

Elwin Quo Vadis - Student Project

AstorMueller - Who we are

AstorMueller is a privately owned company that employs 600+ people with office locations in Germany, Switzerland, Romania, and India. Beyond this, we have international designer teams from Spain, Italy, and Germany with 2 associated design studios in Italy. The company has 3 development centers, located in India and China to help with rapid prototyping and sample production. Most of our production takes place in China and India.

Since 2001, AstorMueller holds the exclusive license to produce bugatti shoes, and over the course of many years, has turned this into a very successful business. Additionally, in 2013, the company acquired the license for Daniel Hechter shoes. Both brands focus more on men's leather shoes (with some women's offerings) and are heavily wholesale (B2B) focused (direct to consumer "D2C" was not introduced until 2020). Currently, there are more than 6 million pairs of shoes manufactured per year, and we are seeing growth in revenue which exceeds pre-Covid years.

As the company continues to grow, we are considering acquiring additional licensee brands, as well as launching our own brands in-house (under a "house of brands" strategy).

AstorMueller combines a deep rooted-in-tradition, shoe-excellence-based bread-and-butter business with high ambitions to be a key player with new, innovative, cutting-edge, tech-based, sustainable capabilities. For us, "tech" means the handshake between a deep understanding of what end-consumers really like and desire and being able to translate this into real, demand-matching products that excite.

Act fast - Moving fast into sustainable shoes

The idea producing of merino wool shoes first came up when Giesswein left the B2B market (ca. Q1 2021), leaving a gap. AstorMueller (AM) saw an opportunity and quickly made some merino wool shoes (using an existing outsole from the market) under the bugatti brand. However, this shoe did not fit within the overall bugatti brand image and performed poorly. Upon seeing this, it was decided to take the merino wool shoe and spin it off as its own brand, and only distribute via D2C. Thus, elwin was born (Q2 2021, launched shortly before "Black Friday" week), and became the **first own brand** for AstorMueller.

To leverage this gap and based on a capability for fast development, elwin was launched in only 6 months. The idea for the brand came up during Q2 2021 and the goal was set to launch the collection before Christmas of the same year. That means there was less than 6 months time to design, develop, source materials, manufacture, market, and launch the brand (on a yet to be built D2C website), not to mention developing the brand image and story in parallel.

Fail fast - Significant underperformance

Since the launch, the brand has struggled, with a lower than industry average conversion rate and falling short of revenue/profit targets. This is despite the fact there was higher than forecasted website traffic. To give more guidance to the brand, a brand manager was brought on and the website and marketing activities were redesigned, and new products were in the development pipeline to align with the new brand identity. However, even with a more clearly defined set of brand values, strategy, and direction, the performance did not significantly improve.

Learn fast - Taking a step back

Despite this outcome, we believe in the long-term potential of the sustainable shoe segment. Specifically, we are looking for a group of students to support us to ...

- Analyze the **European market and competitive environment**, to understand where there is an opportunity
 - What are competitors doing? Are they successful? And if so, what are their success factors?
 - Can a sustainable footwear brand be profitable? Or is it too young for major success in the broader mass market?
- **Develop a concept and go-to-market strategy** (“Where to play?” and “How to win?”) for us to re-start our journey to a more sustainable footwear.
 - Review and analyze **elwin** including its current products, positioning, marketing, website and social media presence
 - Understand **AstorMueller** as a company including how we operate (especially product development)
 - Also consider our other brands, their products, positioning, marketing, website and social media presence (bugatti, BAGATT, Daniel Hechter)
 - Consider and argue how you would enter the sustainable footwear market if you have the financial and human resources to do so :
 - Launch a brand built entirely around sustainability
 - Make an existing brand’s collection “more sustainable”
 - Some other strategy?

We believe this is a **fascinating project** to understand how to think about approaching a new opportunity, but also to get a **perspective of how a company operates and the reality of making things happen**. The project would be in close collaboration with the strategy and brand management team at AstorMueller, but would also involve an insight into product development, marketing, sales, supply chain and – if required – travel to selected markets across Europe and sourcing locations (Portugal).

Key questions to be answered as part of the go-to-market strategy

1. Where to play?

1. What market opportunity is there for AstorMueller, given our competencies and limitations?
2. What geographies, market, segments, distribution channels?
3. Who are your competitors?
4. How is the market for sustainable clothing and especially footwear developing?
5. Who should be the target customer?

2. How to win?

1. What type of products?
2. What is the right value proposition?
3. How do you show and prove the sustainability of the products?
4. What is the right brand and what should it stand for?
5. How do you communicate to the target consumer? How do you communicate the brand?
6. What is our competitive advantage?
7. What are key success factors?
8. How much would you invest and what is your expected ROI?
9. What is your go to market strategy/marketing campaign for your selected channel(s)?
10. How do you rally the company and relevant stakeholders around your plan?