



## Meal Kits: Where Are We Now?

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- 1. Do you know how retailers are crediting sales to departments in the meal kit sale when there are multiple departments in the box/package?**

**[Meagan Nelson]** I have not heard of any retailer doing this as of yet. However, as we continue to see shifts in retail, be it online, shifting consumer habits, etc., it is critical that retailers start to rethink the idea of crediting sales so that departments have more incentive to work together as consumers look more and more for solutions. Partnerships across the aisle at retail become critical to meet shifting consumer demands and differentiate among all the consumers' options.

- 2. How are the levels of sales impacted by geography? East coast, West coast, Midwest, etc.?**

**[Meagan Nelson]** With Nielsen we have the ability to dive deeper into the region differences leveraging both the point-of-sale data as well as the consumer views via the panel survey. If you are interested in learning more, please reach out to your Nielsen representative or myself at [Meagan.nelson@nielsen.com](mailto:Meagan.nelson@nielsen.com).

- 3. For retail specific (with labor shrinking), do you see in-store meal kits being built in-store (Example: spices being brought from center store and repackaged?) or being brought in already built?**

**[Meagan Nelson]** The current market is bringing in kits already built, however depending on retailer resources, either can be successful. The reality is the retail stores have always had billions of meal kits in store – aka they have all the ingredients it is just about putting it all together. However the reality of labor is a key factor. So how can you provide that solution for your consumer within your current resources? As other products have developed over the years, you can easily leverage value added vegetables, seasoned rice packs, sauces, value-added meats or portion cuts. You just need to bring those together in one spot, which provide meal solutions without an excessive strain on your labor resources.

**4. Is antibiotic-free and organic important to the meal kit customer?**

**[Meagan Nelson]** As with most products there is a set of consumers that are interested in organic or antibiotic free offerings. From our survey we see that the majority (61%) of meal kit users are satisfied with regular or non-organic meat. That also leaves 39% that would be interested. So there is a market for both conventional and production claim products.

**5. When do you expect to address the 4+ families? What is the role of families in meal kit space?**

**[Uwe Voss]** Families are an important part of our customer base and we pride ourselves in helping bring people together at the dinner table. We currently offer a Family plan which features a selection of family-style and classic recipes for our customers to choose from. It is clear that not all households' needs are met with dinner for two or four, so we are working on adding more customization and flexibility across all our plans. We are also targeting families through different meal occasions. Last year we offered Thanksgiving and Holiday-themed boxes, and look forward to introducing even more occasion-based meal kits for families to celebrate special occasions together.

**6. In-store shoppers often comment on how important product interaction is prior to purchase. How do we enable them to interact with meal kits with ingredients in boxes?**

**[Meagan Nelson]** The same tenants you have for other products stand here. Having the ability to see the product through the packaging as well as pictures of end-product are both standard practice and apply here as well. Descriptive words of the meal will also be important. As an example: You wouldn't just say "Steak, potatoes and vegetables meal for two", its "Moroccan seared steak, with turmeric oven roasted potatoes and sautéed fresh vegetables". Words can provide great interaction if done properly.

**7. How do fully cooked meal kits fit into the future of home delivery and in-store offerings?**

**[Meagan Nelson]** Convenience and fresh are two key drivers of the meal kits category. A fully cooked kit drives home the convenience even more so. However, I will say that some of this already exists and has for years in some of the heat and eat or grab-n-go sections of deli. Now there is absolutely room for more elevated, healthy and complete meal options. Consumers are not suddenly going to get more time, so for those that are looking for an even faster option than meal kits, a fully-cooked version will have that appeal.

**8. How do you plan on reducing your footprint? That's a lot of packaging.**

**[Uwe Voss]** Sustainability is a key area of focus for us and something we will continue to drive as the leading meal kit company. We are continuously working with packaging partners to reduce

our footprint, and have made a number of changes in the past few years to lessen our material usage and make our product more sustainable. For example, we reduced our box size in 2017 and in 2018 introduced Climacell, a new curbside recyclable liner, adding to our existing portfolio of recyclable liners. When we launched our EveryPlate brand in 2018, we used one of the smallest box offerings in the meal kit industry. In October of 2018, we re-aligned box sizes across all three brands, reducing our cardboard use by over 145 US tons before year-end alone. Finally, the "kit bag" approach we leverage in our boxes means we can put whole items like zucchini and onions in the box without any additional packaging.

**9. How are meal kits targeting the growing single household consumer group?**

**[Uwe Voss]** We are constantly reevaluating and enhancing our product offering, as well as introducing new ways for consumers to customize their subscription to their needs. Although single-portion meals pose a number of challenges, we are evolving our product offering to meet this need. For example, last year we launched a "two meals for two people" option to reduce the number of meals an individual needs to order. We also launched a retail product that lets customers buy one meal for two people kit.

**10. Could you argue that meal kit buyers are actually spending more on meat with the minimal changes in the meat department spend plus the meal kit spend?**

**[Meagan Nelson]** Yes, they are still spending on meat but not in the traditional way. For a supplier, not bad news but the change in how people are consuming their meat is critical to understand. You can't just look at the meat department to understand meat consumption.

**11. Where do you think the in-store purchase percentage of meal kits will be in 2019 and 2020?**

**[Meagan Nelson]** So from 2017-2018 we saw in-store meal kits go from 33% (including exclusive in-store and dual in-store and online) to 40%. With the continued expansion into the in-store space. I would not be surprised to see that number hit close to 50% by end of 2019. I think the exclusively in-store could be close to 15% (or more) by year-end as well.