Case Studies on Best Practice in External Marketing Communication

Case on

COMPANY 4
MyMuesli

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mymuesli: modular building system for organic cereals

A simple idea with a big effect: in the year 2007 three study friends put an end by the boring every morning raisins picking in cereals. After listening a radio spot of cereals on the way to the bathing lake they made the decision to produce better cereals. The vision: creating organic cereals without flavouring substances and colorants, but with the opportunity to arrange an individual mix of ingredients. Mymuesli was born. The first distribution channel was the world wide web.

The rush was so big that it came to several delivery bottlenecks, even because the three founders blended the ordered muesli by hand. The success was not prejudiced. Soon the company opened mymuesli stores in a couple of cities and provided their products in the retail shelves.

Mymuesli gained several awards in the last years. In 2013 the company won the German Founder Price in the category “achievers”. The german "Stern magazine" wrote: “the interactive advantages of the internet battered as a bomb even to cereal fans. At least they are involved instead of consume only” (Stern, 2007).

Figure 1: Promotion Pictures of mymuesli
Ready to take-off – developing the business idea

The founders of mymuesli are: Philipp Kraiss, Hubertus Bessau and Max Wittrock. They got to know each other regarding their studies at the University of Passau – a small town in Bavaria, Germany and today’s hometown of the successful organic muesli company. During the studies they started developing business ideas. The goal was to follow up them after the university. Beside the cereals one idea was a finance retail, in which the customer should be able to buy sophisticated finance products on a simple way. Another idea was a Business Platform and a third concerned with finance German real estate by cheap Swiss credits. But their hearts beat for cereals.

First Philipp, Hubertus and Max did analysis if some company already provides the opportunity of individual cereals and thought about how and where people would customize their muesli. During the developing process they bought cereals, mixed them and tasted it. They were convinced that customers would love to create their own individual products, but the unknown factor was the distribution channel: Would people buy food at the internet? At that time this was unthinkable. Another question was, if the customizing from a low involvement product finds enough encouragement. Individualisation is knowing by customizing cars with colours and equipment can be adapted, but will it work with cereals? A third big issue was that muesli at a retail shelf costs same as the shipping costs buy online sales. The consequence was that they had to build a premium product with a premium price positioning.
They examined via questionnaire 150 friends, if the idea would work. The result was that people wanted to buy things at the internet, but only if they could save money. Nevertheless the founders decided to test their idea among real market conditions and ignored the theoretical issues. Until this point they never did market research at all.

Marketing – communication and sales strategy

The innovation of mymuesli was the mass customization, a low involvement and their distribution via online channel. They didn’t want to built a internet start-up, but the Online Channel was the easiest way without having a lot of money. The founders did the market launch in 2007 without any budget. The promotion ran over a website created by themselves. Until the launch in April 2007 the website mymuesli.de showed only the note “coming April 2007” and an entry field in which interested people could enter their e-mail addresses. In this way they could gather some addresses of customers

Two of the founders had a blog about consumer gods, diversity and aestheticism. Therefore they knew how a blog works and content expatiates on the internet. At a blogging congress in Munich 2006 they promoted the idea without details. The community had a strong interest and wanted to blog about the mymueslis idea.

In the morning of April the 30th, the company started the business. They dispatched 300 e-mails, as well to the blogger. Within ten days mymuesli was the number one search term for muesli on google, but more importance at these stage was, that via the blogger the traditional media became attention to mymuesli. Press inquiries from newspapers and magazines came up. Later even radio and TV channels. Reasons for
the strong interest were that the idea was easy understandable and the concept polarized: from “this is crazy, who will need this?” to “perfect, I waited so long for it”.

Due to requests from Austrian and Swiss customers, mymuesli decided in 2008 to expand to foreign markets. Regarding this decision, there was no big strategy behind. Connect Austria to the supply chain was no huge problem, compared with the connection to Switzerland. To reach the Swiss market, mymuesli had to establish a second factory. Expansions to Great Britain and the Netherlands ensued. These expansions were more strategic. They analysed in which market people have muesli for breakfast and how much they spend for it.

In 2008 the company even became the opportunity to produce a TV commercial. That was only possible due to a cost per order deal. This is a commission deal where the TV channel earns by each sale. The TV spot shows a web address due to these, it was possible which sale regards to the commercial. Others followed later.

To use the capacity of the manufactory they had to provide their products nationwide. But muesli is a product the customer has to see and smell and taste. To give the customer these experience, they decided to use offline distribution channels too. In 2009 the company opened their first little store. The store should provide people the opportunity to have a relaxed breakfast and taste the product range. Even the customer should be able to buy his favourite muesli directly. For the team it was a great opportunity to contact the customer directly and to learn about the needs or wishes. Five years later mymuesli operates nationwide twelve stores and others will follow.

Through the stores mymuesli noticed that many customer buy proposed blends and there was requests from retail markets, that they wanted to sell mymuesli products. Until the retail concept was ready, the team had to learn about how to sell in retail
stores. Questions like: How should the shelf look like, which blends are necessary and
how mymuesli could differentiate their products from the competitors, appeared
The learning process is very important for the ongoing success. Analysing the
product and customer needs again and again was one of the most important things.
The customer experience has to develop continuously – through all channels.

The Business – a successful growing company

One of the most interesting questions regarding to a business idea is how the idea will
be financed. In case of mymuesli the founders hadn’t a lot of money to invest, so they
decided to finance it by their own. The first factory was
entirely renovated by their selves. That saved money
regardig to a professional renovation. Mymuesli carried
a classical trading business: buying cereals, merging
them by hand and sell for a higher price. Purchased
orders had to be with cash in advance. For that reason
mymuesli was solvent. By making money they could
increase step by step the bulk purchasing’s: from 250
gram raisins, through two kilograms and final 25 kg packages. Important was that the
founders were very economically. The first one and a half years they lived
furthermore in student dormitories and Phillipp, Hubertus and Max paid their selves
a monthly salary of 750 euros each. Through the many work they had to do there was
no more time to spend money.
Searching for investors was complicated, because 2007 the most business angels
looked for trendy social media networks and hadn’t concerning’s regarding to a
classic trading business with cereals. Finally Lukasz Gadowski und Kolja Hebenstreit
from Team Europe Entrepreneurs become aware of mymuesli. The two guys had experience with mass customization and supply chain management. Important was that there was the feeling and a great understanding between mymuesli and Lukasz and Kolja. The conversations passed very bohemian. Lukasz didn´t see any detail business case – only a drawing on a serviette. Even for Phillipp, Hubertus and Max the business plan had no high importance. They weren´t abble to predict how many sales they have in one, two or three years. Their only document was about the positioning on the market: to create a premium product with high quality and organic ingredients. They wanted to create a sustainable brand.

Today mymuesli is a successful company with more than 300 employees and several million-euro turnover. Mymuesli don´t publish detailed data regarding sales volume and turnover, but analysing the annual financial statement you can find information about the commercial success. Currently mymuesli published financial statements until the year 2013.

The key performance indicator annual net profit (EBITDA) shows the annual profit which the company earns. The figure 2 below shows, that mymueslis profit raised steadily since their foundation. From 77,000 euro in 2007 (after eight month!) to 1,8 million euro in the year 2013.

![Figure 2: Annual Net Profit (EBITDA) mymuesli (2007 – 2013; in thou. €)](image)

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One additional key indicator is the return on equity. Having a look this KPI shows in percentage how many profit the invested capital gives. The figure 3 below shows that the return on equity is since 2009 over 95 percent. A high percentage indicates the interest rate of the capital employed.

The big success lead to two problems. After mymuesli was sold out for a few times and that the founders hadn’t any knowledge in how long repeat orders row materials and cups will take. Especially the cups are very special and took a few week until they were available again. The website showed on a big banner “We are sold out. Shipment takes up to six weeks”. Against all predictions the customers still ordered and waited several weeks for their muesli. With time the team recognized, that muesli is a very emotional product.

The resuming four main reasons have a big impact for a successful business formation. Beside the idea and the team the other two main factors are timing and luck. Regarding the timing mymuesli found the right moment. After the dot-com bubble, 2007 it was again possible to establish a business and via the upcoming social media, they had an effective voice to promote their idea.
The next big thing?! 

Besides exciting challenges regarding the expansion of mymuesli, the team created new business ideas around the ultimate breakfast experience. Until today they realized their projects.

The first project called “OH!SAFT”, is about every day fresh orange juice for breakfast. Making daily fresh juice is normally a high expenditure. Buying (expensive) orange fruits, carry them home and most squeeze the fruits out. So how will it be possible to enjoy every day delicious juice with little effort? The idea was a subscription by which fresh orange fruits. The Service is available only via internet. The company search’s for oranges with a great quality and delivers them periodically home. For example: two (three, four or five) times a month the customer gets a orange box with 30 orange delivered home, with a annual subscription. Additional the customer gets a high-quality electrical juicer for free, by his he´s able to make every day fresh orange juice easily. The service started in Germany in 2010.

For many people around the world it is the most important thing in the morning, drinking a delicious coffee. In the second project from the mymuesli team “green cup coffee”, green cup coffee offers fair traded coffee and informs about the preparation and consume via their online coffee cup school. The customer can keep trance back each coffee bean and can be certain that the coffee is traded fair, directly and 100 percent transparently. The company cooperates solely “single farms”. Beside the focus on high-quality green cup coffee pays attention to farming methods and social
infrastructure. Green cup coffee products are available via the green cup coffee online-shop and in selected retail stores. At the mymuesli stores the customer can buy green cup coffee and taste it. The first international point of sale opened in Winterthur, Switzerland.

The newest business of the mymuesli team is “tree of tea”. Analogous to green cup tea, mymuesli provides since 2013 organic tea products. The customer can buy several tea species like green, black or fruit tea. Tree of tea provides information about origin of their tea products and demonstrate what the right preparation and consume of tea is.
Literature


