

# La Muu serves up chilled organic delights with a twist



What does it take to create an ice cream factory? Certainly some milk and a refrigerator. But what does it take to create the best-selling organic ice cream in Estonia? Add some magic to the mix and the partnership of a former banker and an organic retailer. This is exactly how La Muu, one of the most innovative ice cream factories in the Nordics, came to existence. Born out of the confines of a domestic kitchen in 2012, La Muu has grown to dominate the organic ice cream market with a turnover of 1.8 mEUR and over 1800 satisfied shareholders.

Home kitchens are the birthplace of many innovative products on the market, but sooner or later one needs to set up an industrial production facility in order to find the way to export markets. In 2016 La Muu found a new homestead in the vibrant Telliskivi creative district in the heart of Tallinn. The bohemian atmosphere is perfect for a state-of-the-art ice cream factory and a cosy cafe where to try out new flavours and get instant feedback from customers.

## Unique flavours to match a unique business strategy

La Muu's CEO Martin Karolin takes pride in the innovation behind the way this operation is run. With a business strategy more suited for a technology startup, La Muu has ventured out to equity markets and has raised funds through the sale of shares to interested investors through the Funderbeam platform in order to finance its expansion and product development. "Our success is based on our product innovation, unique marketing and paying close attention to customer needs," believes Karolin.

The flavours churned out at La Muu are another factor behind its success besides the use of completely organic milk. While the global ice cream market is dominated by three main flavours - vanilla, chocolate and strawberry, La Muu has always played around with seemingly non-traditional combinations. "La Muu's biggest seller at the moment is a mix of caramel and seasalt, but we hold high hopes for another big hitter that is rather unique to this region - ice cream made from sweetened condensed milk," explains Karolin. The ice cream factory has created well over 70 ice cream recipes over the years, some to be only offered seasonally at its Telliskivi cafe, such as mulled wine ice cream.

## Export counterbalances seasonality

Ice cream does not only come in many flavours, but also in a variety of formats. La Muu has opted for pint-sized cartons and 100 ml pots, whereas a recent investment into a new production line has expanded the selection to include waffle cones and ice cream sandwiches, the latter relying heavily on handcraft. Karolin explains that



smaller producers need to be smart about their production capacity management, as the seasonality of the product could play havoc with meeting demand during the high season and oversupply during the low season. "The ice cream industry relies heavily on the weather and there's little sense in tying up our cash in a surplus of product during the colder months when consumption is down," explains Karolin.

Export is one of the tools to help ice cream producers compensate for the seasonality of the product, which is why La Muu is eyeing up more exotic export markets where the summer stays in fashion while the weather takes a colder turn in the north. "We are already taking our first steps in the United Arab Emirates for example," Other test markets for organic Estonian ice cream include Germany and Finland, to name just a few. "Export would have been out of the question for us without the investment into increasing our production capacity, as previous capacity would have only allowed us to focus on the domestic market, where we hold a 3% market share, while aiming for at least 5-6 per cent in the coming years," says Karolin.

### Eyes on Finland and beyond

A major expansion move for La Muu came in the beginning of 2020, when the owners of the Estonian organic ice cream factory acquired a similar enterprise in Finland, Suomen Jäätelö. While the Finnish subsidiary's sales volumes account for roughly a half of La Muu's, the potential there is far greater. "Finland is one of the world's top 5 ice cream consumption markets and there's a distinct need for lactose-free ice cream there - something that we can provide together with our Finnish partners thanks to the milk provided by the original Finn cattle," Karolin believes. Finnish ice cream consumption volumes per capita are 40% higher than in Estonia, giving La Muu enough confidence to tackle both markets in search for sweet-tooth on both sides of the Gulf of Finland.

Overall there seems to be little competition in the organic ice cream segment for La Muu, but the trend in northern Europe clearly points in the direction of increased demand for special products. "La Muu's ice cream stands out for its flavours, its organic qualities and standout marketing - our social medialanguage is so unique that it is consistently featured in marketing lectures across universities in Estonia," claims Karolin, adding that La Muu's brand values are characterised by honesty, courage and ridiculousness. Estonia's public perception as a tiny Nordic country with clean nature further promotes the export of organic goods from Estonia, making it easier for La Muu to take on more exotic export destinations for its chilled goodness.

