turkey's first and largest online food ordering website. Yemeksepeti was acquired by the global industry leader Delivery Hero, with the largest valuation in Turkish Internet History in May 2015. I am one of the 150 entrepreneurs who was invited to the Entrepreneurship Summit organized by US President Barack Obama in 2010 for my contributions to entrepreneurship in Turkey. Besides, I was ranked as the 1st in the list of "40 Under 40" by Fortune Turkey Magazine in 2013 and 2015. I was awarded the Charity Award at the American Turkish Society Gala in 2017.

I am still the Board Member of Endeavor, TOBB Young Entrepreneurs, and American Turkish Society and also a founder member of Galata Business Angels (GBA). I have made 30 investments in total to date. Companies such as Temizlikyolda, ModaCruz, Connected2me, Lidyana.com are among my investments.

When I asked Aydın how he found the first capital fund while establishing Yemeksepeti.com, he replied:

We did not receive any funds. It was a capital created from scratch with our own savings and the help of our families.

ÖmerErkmen was asked to talk about himself and in this regard, the following response was received;

‘I am an angel investor and entrepreneur mentor. I graduated from the Electrical and Electronics undergraduate program of Istanbul Technical University in 1979 and UCSB Computer Science postgraduate program in 1984. After my career as an instructor and consultant on CRM at Microsoft, I became a member of the board of directors in Mekanist. We sold the Mekanist to Zomato in 2015 and since then I have started to actively take part in entrepreneurship and investment.

I have been involved in many ventures as a founding mentor and investor and I am still working non-stop in the field of entrepreneurship. Temizlikyolda, Scorp, Flightrecorder, ideasoft, Blesh, Bionluk, KolayRandevu, Connected2me, Frasmusinn, and English Ninjas are among the ventures I invested in.’’

When the number of startups he invested in and how these investments are going is asked, he replied;

‘I made a total of 23 investments. 18 of them are ongoing and 2 of them end up poorly’’

I asked Erkmen, what to do after angel investments, he replied;

‘Venture Capitals are required to globalize the startup and grow it. However, you need to have a minimum turnover of 10-15 thousand dollars. Enterprise should have a growth curve, for example, 10% monthly growth.

There is no problem with your headquarters being the country you are in, like Turkey, to receive investments from Venture Capitals, however, you must be selling to different countries. You need to prove your growth by opening up to different countries.

You should not be able to sell the product only to customers in your country, but also globally. You need to get prepared in advance before asking for money from Venture Capitals. This preparation should be as follows.

- How much money do you need?
- Where will you spend this money?

  In how many countries, how many potential people can you sell your products and services?
- You need to be prepared for these questions and present a good presentation you have prepared.

When I asked Sina Afra to introduce himself, he replied;

I lived abroad for a large portion of my life since my father was a diplomat. I started working at KPMG, a consulting company, after graduating from Münster University's business administration department. I spent twelve years of my career here. I have been involved in more than 150 projects. I noticed that the ones I love and enjoy the most are company acquisition projects. I left KPMG once I became a partner. My second stop in my career was eBay. I was a member of Germany and then the European Executive Board. I took an active role in the acquisition of GittiGidiyor within eBay and then started to work as GittiGidiyor Board Member, which I moved to Turkey as eBay Turkey representative. I decided to become an entrepreneur and my life changed thanks to an entrepreneur I met on eBay.

I wanted to be independent, draw my own route and make my own rules. I became an entrepreneur at the age of 40. In fact, entrepreneurship is a lifestyle and at this point, I took the risk to actually manage my life myself.

Apart from Markafoni, I founded Markafoni, Turkey's first online fashion site, in 2008. I have been the founder of a total of 20 digital ventures such as Zizigo, MissPera, Modnakasta (Ukraine), Brandsexclusive (Australia), BrandsGalaxy (Greece), and Brandmarka (South Korea). My best startup right now is Tiko.es - a PropTech startup that is growing rapidly abroad. As of today, I have invested in 35 companies as an angel investor, half of them are in Turkey, and the other half are located in 6 different countries.''

When I asked Afra what he pays attention to the investments he will make in startups with his investor identity, he replied;

'' In recent years, the rules for entrepreneurs have been rewritten. Many of these are due to developments in technology. Developing technology-based solutions for entrepreneurs has become both a great opportunity and a necessity. Technology should be an integral part of business strategies and services.

Can new entrepreneurs describe themselves and their ventures clearly? As a manager you need to present your detailed business plan, a list of your company's assets, provide information and experience about you to let people know detailed information about you.

One of the most important areas to consider is financing. Does it provide funds for growth? You need to create a good business plan, determine your capital correctly and make correct planning. You need to calculate or estimate the flow of finance, income expenses well. Ventures work hard to create income statements, increase sales or reduce costs in the first stage. As the business grows, your focus should be creating a balance sheet.’’

When I asked Afra's advice to entrepreneurs, he replied;

‘’ We are living in a rapidly changing global world. Regardless of their field, it is important for them to follow the developments in the world and take advantage of different disciplines. In terms of entrepreneurship, successful entrepreneurs are people who are engaged in arts, sports, and cultural activities and perceive the world from different angles. Entrepreneurship is also about exploring opportunities. The perspective you have acquired on a global scale definitely enhances this ability. Learning to adapt to different cultures in a short time allows you to understand the needs of different areas. You need to understand what is going on in the world and analyze the environment you live in well to be able to say something different in the society you live in. On the other hand, of course, you need to find a place in a very competitive world, be more challenging to leave a mark, discover your passions and strengths in life and consider whether you will be able to cope with failure, the stress, and unhappiness before you decide to be an entrepreneur. Because no success has been achieved in the entrepreneurship ecosystem or in other sectors by being served on a gold tray to you, nobody is born an entrepreneur. In general, people want to be entrepreneurs because of their success stories they hear around them. Therefore, it is important to share these stories. Discovering inspiring role models and taking risks are some of the most important elements for entrepreneurship. Do not only wonder about technology, news, or ideas but also people. The experiences, stories, and journeys of others will surely inspire you. Discuss with people, arguing, i.e., the exchange of ideas, is a chance to get other ideas. Create opportunities to chat with others at events you attend. The connections you establish as an entrepreneur are very important for your business. Your curiosity affects your capacity to build a strong and scalable business and identify new opportunities. You can get to know your potential investors in this way. You will also witness how to learn about new topics and improve your creative ideas. Finally, don't stop trying to see your dreams come true.’’

When I asked Afra "What should an entrepreneur pay attention to when starting a business?", he replied;

Everything starts with an idea for a venture. It is very important to create a solid business strategy. An entrepreneur should get rid of the concept of perfect strategy and consider simple planning that will allow him to set a solid strategy in less time, can be developed and transformed in the implementation process, to develop and maintain his strategy in a timely and smooth way. You can make the necessary developments if you think of your business strategy as a living plant that is constantly evolving by giving priority to implementation and review it over and over again.

Also, the entrepreneur itself and the harmony of the investor with the entrepreneur are also very important as the innovation of the idea created for a venture to be successful. Of course, it is possible to address this issue from many angles. It is possible to reach much generic information such as having a leader personality or not afraid to take risks. However, the daily life of the entrepreneur and his performance in the process is an important criterion of whether an entrepreneur will be successful or not, thus, start your day early and be planned. Highlight your humane values while creating your venture. Share your passions, goals, and be accessible on social media. Thus, people will know you and know that they can reach you.''

4.4. Relationship Between Team and Funding

When I asked what do you pay attention for the teams of the ventures he is going to invest in the interview with ÖmerErkmen, he replied;

'' We pay attention to the founders and make sure that they will not leave each other or let each other down. There is interesting data, one of the most striking reasons for startups to close, which is 60%, is the break-up of the founding team. In general, founders who are lovers or spouses tend to break up and we find these teams risky.

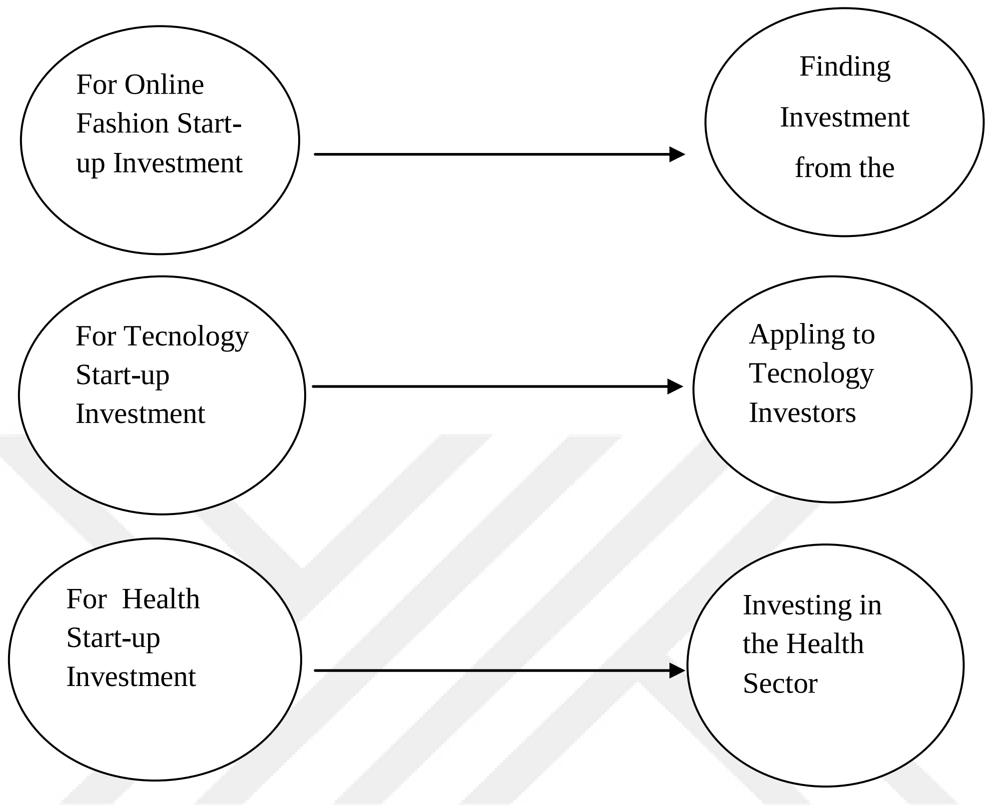
The founding team must have someone who understands the technology very well (Hacker). Again, there is a need for someone to manage the business and follow up on the investments (Hustler). Finally, we want someone who is a designer (Designer). When these three people come together, they become the founding team, which we call team A and they are more likely to receive the investment.''

4.5. Investment Sources

The important factor in finding investment sources for startups is, you need to search for investments in the industry, in which you are going to operate.

Figure 13.

Start-up Investments and Sectors Applied



When I asked Aydın, what are the investment sources of startups, he replied;

"We have come a long way towards the development of startups compared to the previous years. We should not forget that this is an ecosystem and all parts of the ecosystem must work correctly and in harmony. The number of investments must increase to increase the number of ventures. Conscious and correct investor profile is newly developing in Turkey and it is very important to reach this investor. Angel investment concept, which takes its place as a lifestyle in developed economies, is currently the most important source of startups as it actively supports production.

There is more demand for technological entrepreneurship among these investors. However, we need to attract more strategic or international investors to

Turkey and if we cannot, we need to prepare the financial environment in Turkey where these projects will "exit”.

In addition, we now have a population that meets almost all of their needs in a digital environment. This is actually a great opportunity. It is very difficult for businesses that benefit from this opportunity and constantly improve themselves to fail. In the upcoming period, internet of the objects and wearable technologies will continue to be on the agenda. Investors' priority preferences will also be the efforts carried out in these areas.’’

When I asked Erkmen, what are the investment sources for the startups, he replied;

‘’ They can enroll acceleration programs organized by universities and private companies. It is possible for them to find dozens of acceleration programs by doing good research. Once the project reaches a certain point, they need to contact Angel Investment Networks and Angel Investors. As ÖmerErkmen, I consider the following criteria with my Angel Investor identity;

- I need to get involved in startups in the early stage. I buy fewer shares, I don't need to buy many. A startup should grow fast and if possible, I will exit quickly.
- I aim to earn 30 times the money I invest. For example, if I invest TL100,000, I would like to exit with TL 2-3 Million.
- Young entrepreneurs should promise me these when they contact me in an angel investment network.
- They need to tell you that your shares will be valued at a minimum of 3-10 times in the following 3-5 years.

Angel Investment Networks slowed down in Turkey towards 2019. However, you still need to contact angel investors and receive feedback from them. If there is one thing more important than money, it is mentoring support. You need to choose a great mentor for yourself.’’When I asked Erkem, how much he invests in startups on average, he replied;

‘’ The average amount of my investments is generally TL50,000.’’

When I asked Sina Afra, what his startup investments are, he replied;

‘’ Angel investors are at the top of the list for entrepreneurs to get the support they need and to reach the financing sources required for investment. In this way, besides the potential business opportunity, which is still in its infancy period, receives financial support, they also receive consultancy in the fields of management and marketing, access to international funds and financial resources, the advantage of being open to sectoral diversity and mentoring support.’

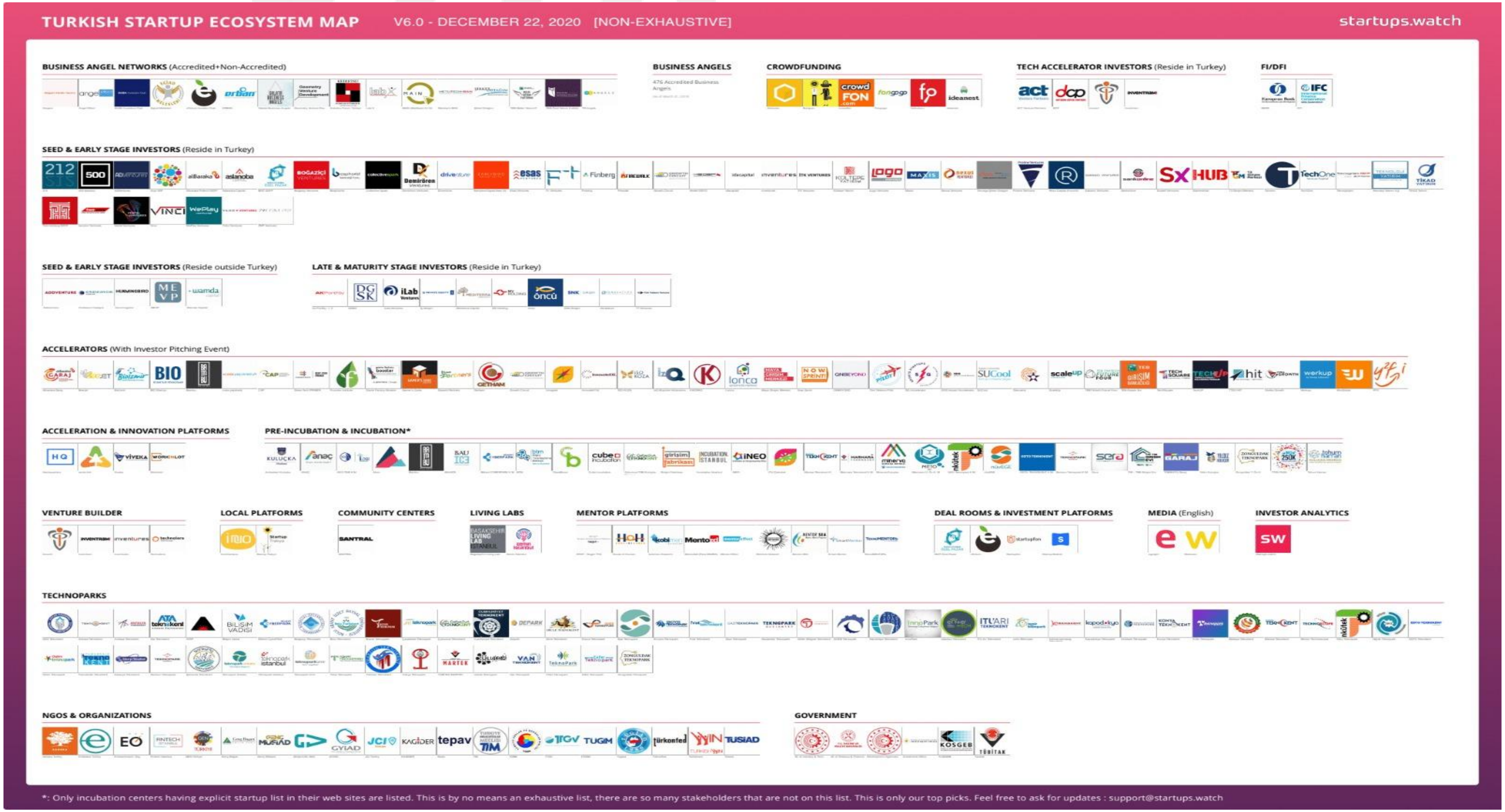


Figure 14. *Turkish Startup Ecosystem Map*

FINDINGS

Although the startups, that have talked frequently in Turkey in recent years, are established in many different fields, what uniting them in common is using digitalization and bringing new ideas to the agenda. Some startups are successful and some fail. Of course, there are various reasons for success and failure, depending on the industry. The transaction amount of the Exit is analyzed in Tables 9 and 10.

Table 9.

10 Exit's Transaction Amount

Stratup	**Transaction Amount (Thousand Dollars)**
Trendyol	728.000
Opsgenie	295.000
Gram Games	250.000
Okida	27.000
Markafoni	15.000
eFinans	5.264
Insider	3.000
Proceed Labs	2.600
Eşarj	1.000
Volt EnerjiveBilişim	265

Note.https://startup.capital.com.tr/arastirmalar/en-buyuk-exitler.html, 05.01.2020.

As seen in Table 9, Trendyol ranks first with $728,000. Volt EnerjiandBilişim ranks last with $365,000. The differences between transaction amounts are;

- Investments they have received,
- The financing methods they have preferred,
- The industry they operate,
- And other factors.

Table 10.

2 of the 10 Biggest Exits in Europa are from Turkey

Startup	**Counrty**	**Transaction Amount (Thousand Dollars)**
Zoopla	İngiltere	2.904
iZettle	İsveç	2.200
Mendix	Hollanda	730
Trendyol	Türkiye	728
CCP Games	İzlanda	425
Shazam	İngiltere	400
New Voise Media	İngiltere	350
Relair	Almanya	300
Gram Games	Türkiye	250
MetaPack	İngiltere	230

*Note***.**https://startup.capital.com.tr/arastirmalar/en-buyuk-exitler.html, 05.01.2020.

In Table 10, it is seen that 2 of the 10 largest Exits in Europe are from Turkey. One of them is Trendyol with $728,000 and the other one is Gram Games with $250,000. It is seen that 4 Exits are from England.

Classified Research Company Turkey Analyst Emre Dalkılıç published an article for Turkishtime magazine. Here, 50 failed startups and 50 lessons to learn from these failures are shared. At this point, some important anecdotes stand out. Among these (https://toptalent.co/50-basarisiz-startup-hatalarindan-cikarilacak-50-ders, 07.01.2020);

- Tazedirek.com:
  - ✓ It consists of a large team and manages a process from production to distribution.
  - ✓ In its failure, factors such as too much waste in the vegetable and fruit category, excessive decrease in product margins, and failure to choose the senior management can be considered.
- Metrekare.com:
  - ✓ It has brought technology-based applications to the real estate industry.
  - ✓ In its failure, factors such as not properly investigating the market, Sahibinden.com taking over the market, and Metrekare.com failing to reveal a distinctive feature can be considered.
- Pabbuc.com:
  - ✓ It is the first online shoe store in Turkey.
  - ✓ 49 people were walking in the beginning, however, only 19 people were walking while it was closed.
  - ✓ In its failure, factors such as disagreement, differences of vision, and opinions between partners can be considered.
- Vipdukkan.com:
  - ✓ It is one of the private shopping sites.
  - ✓ It closed in its third year.

- ✓ They have had to continue with low income and low-profit margin when private shopping sites that exceed the size of the market come to the agenda.
- ✓ Revenues decreased and there were disruptions in operations and logistics.
- ✓ This situation negatively affected customer satisfaction.
- ✓ It gave the signals of closing because the partners did not want to invest and no new partners could be found.
- ✓ The lesson here is, it is necessary to investigate whether the market can handle new players and whether sufficient funding can be obtained to compete.

In the light of all these data, it is seen that the success and failure of startups are based on various reasons, especially different ideas are at the forefront, finding financing resources is of great importance and the promises made to investors are valuable.

In the scope of our study, interviews with NevzatAydın, Sina Afra, and ÖmerErkmen shed light on the subject. They made golden suggestions to entrepreneurs and explained how important it is to access funding.

Our study is considered important in terms of shedding light for beginners based on examining financing methods of the most popular startups in Turkey since 2010 and acquiring the ideas of valuable angel investors. Increasing the number of these and similar studies contribute both indirectly to the economy and employment and to the development of successful startups.

Within our study, I aim to help people who want to be an entrepreneur and receive investment to their venture by sharing my experiences. Realization of an idea by finding a source, completing the establishment stage, getting into the growth phase by getting investments from acceleration programs and angel investors, and later stages are discussed in detail. Within the scope of our research, I aim to express the clues and experiences based on my experiences with paths I have passed as an entrepreneur. I attend conferences in many universities with the assistance of the Ministry. These conferences are also reported in national newspapers such as Milliyet and Hürriyet. I aim to let many people benefit from my experience and knowledge with the studies I carry out. It is foreseen that this study will also serve this purpose.

DISCUSSION

The purpose of this study was to examine formation, functioning, and funding of startups. Moreover, the topic of how startups can find funding was another purpose of the study. In conducting this study, the goals were to classify startups' sources of funding, determine the importance of angel investors in funding and analyze what lies in the future for startups. Our study is important because startups and their formation phase, funding resources and rate of success have started to be regarded highly in the recent years. This is especially true for young adults. Our study derives its strength from critically analyzing each step along the way of founding startup and making interviews with some of the most notable angel investors in Turkey such as Sina Afra, NevzatAydın, and ÖmerErkmen. In these interviews, questions were asked such as (a) what should entrepreneurs give more attention, (b) what can be the important promises to investors, (c) how the newly founded startup can keep up with the competition and what are the relevant strategies, (d) the difficulties that entrepreneurs face when trying to find funding and how to deal with these difficulties, (e) the classification methods that entrepreneurs should consider when characterizing their startups.

The world has changed immensely and at a greater speed as industrialization made production faster and more efficient. The first industrial revolution started by using steam power which led to mass production of products. In a world where supply is not an issue, people started to consume and waste even more, hence the term, "consumer society". In today's world, what matters is the speed; people started to value the speed of a service or product at a greater level, so that they do not have to wait and can consume right away. This affected consumer's choices when deciding what to buy, use and have. Those products or services that are faster than their counterparts are chosen at a much higher rate.

Within the Industry 5.0 (Society 5.0), technology and society get intertwined. In this next phase of industrialization, society and technology will amalgamate which means any technological advancement will try to address an aspect of a society. Those kind of developments in the technology will be preferred by the society. That is why this phase of the industrialization referred to as Society 5.0 which brings to the fore the integration of technology and social life.

The age of digitalization caused enormous changes in marketing and commerce. More specifically, there is a new concept called “e-commerce” which integrates marketing and technology into a single medium where customers are able to reach diverse set of markets through the internet or their phones. With the developments in e-commerce, life has become virtual. In Turkey, apps that provide the opportunity to buy clothes without going to a store (e.g., Trendyol) or get groceries without stopping by at the market (e.g., Getir) emerged, making life so much easier but sedentary as well. These newly emerged apps are created by entrepreneurs who were able to meet the demands of the 21st century society (e.g., “faster the better”) by integrating it into an application. The life in 21st century is ever dynamic. Technological developments and society reciprocally influence each other which also changes funding needs. For that reason, projects that address this reciprocal relation get funded more.

The findings of this study included examining the transaction amount of the Exit’s. Trendyol was found to be in the first rank with $728,000. Also, I found that two of the 10 biggest Exits in Europe are from Turkey. These two companies were

Trendyol and Gram Games with $250,000. Next, I emphasized the points where startups either be successful or fail, using anecdotal evidence. For example, metrekare.com was a startup that created an application for real-estate services. However, the partners have not examined the market in its full which led to other companies such as Sahibinden.com to dominate the market. These success and failure reports show how any startup can easily pass to the either side of the dichotomy. Especially in the formation phase of any startup, everything is very fragile which means each decision and plan must be considered thoroughly and in detail.

With the integration of technology into social and corporate life, great changes and differences have begun to emerge. Many issues that have become habits of the traditional methods have started to change very quickly thanks to the unlimited possibilities created by technology. In the past years, topics that we could evaluate within certain patterns and standards, both in the flow of social life and in the functioning of corporate life, have necessitated a different evaluation with the unity created by technology and the Internet.

As a result of the new order created by technology and the entrance of the Internet into all areas of life, startups operating in the commercial system have started to benefit from the possibilities of this new system in the methods of reaching their target audiences. The Internet, which is the most fundamental determinant of the digital revolution, has great benefits for startups as well as users or consumers. There are advantages in many aspects, from instantaneous reactions from consumers to promotional activities with cheap costs, or from the ability to update very quickly to determining a strategy according to the wishes and needs of the consumer. For this reason, integrating new technologies into marketing processes in terms of creating a marketing strategy suitable for the demands of the customer and reaching measurable data within the supervision and control mechanism at every stage of the implementation phase of the created marketing strategy has led to the emergence of a discrepancy and change far beyond the traditional marketing understanding.

While there is a one-sided flow and communication between the producer and the consumer in the traditional marketing approach, a two-sided and constantly renewing communication process has emerged depending on the developing technologies and the opportunities provided by the Internet. In this way, startups have directed the establishment and functioning of the producer-consumer network towards the digital side, unlike the usual forms of the system in marketing practices and marketing methods. It is very difficult to compete with the competitors for startups that do not integrate digital marketing applications that combine traditional methods with the possibilities of technology. Digital marketing applications, which provide the opportunity to 'meet' with the consumer in a much shorter time, at very low costs and within an instant interaction, can also be considered as an area where creativity and innovation are 'consumed' very quickly. For this reason, digital marketing strategies that are constantly renewed and require the application of creative works, taking into account the personality characteristics and behavior patterns of the target audience, reveal the necessity of creating a 'composition' in a way that will use all the multimedia features provided by the new media.

In our interviews with Sina Afra, he addressed the importance of geographical cultural codes that have significant influence over the relationship between the investor and the entrepreneur. He went on and said that the ways that an entrepreneur can find investment from change due to these cultural codes. In Turkey, which has a collectivist culture, those entrepreneurs who search for an investment try their luck on their family and friends first. The fact that most of the time that source of investment from friends and family is not enough makes the entrepreneur look for angel investors. The point that Sina Afra makes is critical because in other cultures, an entrepreneur may not even think about asking from family and friends for an investment in the first place due to these geographical cultural codes. A great example for this comes from NevzatAydın who states that they created Yemeksepeti “from scratch with our own savings and the help of our families”. This shows how the sources of investment may change from culture to culture for startups that are in the early stage.

NevzatAydın, on the other hand, gave immensely important advice to entrepreneurs by saying how he decides on which startup to invest. The critical point here was the degree to which technology is implemented into the business model. The fact that NevzatAydın gives great value to those startups that successfully integrate technology into their business is reflective of the e-commerce age that we are in. Sina Afra also makes a similar remark by saying that “developing technology-based solutions for entrepreneurs has become both a great opportunity and a necessity. Technology should be an integral part of business strategies and services.” As outlined earlier, e-commerce startups are the future of, as well as, the building block of changes in startup ecosystem.

The new order created by the digital revolution and technological change has had an impact on all dynamics of both social and corporate life. These dynamics sometimes affect people's behavior patterns or habits, and sometimes they are reflected in the process of reaching the target audiences of the startup and interacting with them. For this reason, it is necessary to adapt to the new environment created by digitalization, both in terms of the necessity of approaches to the existence of a social environment and in order to survive in the challenging conditions of corporate life and harsh competition environment. It is very important for startups to reach their target audiences and provide them with the necessary information flow about their products or services. It should be noted that in today's working life, where the competitive conditions are quite heavy and the differentiation in the quality / cost phenomenon is not very decisive, the point that makes the difference is thosestartupsthat explain their products and services very well to their target audiences. Accordingly, it is necessary to carry out the integration of marketing communication with traditional marketing methods successfully within the framework of startup goals, and by using the advantages of digital marketing through the opportunities brought by digitalization, efforts should be made to build the relationship with the target audience in a more robust and interactive way.

Digital marketing consists of four steps: Acquire, Convert, Measure-Optimize, and Retain-Grow. Unlike traditional marketing, it primarily focuses on acquiring customers and creating awareness of their own content, rather than leading the customer to make a choice among an unlimited number of stimuli and variables. In the “Acquire” step, there are activities to attract the customer to the website or the page where the sale is made; In the “Convert” step, there are activities that will help achieve the goals after the customer comes to the website. While the “Measure-Optimize” step is very important in terms of understanding what is done wrong and what is done right and comparing the startup with the competitors, the last step of the “Retain-Grow”step can be summarized as the efforts made to satisfy the existing customers and make them permanent customers (Çözen, 2011). If we draw a general framework, startups that use the digital marketing method and invest in this field should first create their own original content, then they should shape the sharing process of the content in the digital environment with a strategic perspective in order to deliver the original content produced to the target audience in a correct and healthy way.

In future studies, why companies like Trendyol thrived but not others can be investigated in an empirical way. Here, through the interviews that we conducted with Turkey's most notable angel investors, we outlined the pitfalls and conditions of success for startups. Future studies might test these ideas of the angel investors to either support or refute them which would be immensely important for the success of new startups in Turkey.

CONCLUSION

In this study, I aimed to examine how e-commerce startups form, function, and find fundings. To this end, I outlined the academic literature in the introduction part which is followed by the interviews conducted with the most notable angel investors of Turkey. Afterwards, I presented the findings of our study. It is important for startups to begin their journey with an idea that speeds up the process of something pertaining to daily life, study it well and be organized. As it is seen in the interviews, most of the startups fail either because of they do not address something cumbersome or they have organizational errors. Lastly, the interviews offer invaluable resource for startups that face hardships in funding.

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