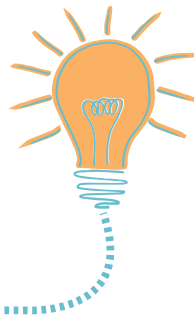


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Case study

Background

Munch.hu was launched in 2020 as a startup made up of enthusiastic students. Its primary Mission was to combat food waste. It is important to know that, according to a study by the Swedish Institute for Food and Biotechnology, about 1/3 of the food produced for human consumption winds up lost or wasted globally, which means about 1.3 billion tons of food wasted per year.

Munch.hu is a platform through which restaurants, bakeries, stores and patisseries sell unsold but good quality food at a discount. While financial advantages and discounts play a significant role in attracting users to Munch.hu, there's more to its popularity than meets the eye. Beyond the appeal of cost savings, users recognize the platform's potential to contribute to global environmental sustainability goals. Additionally, Munch.hu fosters social sustainability by empowering users and suppliers to donate surplus food to those in need. As we collectively strive for a sustainable future, an increasing number of people are factoring these considerations into their choices. Munch.hu provides a simple solution for making food management more environmentally, socially, and economically sustainable!



MUNCH.HU: MISSION-DRIVEN CONTINUOUS IMPROVEMENT: COMMITMENT TO COMBATING FOOD WASTE

THE LAUNCH

With its primary mission in mind the first step was to create an online platform - Munch app - where buyers would be able to select, order and pay online for leftover food from restaurants, bakeries and patisseries that would otherwise be thrown away, but was with good quality and meeting all health standards.

OPERATIONS MANAGEMENT

Munch.hu created and oversees the application's maintenance, while suppliers are entrusted with the responsibility to update the food data (pictures, pricing), and daily inventory levels, typically managed by a designated supplier representative. Munch.hu users can post reviews about the suppliers and their products, which are accessible to other users. Munch.hu representatives also review these ratings, address customer grievances, and coordinate with suppliers.

SUPPLIERS SELECTION

Initially, Munch.hu's founders personally sought suppliers open to their concept and willing to engage in the venture. Subsequently, they expanded their search through personal networks, eventually delegating supplier management to the sales support team.

User feedback, especially overall ratings, are the most important inputs for supplier management. Individ-

ual complaints are also considered, with efforts made to mediate issues between involved parties.

THE OFFERS

The app offers substantial discounts, often exceeding 40%, on items ordered and prepaid online, available for pickup at supplier locations during business hours, typically before closing, minimising the need of a delivery services.

The box's contents remain a mystery until opened, with only the type of contents (e.g., bread box, sandwich box, fruit box, daily menu box, tart box, salty cake box, etc.) known beforehand.

The selection of products available for rescue each day varies, depending on supplier's current stock and unsold items.

CÁPÁK KÖZÖTT I.E. SHARK TANK APPEARANCE

The Hungarian television show 'Cápák között,' adaptation of the American show 'Shark Tank,' showcases entrepreneurs pitching their unique inventions, ideas, or businesses to investors seeking opportunities.

Munch.hu's visibility significantly increased after its founders pitched their startup on 'Cápák között.' Their youthful energy, vibrant presentation, well crafted business plan, and foresight impressed the 'sharks',

leading to a unanimous decision to back Munch.hu. The investors offered more than just capital; they provided mentorship, professional guidance, and integrated Munch.hu into the expansive network of their own businesses.

Thanks to Munch's commitment to sustainability and its strong business model neither the pandemic nor inflation affected Munch.hu's business and its profitability.

EXPANSION

Within the first year, Munch.hu gained 20,000 users and promptly embarked on rapid expansion, initially focusing on major cities in Hungary and then entering close Regional markets (Czech Republic, Slovakia).

Some of the major achievements of Munch.hu in numbers, up to March 2024, according to Munch.hu website are:

- More than 1 000 000 portions of saved food. This prevented emissions of approximately 1600 tons of greenhouse gases.
- More than 11 500 portions of food delivered to people in need, via MunCharity, their joint charity project with the Hungarian Food Bank.
- More than 560 000 EUR saved with Munching, food packages offered at 40-60% discount.

The exposure to the Shark Tank show led to an increase in partnerships with restaurants and food chains. Following their appearance on the Sharks Thank, their monthly sales increased fivefold within a year. Even now, their growth rate is impressive, with monthly revenues climbing by 5 to 10 times

each month in 2023, compared to the corresponding month in the previous year.

Their motto is "Focus is the Key to Rapid Growth. If you want a lot of things at once, none of them will really work". True this spirit, they are constantly and steadily evolving, in all its aspects of its operation. Initially appearing only on social media, they later launched their website, followed by an on line store, supported by a robust logistics system.

For the business to evolve and flourish, it was necessary for the leadership to mature personally and professionally. This was followed by assembling an ever-expanding team, implementing organizational changes, while simultaneously balancing significant investor interests.

THEY HAD TWO PRIMARY GOALS FOR EXPANSION:

The first goal related to geographical expansion. From expanding nationally, to continue Regionally, particularly in markets with less competition, and ultimately to establish a presence overseas.

The second goal related to services expansion. In addition to restaurants and bakeries, they planned to include large food chains, selling pre-packaged products that were nearing their expiry date, but were still of excellent quality. This included items from various categories such as snacks, fruits/vegetables, bakery items, meat products, dry goods, etc. They also envisioned their app being used to sell products other than food. As a result, in the autumn of 2023, they launched Munch Market, online store where customers can purchase close-to-expiry or out-of-season products at very competitive prices.

QUESTIONS:

Ethical Issues: Food Safety: While Munch.hu aims to reduce food waste, there could be concerns about the safety and freshness of the food being sold. How can Munch.hu ensure that the food being sold is still safe for consumption?; **Supplier Responsibility:** Suppliers are entrusted with the responsibility to update food data and daily inventory levels. There could be a risk of suppliers not accurately updating this information, which could lead to customers buying food that is not as described or even unavailable.; **Donation of Surplus Food:** Munch.hu empowers users and suppliers to donate surplus food to those in need. However, there could be ethical issues related to the distribution of these donations. How can Munch.hu ensure that the donations are reaching those who need them most?

Business Model: What is the revenue model for Munch.hu? How does the company make money while also offering discounts to customers?

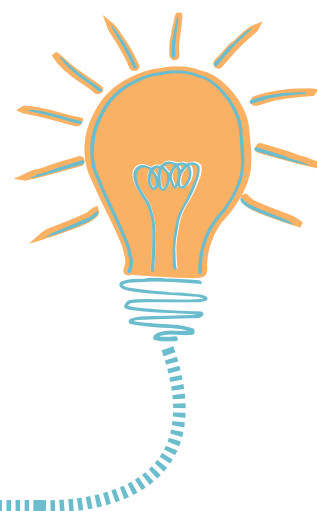
Operations Management: What challenges in the operations (products, suppliers, delivery, etc) might they face now and in the future and how should they overcome them?

Expansion Strategy: Based on Munch.hu's journey so far, and the two expansion goals the founders of Munch.hu have set, how would you recommend them to expand their business? How can it continue to grow and innovate while staying true to its mission of combating food waste?

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Contributor: Makedonka Dimitrova
Reviewer: Elena Bundaleska

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