

Moju

A smart start-up

Ian Marcousé examines the growth of health drinks brand Moju



In summer 2024, *Good Housekeeping* magazine published a list of the best 'health shots'. Top was Moju's 'Raspberry Gut Health Dosing Bottle', providing 7 days' worth of shots (420 ml) for £5.99. Moju created this drinks category when it was established in 2015. Founder Rich Goldsmith saw a gap in the market for a vitamin-packed product that was quick and easy to consume.

Goldsmith and fellow founder Charlie Leet-Cook were surfers who wanted a quick blast of nutrition before returning to the water. In many ways it was the same gap identified a decade earlier when Innocent Drinks introduced fruit smoothies. Now it was time for something that was more relevant to the gym than the lunch table. Having identified the market opportunity, the founders began by testing recipes, then crafting cold-pressed shots and juices by hand. Today, with its fresh, nutrition-boosting shots, Moju has become one of the UK's fastest-growing soft drinks brands, with 71% year-on-year growth.

With a bold brand identity, unique bottle design and product range, Moju is introducing its health-boosting shots to an even wider audience. The company has a 62% market share in the functional shots category and distribution in top UK retailers like Sainsbury's, Waitrose, Asda, Co-op and Leon. In a world of social media, Moju has taken an old-school approach by running television advertising on ITV and Sky, as well as using radio advertising. Its award-winning advertising is based on the song 'Wake Shake Boom' and the tagline 'so good, you can feel it working'.

The company seems to be blessed with bosses who understand their market. CEO Rich Goldsmith has said:

Our brand and portfolio refresh is a huge step forward in our ambition to make Moju the nation's favourite (and freshest) way to kick start their day. It's important that we keep our messaging simple and easy to understand ... Moju products are designed to make building healthy habits as accessible and easy as possible, with punchy and satisfying flavours that just hit different.

But that does not mean it has been easy. Moju's latest accounts (for 2023, available at Companies House) show cumulative losses amounting to more than £5 million, and no sign yet of break-even. But if sales are rising rapidly, and in its strongly differentiated position, significant profits could start to come through at any stage. Alternatively, there may be a bid from a giant such as Coca-Cola or PepsiCo.

In 2021 Moju became the first UK business to receive investment funding from a venture capital fund set up by French dairy giant Danone. Moju received £2.5 million in equity funding, adding credibility to the brand when negotiating distribution deals with retailers such as Sainsbury's and Waitrose.

According to *Marketing Week* magazine, the brand saw volume sales grow 56% in 2023, totalling 50 million shots sold since launch. Over the past 3 years, sales growth has been 226%. As of January 2024, this has made Moju the UK's fastest-growing soft drinks brand, with £25 million in retail sales forecast

for 2024. *The Grocer* magazine puts 2023 sales at £14 million, so a 2024 figure of £20 million seems possible. This was a very smart start-up.

Questions

30 marks, 35 minutes

- 1 Explain how Moju might benefit from receiving the top product award from *Good Housekeeping*. (4 marks)
- 2 Assess the importance of the design mix to a business such as Moju. (10 marks)
- 3 Explain the value to the business of 'its strongly differentiated position'. (4 marks)
- 4 *The Grocer* magazine believes that Moju has become powerful 'for its young demographic'. Assess the value of this to the company. (12 marks)

Answers and marking

- 1 Moju's success to date suggests that its customers believe in the brand and its products. But it can be very hard to get new customers to part with £5.99 for a 420 ml drink. For new businesses, product trial is a challenge, so the effective endorsement of *Good Housekeeping* will mean that its readers will be far more likely to give Moju a try than they would otherwise have been. The only caveat might be that the magazine's readership may be older than the typical Moju customer.
- 2 The design mix is a critical factor for every product as it represents a strategic analysis of design priorities. For Moju, customers want something that is small, easy to open and easy to drink, but with a funky/dynamic/healthy visual appeal. In this case, aesthetics matter a great deal – but so do the functional aspects of ease-of-use. Quite possibly, economic manufacture is a relatively unimportant factor in the value added to the cost of the product. If so, the clear design priorities would be aesthetics and function.

It could be argued that, at launch, the idea behind Moju and the recipes created were far more important than the design mix. But once competition arrives, Moju has to stand out from the crowd and

create a clear personality for itself. Using the design mix effectively is a very important part of that process.

- 3 Strong differentiation means creating a distinct image for your own product/brand that makes you seem unique. Apple has that in iPhones and Innocent Drinks had that in the market they created for smoothies. For Moju, strong differentiation gives pricing power, which is shown by their quite bold pricing point – £5.99 for less than half a litre of product. Pricing power insulates the business from problems caused by cost-inflation pressures and gives the business some control over its profits.
- 4 There are two key points here. First is the implication that Moju has a young demographic. This is huge – from a marketing point of view, most businesses are better off with a clearly defined user group; it is only the likes of Coca-Cola that can afford to promote to the mass market. This demographic also gives value to the business itself. Venture capital businesses value younger customers far more highly than older ones because they are likely to be customers for longer.

The second point is the brand itself. The value to the company is not just in brand loyalty to the current range of Moju products, but in giving scope for the business to grow significantly over the coming years. In other words, if Goldsmith decides to launch Moju protein bars or even Moju gymwear, the brand's power may create the success that others would fail to achieve. The only counter argument could be that the brand's power might make it too specific. If the Moju brand is totally bound up in authentic power shots, offering a protein bar might seem inauthentic. On balance, Moju seems to be in a very strong position to expand and diversify within its young demographic. If it was possible to buy the shares (it is a private limited company), I would buy some.

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