

FoodHouse Agency presents:

Meal-Kit Delivery Service



Strategy Plansbook

Advertising Strategy
Fall 2020

Collaborators: Ashland Gravil, Caroline Webb

Cover Letter

Professor Morton Padovano:

Attached you will find a copy of our secondary research findings and opportunities recommendations for Home Chef, an Illinois-based meal kit and food delivery company. FoodHouse Agency will use these findings to create a strategy brief to achieve the goal of increased market share.

Who is Home Chef selling to?

- Home Chef's target market are well-educated millennials looking to optimize their time in the kitchen and make quick, healthy meals.

Who is Home Chef selling against?

- HelloFresh, Blue Apron

What will Home Chef's brand do for their consumers?

- Home Chef will provide our consumers a diverse selection of recipes at a great value. They provide restaurant quality food with fuss-free preparation.

1. Key Facts

- As the concern about the exposure to the novel coronavirus increases, consumers become more focused on home cooking. This creates an increase in demand for meal kits.

2. Issues to Solve for Consumers

- Home Chef must provide our target easier options by offering more convenient choices without a sacrifice in quality, while also making the kits more sociable.



Thank you for choosing FoodHouse Agency, where we will guarantee plugging your brand to your audience and connecting them together.

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Executive Summary

The meal-kit industry has seen its highs and its lows since its initial launch in 2012. As the United States faces a surge of the Covid-19 pandemic within the first quarter of 2020, meal kit companies have also increased in popularity due to consumers looking to reduce grocery shopping trips. Our group, FoodHouse Agency, created a campaign to continue increasing customer loyalty and retention for Home Chef to improve overall market share.

While conducting secondary research, we composed a situation analysis on the meal-kit industry, Home Chef, their direct and indirect competitors, consumer trends, and macro-environmental trends that have affected Home Chef's sales.

Subsequently, we created a list of problems and opportunities that Home Chef is facing. As an opportunities recommendation, we recommended that Home Chef focuses on pursuing the chance of attracting more millennial-aged adults who also have children. This opportunity along with others is highlighted in problems and opportunities analysis.

Our target market profile consists of health-conscious parents looking to provide innovative family meals in a timely manner. The timely meals provide them with additional opportunities to spend more moments with family and friends. For our first-person account, we identified a woman named Debra; she is a 40-year-old wife and mother living in Orlando, Florida.

We then created two alternative positioning statements that meet the needs of our target market profile, along with communication objectives. This was done to highlight the most important attributes and benefits that our consumers desire from a meal-kit subscription.

Furthermore, we finalized our findings into a creative brief summarizing the significant components of our campaign, as we seek to execute the tactics that we have proposed.

Problem Statement

Home Chef's challenge is to grow its market share in the meal-kit delivery industry. The meal-kit industry is more or less still in the introductory phase, thus there is space for the company to continue growing.



Situation Analysis

Industry Analysis

Meal Delivery services have become rapidly more popular in the past 5 years. Typical restaurant food delivery will always be in style, but services that deliver the ingredients to create your own meal at home are surging in popularity (Lazzaro 2016). With more growth in popularity, comes more competitors in the market.

Competitor 1

The company Blue Apron was one of the pioneers in the Meal Kit Delivery Service industry and has expanded to become one of the largest industry players. In 2019, the company reported consolidated revenue of \$454.9 million. Blue Apron only operates in the United States and employs 1,612 people who primarily participate in fulfillment operations. (Hiner 2020). Blue Apron assures customers of all level's fresh ingredients and proper instructions to cook meals that are available to them. This service has multiple plans to choose from with prices ranging from \$59.99 for a two-person plan to \$69.92 for a family plan per week. (Lazzaro 2016).

Competitor 2

HelloFresh is another key competitor in the industry. Like Blue Apron, HelloFresh was one of the first in the business. Berlin-based HelloFresh initially offered services in Germany, the Netherlands, the United Kingdom, Austria, Australia before expanding to the United States in 2013 (Hiner 2020). HelloFresh's large geographical range sets them apart from their competitors and puts them at an advantage from the rest. In 2019, HelloFresh served 281.1 million meals to 3.0 million active customers in 13 countries. The company generated consolidated revenue of \$1.8 billion in 2019 and currently employs 4,477 people (Hiner 2020). HelloFresh's pricing plans range from a classic box for two at \$69.00 to a family box priced at \$105.00. (Lazzaro 2016).

Current Industry Standings

In the market for meal plan delivery services, IBIS World defines the key factors for success as being specialization in a product or service that is considered essential by legislators, proximity to key suppliers, having a loyal customer base, ability to produce meal kits on a large scale, ability to provide goods and services in diverse locations, and ability to control stock on

hand (IBIS 2020). These factors result in high rates of competition within the industry as these brands compete to retain customers based on their pricing, variety, quality, and customer service.

HelloFresh, which currently holds the majority market share in home meal plan delivery services, likely based on the IMC approach they have enacted. According to IBIS World, HelloFresh creates their menu mix - which they have deemed ideal - by combining intel from their chefs' experiences and their customers' reviews (IBIS 2020) . This strategy has allowed them to make a diverse assortment of menu plans that can accommodate any consumer's diet, schedule, or family size. They also appeal heavily to the green consumer by promoting their efforts to maximize freshness by buying their ingredients locally and shipping them in refrigerated containers, so that no preservatives are needed. They also have committed to a near zero inventory as to reduce food waste (HomeChef 2020).

Blue Apron draws in their consumers by differentiating their brand as being gourmet. With the ability to add on cooking tools, utensils, pantry items, wines, and even a wine subscription service to their meal plan, Blue Apron sells their product as a dining experience. Their ingredients are non-GMO, their fish are always freshly caught, and their recipes are made by top chefs (IBIS 2020).

Industry Trends

There are many trends that have affected the meal kit industry that can help predict what the future of the industry looks like as well. For example, diet specialization is very prevalent throughout the meal kit industry with most companies offering paleo, vegan, vegetarian, and keto options. One of the reasons the meal kit industry has been so successful is because it helps customers follow diet plans (Linchpin 2020). Linchpin states "Blue Apron engaged in a limited partnership with Weight Watchers." As far as sustainability goes, meal kits are a much more

environmentally friendly option for consumers than grocery stores. Linchpin explains that the carbon footprint left by the packaging used to maintain the freshness of food isn't nearly as impactful as "processing and distribution, farm equipment, and fertilizer production." However, consumers will be expecting meal kit companies to decrease use of plastic in packaging. Another major trend in the industry is larger companies buying out or merging with smaller companies. For example, HelloFresh and Freshly both bought smaller meal kit companies, and Kroger merged with Home Chef (Linchpin 2020). This allows for companies to expand their operations and gain a larger consumer base, while decreasing the competition.

Company Analysis

Background

Home Chef was founded in September of 2013 by Chicago based entrepreneur, Pat Vihtelic. He grew up with a lifelong passion for growing and eating fresh produce which fueled his entrepreneurial spirit in founding Home Chef (HomeChef 2020). According to its website, Home Chef's mission is to provide everything you need to bring more delicious meals and moments to the table, no matter how busy you are. Home Chef is a meal kit delivery business that ships pre-portioned ingredients and recipes to customers to cook from the comfort of their home. Customers pay per meal which serves two people and costs an average of \$8.99 per serving. They can choose from a large variety of meals on the Home Chef website ranging from sirloin steak with goat cheese butter to scallop carbonara risotto (HomeChef 2020).



Analysis

Over the past year in 2019, Home Chef has delivered over 10 million meals and their delivery service covers 97% of the US population. They collaborate on meals with several chefs and employ more than 700 people across production, marketing, technology, product, design and customer service (HomeChef 2020). Their recent merger with Kroger, one of the largest grocery providers in the country, opens the door for an even larger distribution (PRNewswire 2018). Home Chef's 150% growth in 2017, \$250M in revenue, and two profitable quarters make this merger advantageous for both parties (Smart Business Dealmakers 2019). Kroger is able to add meal kit services to their product line and Home Chef is able to include in-store purchase options to their distribution methods. Home Chef has also recently partnered with Impossible Foods to offer customers a plant-based meat alternative customization option (HomeChef 2020).

Product Analysis



Brand Image

Home Chef prioritizes bringing people together for a simple and delicious home cooked meal. They cite reducing food waste and saving people time as reasons for founding the company. Their slogan is “home cooking made simple.” Making things easy and seamless for customers is at the center of Home Chef. Their packaging and branding is reflective of this. They have an inviting, modern website that offers step-by-step instructions and features many explanatory graphics. Their colors are green, white and grey, likely to convey that their products are fresh and healthy to customers. Home Chef ingredients are not all organic, but they still maintain that their product is high quality (Home Chef 2020).

How It Works

To build a box with Home Chef, you select the number of people you are cooking for and how many times a week you would like a meal. Serving sizes are offered in 2, 4, and 6. Boxes are available for anywhere between 2 and 6 times per week. The average per serving price is \$8.99, but starts at \$6.99. The shipping costs vary from \$6.99 to \$13.99, with the price decreasing for larger orders. Home Chef has an ongoing promotion for \$60 off, or \$15 off your first 4 boxes. It also offers a standing 10% discount for military, first responders, nurses, hospital employees and teachers (Home Chef 2020).

Once you have selected your desired metrics for the box, you pick your meals and any customizations you want. Meals are categorized based on the cooking experience the consumer desires. Categories fall either into Ready-to-Eat (RTE), which requires no preparation, or only mild heating before consumption and Ready-to-Cook (RTC) which requires more time and effort in cooking. They offer 30- and 15-minute meal kits, oven and grill ready meals, entree salads and a premium culinary collection. Recipes can also be sorted by several eating styles: omnivore,

carnivore, pescatarian, and vegetarian. Optional dietary preferences can be added like calorie-conscious and carb-conscious. Users can also pick foods to avoid like pork, nuts, or soy.

Distribution

Consumers can order online for delivery or can pick up Home Chef at Kroger's and their affiliates. Home Chef is available in the US and in 2019 they delivered over 10 million meals and expanded their delivery to cover more than 97% of the U.S. population (Home Chef



2020). With their partnership with Kroger, Home Chef pantry was created. Consumers can purchase pantry staples and utensils that will be fulfilled and delivered by Kroger. In 2018, HelloFresh held 28% of the US meal kit market, Blue Apron held 22%, and Home Chef held 13%, respectively (AskWonder).

Competitive Analysis

Reasoning

While there are many prepared meal kits offered in the market today, the one we chose to compare to Home Chef is Blue Apron. These two companies both have very customizable options for consumers to choose from. Home Chef gives consumers the ability to customize each box they order (Home Chef 2020), and Blue Apron allows consumers to mix up their menu every week (Blue Apron 2020). Blue Apron can be considered one of Home Chef's top competitors because of their similar menus and prices offered. Home Chef offers pricing at an

average of \$8.99 per meal (Chen 2020), and Blue Apron offers meals at an average of \$8.99 as well (Blue Apron 2020). Although they each have unique offerings that differentiate them from competitors, these two brands can be considered key competitors in the meal kit industry.

Company Background

Blue Apron is one of the industry's leading meal kit delivery services holding 12.9% of the overall market share. Founded in 2012, headquartered in New York City, the company has accumulated a revenue of \$454.9 million over the past 8 years (Hiner 2020).

Blue Apron, similar to Home Chef, works by having their customers subscribe to the service and offers them a meal kit—a big box of ingredients in exactly the right amounts and a recipe card with easy instructions on how to make the meal, all at the price of roughly \$10 per meal (Kafel 2017). In addition to the meals themselves, Blue Apron also offers wines and other add-on products such as cooking tools, utensils and pantry items for customers to include in their weekly purchases.

Product Background

Blue apron recipes are offered in 2 person or 4 person serving sizes. The 2 person is 9.99 per serving and the 4 person ranges from 8.99 to 7.49 per serving depending on the chosen frequency of meals per week. Customers can pick either two, three, or four meals from 11 different choices that are changed weekly. Every package offered but the most basic includes free shipping. After signing up for a Blue Apron account, customers can select a meal plan for scheduled deliveries and then pick their specific meals for the week. The meals are mailed in packs of three to your doorstep. Each kit includes bagged insulation, recipes cards, and all the

ingredients needed to make the meals. Their meal options are seasonal and change every few months so customers can try new meals throughout their subscriptions.

Breaking down their core business structure in this crowded space, Blue Apron has had most of its success from their two-serving meal plan. Their two-serving plan makes up 82% of their overall customer base (Hiner 2020). Blue Apron also differentiates themselves by the quality of ingredients they use. They pride themselves in only sourcing non-GMO ingredients to their customers and follow the Monterey Bay Aquarium Seafood Watch: a non-profit organization who partners with businesses to only source seafood that is fished or farmed in ways that have less environmental impact (Seafood Watch 2020). In addition to ingredient quality, they also focus on recipe quality. The meal recipes are created by a culinary team that is made up of chefs from Michelin-starred Per Se and Blue Hill at Stone Barns (Hiner 2020).

Blue Apron has expanded into Blue Apron Wine for pairing with their meals, Blue Apron Market, which sells cooking tools and utensils, and BN Ranch that offers premium beef and poultry (Hoover's 2020). In June 2017, Blue Apron went public with its initial public offering (Heiner 2020).

Another aspect of their Blue Apron that differentiates them from their competitors is the promise they have to keep a sustainable food system. They partner with local farmers to ensure they are raising and growing the best quality ingredients to create a more sustainable food supply system (Blue Apron 2020). They ensure that the environment and community of people are a top priority for the company and are doing their part to create an overall healthier food ecosystem.

Target Market/Brand Positioning

Blue Apron's website and investor report suggest that they target well-off, health-conscious adults who would like to cook, but are intimidated by the task. According to Blue Apron's 2018 Q2 Investor report, 89% of the customers have an annual household income above \$50,000 and 56% of them have an annual household income of \$100k and over. Although many accounts are shared, 82% of account holders are female. The over three-fourths of plans are for two people and just under a quarter are family plans (Blue Apron 2018).

Promotions Strategy

Blue Apron sets itself apart from other meal kits with their partnership with the Weightwatchers program. On each of their recipe cards, they include the Weightwatcher points information and a barcode to help customers keep track of their calorie and dietary intake (Blue Apron 2020). This is strategic because the customers of Weightwatchers are more likely to sign up for Blue Apron kits if it makes tracking their diet easier. This promotion broadens the potential customer market by including people who have more strict diets that align with the weight watchers program.

Their social media presence on Instagram is very cohesive and features many promotional posts and stories. They have highlights for posts like "Menu Madness" which are brackets for their customers to participate in and rank their favorite meals. Blue Apron also does paid partnerships with influencers through YouTube videos. Influencers will review the meal kits and offer a promotional code to get a reduced price on their first box.

Indirect Competitors

An indirect competitor for Home Chef is the E-grocery business. Giants like Walmart, Amazon, Target and Instacart have the infrastructure to draw consumers in and dominate. They

have been poised to expand e-grocery for some time and coronavirus was the push the industry needed. Just from 2019 the online grocery industry has grown by over 400%. As of May, Walmart is the industry leader in customer satisfaction (Escalent).

Consumer Analysis

The target consumers for the meal kit market are men who have high incomes and are aspiring to have a healthy lifestyle (Numerator). Generation X led grocery delivery service purchases from 2016 to 2017 in the United States with 51%, followed by Millennials with 35%, and trailed by Baby Boomers with 14% (Statista).

Affordability is a driving force in the subscription service. In fact, 59% of consumers, in the United States as of July 2017, said that they don't get a meal kit because it's too expensive (Statista). Most meal kit buyers subscribe because they want quick and easy solutions (Elsavior). Out of consumers with an active food and beverage subscription in the United States, as of February 2017, 49% have full meals delivered, and 63% have individual items (Statista).

Meal kit users tend to be well educated and wealthy. 57.3% of meal kit buyers have a bachelor's degree or higher (Money). People with incomes above \$100K who span from the ages 35-44 are the biggest meal kit consumers. They are also the consumers that demand speedy, fresh, and healthy products (Nielsen). The top niche segments of meal kit delivery that are expected to market well include paleo, organic, veggie-centric, and farm-to-table (AskWonder).

Market Analysis

The worldwide fresh and packaged food meal kit service market has grown steadily since 2017. The market is projected to be a 7.5 billion dollar industry by 2025, with 5 billion in North America alone (Statista). In 2017, in-store meal kits surpassed more than \$80 million in sales and are expected to top more than \$100 million by 2020, based on current growth rates (Nielsen).

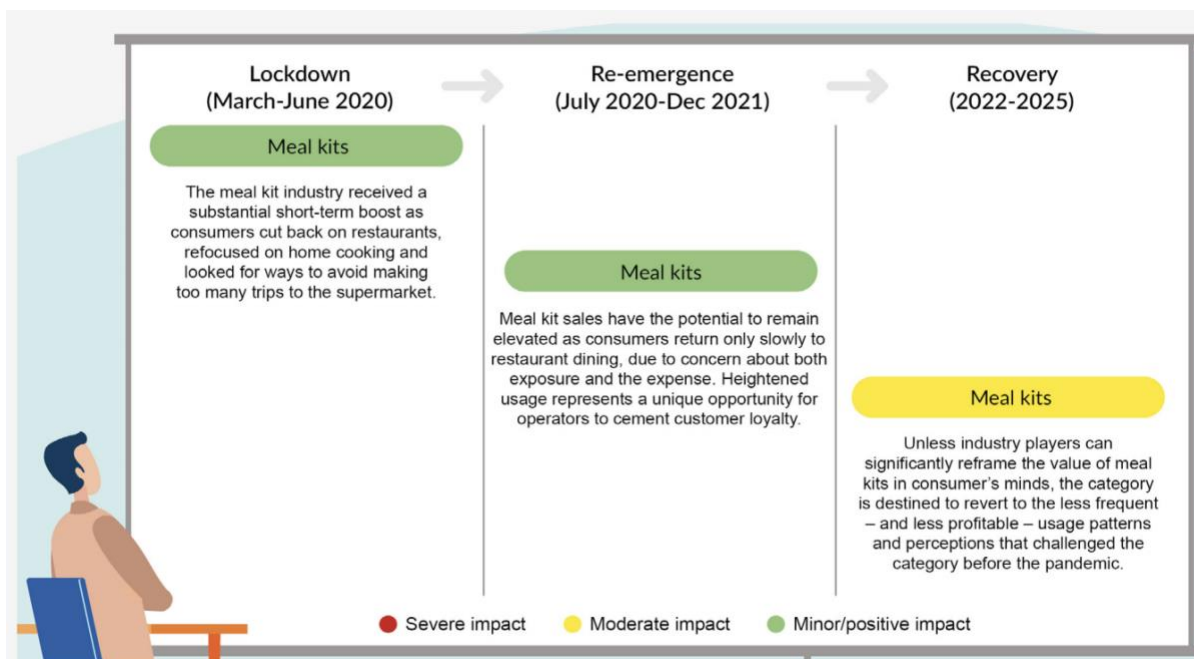
The appeal of the meal kit is not only the quality of the food but the delivery of the kit to the purchaser's home, as most meal kits are purchased online (Nielson).

As of 2017, US Home Chef consumers had a higher average first-year spend on meal kits than Blue Apron and HelloFresh. Customer retention is a major issue; 39% of consumers stay one week and only 4% stay subscribed over a year (Statista). With that said, Home Chef earned the highest customer satisfaction and the lowest customer attrition ratings in the meal kit market (IBIS World 2017). Out of all online US subscription box retailers, Home Chef is the fourth most visited (Statista).

According to The Food Industry Association, high-income households, urban shoppers, millennials, and households with children fall into the demographics that buy meal kits. The children usually fall into the age ranges of 7-12 (biggest group), 0-6 (2nd biggest group), and ages 13-17 (smallest group).

Macro-Environmental Analysis

COVID-19



Due to the COVID-19 virus, the meal kit industry has been substantially impacted. Revenue for the meal kit delivery services industry is expected to increase by 20.6% in 2020 alone due to surging demand amid social distancing restrictions. As consumers have had to endure increased difficulties at grocery stores due to pantry loading and social distancing restrictions, consumers have increased demand for meal kits, which eliminates the need for consumers to go to grocery stores (IBIS World Report OD6152). Just as of March 2020, coronavirus increased meal kit spending by 15% for Gen Z, by 13% for Millennials, and by 9% for Gen X (Statista).

Health & Sustainability

There are non-COVID related trends that are also impacting the meal kit industry, such as the growing want for consumers to lead healthier lifestyles. As families with two working parents become more common, the healthy and time-efficient option is delivered meal kits (Infogram & Bureau of Labor Statistics 2017). In regards to consumers adopting a more healthy lifestyle, consumers are becoming more conscious of the quality of their food and the benefits of a balanced and healthy diet. There has also been an increase in the popularity of meat alternatives, shown by above-average growth rates in the market. Even major fast-food chains have started to carry plant-based alternatives (Forbes 2019). Organic, locally sourced and



otherwise health-conscious options are becoming mainstream. Consumers are also becoming more sensitive to the packaging of the products that they purchase. Recyclable and renewable materials are preferred but often are more costly to produce (U.S. Environmental Protection Agency 2015). Meal kit companies need to be aware of this lifestyle change and cater to the expectations of the consumer.

Technology

As technology progresses, companies must remain up to date to prevent operational inefficiencies and competitive vulnerabilities. In the online meal kit industry, consumers must create and manage their accounts online. Home Chef customers are plugged in with online or app ordering and with a robust recipe blog. Technology has allowed companies to have access to valuable data to meet demand and do so efficiently without sacrificing profitability on wasted resources (SRT 2015). Home Chef utilizes targeted ads to get consumers who are, based on their internet usage, potential customers. An overall trend in business right now is the popularization of customization and personalized products. Consumers are moving away from mass production and prompting companies to target niche market segments.

Society

A big societal issue that is ongoing is the Black Lives Matter (BLM) movement. Companies have been put into the spotlight and some consumers are expecting them to take a stance. According to Opinium, 71% of Americans think brands have a role in responding to the issue of police violence. In fact, 1 in every 5 Americans says they would stop buying from a brand if they perceived it to have acted hypocritically on the issue of police violence and racial injustice (Opinium). Generation Z in particular cares how brands respond to BLM. They value

actions over statements, diversity in the workplace, and want CEOs to go public with a support statement. In a poll taken by Morning Consult, only 39% of Gen Xers and Baby Boomers would feel favorable towards a brand that speaks out against racism. In contrast, 73% of Generation Z and millennials would be favorable (Morning Consult, 2020).



Problems & Opportunities Analysis

Problems

1. The value perception of meal kits is a key challenge to overcome for increasing subscriptions and moving beyond a reliance on discounts. The biggest reason consumers cited for not getting a meal kit was that they were too expensive (Statista). A majority of current and past users also agree that meal kits are too pricey without a coupon (Mintel, 2020). Our \$8.99 average serving price, while comparable with market leaders, may be perceived as expensive to price-sensitive consumers, which could become a barrier to trial among potential subscribers who fall into this group (Chen 2020). We recommend that Home Chef reframes the value of their kit to expand their subscriber base and market share.
2. There are two prominent competitors ahead of us in almost every metric. HelloFresh and Blue Apron both have more market share than Home Chef (Statista). Both of these competitors have strong brand recognition, while HelloFresh has a strong international

presence. We recommend Home Chef promotes its niche and differentiates itself to stand out from market leaders and gain market share.

3. Home Chef hasn't been as proactive with issues regarding sustainability as other meal kits, like Blue Apron which has committed to working towards a sustainable food supply system (Blue Apron 2020). Home Chef's slow response to changing consumer lifestyles could lose its health-conscious buyers. We recommend that Home Chef stays up to date with consumer trends and preferences to best serve users.
4. The meal-kit market has low customer retention and user rates (Statista). A small percentage of meal kit users stay subscribed past a single year, which is costly for customer acquisition. We recommend that Home Chef finds a way to convince interested potential customers to try their kit and then impress them enough to stay.
5. The meal delivery service market has strong and growing competition from giants like Amazon and Walmart (Escalent). We recommend that Home Chef is adaptable and stays up to date with these indirect competitors and in order to maintain its foothold in the industry.

Opportunities

1. Home Chef has the highest customer satisfaction rate out of leading meal kits (IBIS World 2017). We recommend that Home Chef uses customer service and product quality to differentiate themselves from competing kits, causing more subscribers to trust Home Chef with their meals.
2. The meal-kit market is growing and is expected to be a 7.5 billion dollar industry by 2025 (Statista). We recommend that Home Chef capitalizes on being in the growth stage of the product lifestyle in order to gain market share while the space is still malleable.

3. A wave of new customers are trying meal kit services because of the coronavirus. Some meal kits recorded sales doubling in the first half of 2022 compared to the previous year (Mintel, 2020). We recommend that Home Chef uses this opportunity to secure long term customer loyalty from new users.

4. Consumers who subscribe to meal kits also purchase individual food items, like snack items, from their respective meal kit companies (Statista). We recommend that Home Chef uses this opportunity to build



- current subscriber revenue through expanding the Home Chef Pantry and promoting additions to their subscriber base.
5. Since Generation Z is one of the largest portions of new consumers, Home Chef has the opportunity to expand its customer base by appealing to Gen. Z (Statista). For example, data from Morning Consult shows that Generation Z greatly supports companies that renounce racism and support Black Lives Matter. We recommend that Home Chef capitalizes on this opportunity to support BLM in an effort to secure Gen. Z's as customers.
6. Home Chef has the opportunity to follow industry leaders by adding additional subscriptions to their product offerings. For example, Blue Apron Home offers a wine subscription, a natural extension from their meal kit. We recommend that Home Chef

brings their unique brand strengths in optionality and customer service to this venture and take a share of an already established revenue avenue from competitors.

7. An overarching trend in business currently is to target niche markets with custom products, rather than mass production (The New York Times). We recommend that Home Chef plays up the personalization and customization of their products, in an attempt to distinguish themselves further from their competitors. By doing this, Home Chef can carve out a niche for itself and increase its market share.
8. Plant-based meat alternatives are gaining popularity and are becoming commonplace (Forbes, 2019). With Home Chef's partnership with Impossible Foods, they have the opportunity to secure a growing sector of people who are choosing meat substitutes by offering them options that competing kits don't. We recommend that Home Chef strengthens this partnership to expand market share with users who want optionality.

Opportunities Recommendation

To increase Home Chef's (HC) market share, we recommend maintaining high customer satisfaction and focusing on expanding the optionality of services to differentiate themselves from competing kits.

HC is first in the industry in customer satisfaction, and since the meal kit market has low customer retention rates, it is critical to keep their customers satisfied to grow market share and build loyalty. HC should emphasize successful internal processes like on-time deliveries, high food quality standards, and an easy-to-use interface to keep customers subscribed. With the influx of new customers from COVID-19, it is essential that HC exceeds expectations to ensure a long-term increase in their customer base. Specifically, we recommend targeting Generation Z since this group's meal kit purchases increased the most during COVID-19. HC needs to reframe

the value of its kits so that customers see an undeniable value in high quality, restaurant-level meals, excellent customer service, and unmatched customization.

Once the value of the kit is proven, this will help alleviate concerns from price-sensitive consumers and build brand loyalty.



Home Chef is not a market leader, so to gain more of a share, it should focus on differentiating itself. An opportunity to do this could be focusing on the personalization and customization of the box and being customer-centric. HC's niche needs to be all about serving subscribers' needs; a 'have it your way' mentality. Cuisine and meal selection is also important to users. Having an experimental and constantly changing selection attracts younger subscribers as well as cooking enthusiasts and detracts from price concerns (Mintel 2020). HC should emphasize that they have options for every diet, lifestyle, and schedule.

Distinguishing the HC brand is necessary to succeed with it being in the growth stage of the product life cycle. With strong market leaders and threatening indirect competitors, HC needs to take the opportunity presented by COVID-19 to secure a loyal customer base and avoid being an afterthought. By offering a customized meal experience, HC can draw in customers that are not being served by competitors. It would also help expand market share by convincing prospective users since 4 out of 10 adults said that customization would encourage them to try a meal kit (Mintel, 2020).

Another way to gain market share through optionality would be to further pursue Home Chef Pantry to catch customers who want individual products. Getting into add-on subscriptions

like Blue Apron's wine service could be lucrative and reinstate that consumers are getting a custom experience. With HC's focus on customer satisfaction, it should also be responsive to changing consumer preferences, like this rise of environmental consciousness and plant-based alternatives.

Marketing objectives

- To increase overall market share in the meal kit industry by 10% by the end of 2021.
- To increase the number of subscribers by 15% by the end of 2021.
- To increase customer retention by 15% by the end of 2021.

Marketing strategy

Product

We recommend that Home Chef focuses on expanding customization options, maintaining product quality, and pursuing additional revenue sources. Offering a customized experience for subscribers will differentiate HC from competitors and build a loyal subscriber base. Home Chef should emphasize the optionality of their box, from various meal prep times to accommodations for special diets. Increased customization would help expand its subscriber base, with 40% of adults saying that they would consider using a meal kit with more options available (Mintel, 2020). Home Chef should also focus on cuisine and meal selection. Maintaining a variety of selections attracts younger subscribers as well as cooking enthusiasts and detracts from price concerns (Mintel 2020). We recommend HC expand its product offerings with a wine subscription service for an additional source of revenue.

Pricing

We recommend that Home Chef maintains its current pricing strategy, but lessens its reliance on promotions. Promotions are not effective for long-term customer retention and skew

consumers' view of the value of the product. The average serving price of \$8.99 is comparable with market leaders. For price-sensitive consumers who hesitate to subscribe, HC should instead focus on reframing the value of meal kits by providing an excellent experience.

Place

We recommend that Home Chef retains its relationship with Kroger by continuing to sell its products in its stores. Since meal kit subscribers also like to purchase individual foods not part of the subscription, we believe that Home Chef should aim to further expand their Pantry, which is stocked by Kroger. We also recommend that Home Chef continue to distribute their products online through their website and social media platforms. To build its subscriber base and increase its market share, HC should emphasize on-time deliveries.

Promotion

Home Chef can maximize their search engine optimization to position themselves closer to their competitors. Home Chef needs a more powerful social media presence, to expand its subscriber base and increase brand recognition. Having identifying keywords will allow more consumers to find Home Chef. This can be done by formulating more meaningful content for consumers. Content that relates to the consumer and gives them a colorful taste of what is offered will make the brand have more character and stand out from competitors.

Target Market Profile

Description

Based on our research and data collected, we have concluded that Home Chef's target market consists of well-educated adults aged 35-44 (Nielsen). They are affluent with household incomes of over \$100k (Money). These consumers are health-conscious parents looking to provide innovative family meals in a timely manner, with mom's being the main meal makers (Mintel, 2020).



The children these parents have fall predominantly in the 0-12 age range (Food Market Industry). They're busy people who are looking to optimize their time in the kitchen and make quick, healthy meals that are kid-approved (Mintel, 2020). They want variety in their food while still having microwave or oven ready options (Food Industry Association, 2018). The target market is new enthusiastic chefs who want the experience of restaurant quality recipes with minimal steps (AskWonder, 2019). They fill the free time they do have by spending it with close friends and family (Elsavior). During the pandemic, these consumers have chosen to use safer methods such as delivery and curbside pickup to acquire their food items (Businesswire).

Introduction

Hi, my name is Debra and I am 40 years young. I am happily married to my husband, Eric, who is 39 years old and we are the proud parents of Eva, our eight-year-old. My husband and I met in college and we now both work full-time jobs. Even though we are busy, I try to prepare home-cooked meals to share with my



family. Sitting at the dinner table after a long day is a time where I can really connect with everyone. I'm pretty protective of Eva and like to make sure she's getting balanced, nutritious meals. I want to make sure she grows up having a good relationship with food and a sense of adventure. Ideally, I'd like to get Eva in the kitchen with me, helping me with fun, tasty recipes.

With the free time I do have, I enjoy staying active with family walks in the park and grabbing brunch with my girlfriends.

Sometimes we even go bicycle riding. I post pictures of Eva and Eric on Facebook and Instagram every so often, mainly to stay up to date with old friends. We've had to



socially distance since this pandemic began. I'm mainly focused on keeping my family safe, so I order groceries and meal kits through apps to reduce trips to the store. As a busy wife and parent, I'll do anything that will lighten the load of being the lead meal maker, so I have more quality time with my family.

Proposition Statement Alternatives

Proposition 1

To busy parents who want quick, healthy meals that the kids will love, Home Chef is the meal kit that brings custom easy-to-prepare, tasty, and nutritious meals to your family's table. The reason is because Home Chef offers an unrivaled customization experience to ensure that everyone in your family loves their meal with a variety of meal options to fit every diet and schedule; from oven-ready meals to 15-minute-meals. Home Chef's brand character is fresh, easy, and tasty. The value-based payoff is expediency, health, and family.

Proposition 2

To young, working parents who want quick and healthy restaurant-quality meals, Home Chef is the meal kit that makes innovative cuisine easy and good for your family. The reason is because Home Chef offers top-rated customer service experience and a variety of meal options to fit every diet and schedule; from oven-ready meals to 15-minute-meals, on a curated, rotating menu of chef-created meals to ensure your whole family's dining pleasure. Home Chef's brand character is dependable and adventurous. The value-based payoff is simplicity, exploration, and health.

Proposition Recommendation

The first proposition statement is our recommendation. It encapsulates what Home Chef's target market is and the benefits that would be attractive to them. The busy parents that Home Chef is targeting care about the range of healthy foods they can explore for themselves and their

children, and the convenience of the whole process, which proposition 1 delivers in a more impactful way. This statement also aligns with our product marketing strategy of offering increased customization to expand market share.

Communication Objectives

1. Increase brand awareness by 25% among target audience within one year of the campaign.
2. Increase the intent to buy among trial consumers by 20% within the first six months of the campaign.
3. Increase overall social media engagement by 20% within the first six months of the campaign.

Communication Strategy

Convince busy parents who want quick, healthy meals the kids will love, **that** Home Chef's meal kit subscription provides custom, easy-to-prepare, tasty, and nutritious meals to their family's table **because** it offers an unrivaled customization experience with a variety of meal options to fit every diet and schedule.

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