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COVID-19 and Consumer Eating Patterns: Analysis of The Impact On The Meal Kit Industry In The United States

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COVID-19 AND CONSUMER EATING PATTERNS: ANALYSIS OF THE IMPACT ON THE MEAL KIT INDUSTRY IN THE UNITED STATES

By

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AN HONORS THESIS PRESENTED TO THE COLLEGE OF LIBERAL ARTS FACULTY
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ROLLINS COLLEGE

To my γιαγιά, my closest guardian angel.

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An Honors Thesis Presented to the College of Liberal Arts Faculty of Rollins College in Partial Fulfillment of the Requirements for the Degree of Artium Baccalaureus Honoris

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The purpose of this thesis is to analyze consumer eating patterns through the

emergence of COVID-19, and explain the impact of the COVID-19 Pandemic on the Meal Kit industry. Through the utilization of qualitative and quantitative analysis, the paper will apply source material to the research question. The research question for this study is: "How did COVID-19's emergence impact the Meal Kit industry?"

An overarching theme is social behaviors adaptation. Adaptations occurred as a result of COVID-19's emergence. The qualitative data suggests the behaviors correlated with the strengths and weaknesses of the Meal Kit industry.

A key finding revealed in the research was that COVID-19's emergence caused more cooking at home, which increased the value of the Meal Kit's offerings.

The implication of this thesis moving forward is that it can be used as a reference once the COVID-19 pandemic ends, to conduct further study into its impacts on the Meal Kit industry.

INTRODUCTION

The goal of this paper is to thoroughly research how the emergence of COVID-19 affected American eating patterns, with a focus on its impact on the meal kit industry. From early roots in farm - grown, home cooked meals, to TV dinners and processed foods, eating in the United States has evolved across the decades. Home cooked meals are dwindling all together as Americans opt for takeout and restaurant meals more frequently. Since March 2020, the start of the COVID-19 Pandemic, those trends took a turn. This paper will unpack some of the historic reasons when and why trends have occurred over time. Then, it will dive into the impact of the emergence of COVID-19 on our food consumption with a pre- and post- COVID-19 emergence analysis of the current American diet, to reveal how the stay-at-home orders impacted what, when and how we fed ourselves.

The paper will home in on the mass market opportunity created by the emergence of COVID-19 for blending technology and innovation with our nourishment: meal kits. After exploring the trends and changes, it will refocus on a market analysis for meal kits specifically- analyzing the various top players in the meal kit industry and their tactics. It will aim to explain why target markets excelled or didn’t during COVID-19 through a consumer and revenue analysis. The paper will close with future trend expectations.

This is an industry study for American nourishment throughout history and deep analysis of a disruptive innovation, the meal kit service, during a time of uncertainty. The relevance of this paper is that by analyzing the impact of the emergence of COVID-19, future trends of the consumers can be predicted, and a better understanding of the new norm can be established.

Purpose of the Study

The purpose of this thesis is to analyze consumer eating patterns through the emergence of COVID-19, and explain the impact of the COVID-19 Pandemic on the Meal Kit industry.

HISTORY

American’s food consumption is diverse in habit, frequency and practice. We spend our money on food as a necessity, a celebration and as comfort. Though eating is a universal human experience, norms for sourcing, preparation, and consumption are anything but. Americans have developed our practices through external and internal influences. Environmental, social, political and economic influences throughout time have defined American eating habits. The COVID-19 Pandemic has had significant impacts on those habits and has given space for the Meal Kit Industry to flourish.

Home Economics

In the early 1900s, women were taught to cook at school in Home Economics

In the early 1900s, women were taught to cook at school in Home Economics classes. Home Ec, a practice evident in American education going back to the mid 1800's, taught domesticity: child rearing, housekeeping, sewing and more (Heggestad, 2020). The focus of these education programs, though, was creating nutritious, low-cost meals in sanitary ways. These practices helped shape American eating habits because the students learned that by prioritizing vegetables, they could help fight off illnesses like "scurvy, beriberi and pellagra" (Hodge, 2020). They were taught how to handle the food properly to mitigate food-borne illnesses, and therefore the way they prepared their food was modified. Their Home Economics textbooks included "the Fannie Farmer

Cookbook," and other universal reference books, which helped to standardize American cuisine (Hodge, 2020). Home Economics was redefining American eating habits

through nutrition, sanitary practices, and common guidebooks.

The Great Depression

The Great Depression rocked American eating habits. From August 1929 to March 1933, unemployment and undernourishment plagued our nation. A limited pantry constricted diets, as women applied what they had learned in Home Economics to constricted diets, as women applied what they had learned in Home Economics to scrounge up simple meals and stretch them across as many sittings as possible. A sense of community was still intact. Families with enough means would frequently invite the less fortunate to Sunday dinners (Historic Events for Students: The Great Depression, 2022). As conditions of the Depression worsened, and families grew more desperate, Handouts and Breadlines became last resorts. Handouts from charitable individuals and groups attempted to hold the community up, offering simple nourishment. In time, food relief programs were the only hope for the broad middle and working classes (Historic Events for Students: The Great Depression, 2022).

This societal fallout shifted American eating habits significantly. Whereas feeding the family had historically been the woman's role, holding the place in the breadline was taken on as the patriarch's responsibility (Historic Events for Students: The Great Depression, 2022). The waits in the charitable food lines were hours long. A stigma arose for women to be standing in the lines, which resulted in shame and, in extreme cases, starvation (Historic Events for Students: The Great Depression, 2022).

Whereas food had been a gathering point for the community before, the Depression pushed society to a breaking point. Food riots occurred, where the hungry looted shops, emptying shelves out of desperation. People stole from each other, targeting the weak (Historic Events for Students: The Great Depression, 2022). There were less violent repercussions as well. In the big cities, they dumpster dived. Family members took turns eating day by day. In rural areas, the locals gathered dandelions and other wild greens (Historic Events for Students: The Great Depression, 2022). These eating habits juxtaposed to the camaraderie and abundance of the roaring 20's was remarkable.

Also, according to Andy Coe an expert in historical nutrition, the Great Depression had a direct impact on American cuisine itself. He explained in an interview with NPR that food relief meals of the Depression tended to be purposely bland for a good cause (Coe & Ziegelman, 2016). His claim was backed by evidence that the intentional blandness of the foods was not done out of malice, but instead out of the provider's encouragement to motivate the recipient back to work as fast as possible (Coe & Ziegelman, 2016). Seasonings were a luxury good at the time. By providing nutritious but budget, bland food, they were encouraging the receiver in the right direction. His colleague, Jane Ziegelman, co- author of "A Square Meal," a novel on the impact of the Great Depression on the American Diet, offered a second claim: that the Depression Era emphasis on canned goods helped spark a long-term American fixation on food freshness. Throughout the depression, advertisements for processed foods were running rampant. They were being sold as "fresher than fresh." Most importantly, they were being sold canned foods as a substitute for fresh, not a complement (Coe &

Ziegelman, 2016). They were enticed by the new processed foods. As the Depression started to an end, though, Americans were coming back around, realizing that the

canned food didn't hold up to true freshness standards. They had been deprived of it for too long. That's when Ziegelman explains that the American movement toward fresh and local food began.

World War I, World War II, and Processed Foods

World Wars I and II both sparked innovation in the development and acceptance of processed foods. World War I caused food shortages, as nutritious food went to feed soldiers overseas. This developed an opportunity for the innovation of processed foods, which continued to grow and evolve when the soldiers returned. The earliest processed foods included canned fish, broth concentrates and prepackaged snacks (Cronier, 2021). Some surpluses of these foods were brought home and integrated into the American diet. When the war ended, companies needed mass channels to sell the goods they had invented, and so aggressive marketing campaigns ensued. Especially after World War II, companies launched massive ad campaigns promising that the new ready-to-cook, canned, and pre-made frozen meals would save time for housewives (Watts, 2012). World War II rationing has direct impacts on American food consumption on the home front. New tactics for feeding Americans were developed, pressured by measures such as government subsidies for using “high fructose corn syrup, hydrogenated oils, modified corn starches, etc. to produce lots of highly processed (and unhealthy) foods,” and a new emphasis on fast foods with nutrient replacements were implemented domestically, so that the whole foods could go to the troops (Watts, 2012).

All the while, gas stoves, electric refrigerators and other kitchen tools and appliances were being integrated in more homes. This allowed for the variety and types

of foods that could be purchased and stored to skyrocket (Watts, 2012). Households were ready to receive the new processed goods, including the ones that required freezing such as TV Dinners. Refrigeration decreased time costs for preparing home cooked meals by decreasing the frequency of visits to the grocery store. Another impact was that it allowed food to be prepared and stored ahead of mealtime. Whereas ice boxes and natural cooling were once the only option for keeping food cool, mass production and production and adoption of electricity-run refrigerators simplified the home cooking process.

home cooking process.

The refrigerator's widespread adoption allowed for nutritious food to be stored across longer timelines as well. Whereas canned and cured foods were once the foods Americans were limited to in the winter, the refrigeration allowed for imports of foods grown in foreign countries with temperate climates (King, 2021). It also allowed locally grown foods to be stored in advance by farmers to then ration out throughout the colder seasons. This diversified the American diet and helped them maintain the improved nutrition throughout the year instead of in cycles. The mass production and adoption of the gas stove was also a driver in the simplification of the cooking process. A coal or wood burning stove would have been the household's alternatives, and both share many downsides. They would have required the chef to make and maintain a fire, cause smog, and radiate heat. The heat would be a benefit in the winter, but not the warm seasons.

Women's Movement

The Women's Movement of the 1950's and 60's had a major impact on American

eating habits. Throughout recent national history, women have been expected to cook all the meals. Home Economics was considered a women's course of study. Men were not included in Home Ec until the 1970's (Heggestad, 2020). During the Great Depression, the matriarchs were expected to possess the know-how to feed their families on minute rations. It was only after feeding a family came to mean waiting in brutally long Breadlines that the role became a man's job. It was during and after World War II that the cultural and societal identity of women started to morph away from domesticity. These shifts had clear and direct impacts on American food consumption.

Up until World War II, the roles of the housewife had been centered around the kitchen. With the onset of the war, men were shipped off to be soldiers, and women stepped into roles that had, for ages, been reserved for men. Women were recruited to work in factories by campaigns such as the Rosie the Riveter, and to alter their eating and cooking habits by "Victory Garden," and other food rationing propaganda (Jones, 2022). Both campaigns had impacts on the domestic eating habits of the time.
Working in factories meant less time for laborious home cooked meals that had once been the norm. This is when the refrigerator's ability to store pre-made food safely came to be very important. Women, who were still culturally expected to be the ones cooking no matter their employment status, could make meals in advance and reheat them as needed. They could also store leftovers, therefore allowing a single meal preparation to stretch across multiple days. The food rationing propaganda of WWII encouraged

women to restructure what they fed their families domestically to leave the whole foods for the soldiers overseas. They were expected to plant “Victory Gardens,” to produce their own fruits and vegetables; and to cook with offal to leave the prime cuts for those in combat (Jones, 2022). They grew far more dependent on canned goods. Cooking in this fashion, with these products and the innovative appliances cut down on cook time and labor required for women to get food on the table. Once the war came to an end and the jobs at the factories were reclaimed by returning soldiers, the new food culture persisted in many ways. Women who returned from the workforce to their domestic duties at home faced a difficult paradox: to keep on with the labor-cutting practices and feel guilty, or to revert to old methods. They had come to rely on the new processed foods and appliances that simplified and sped up their cooking. They had to learn to balance the processed foods they had come to rely on with their from-scratch substitutes (Jones, 2022).

Processed food production companies, who had recently lost the market provided by the war, aimed their campaigns directly at the women– attempting to convince them that a fast meal preparation was the main goal of the common housewife (Jones, 2022). They advertised instant foods as the overall superior choice for providing nutritious and modern meals. Unfortunately, this caused role confusion for the women.

Studies by Dr. Dichter at the Institute for Motivational Research showed that if a meal did not take enough effort on the woman's part, it would cause her feelings of guilt (Jones, 2022). What resulted was that some processed food producers added extra steps to the preparation of their items to mitigate the feelings of guilt. Eventually a balance of processed and from-scratch cooking was adopted.

1970's To Present

In 1967, the countertop microwave became a mainstay of the American household (Blitz, 2021). By 1975, 1 million microwaves were sold annually (Blitz, 2021). With microwaves came the revolution of TV dinners. TV dinners are meals frozen in partitioned trays designed to be eaten comfortably in front of the TV. In the early 70's, they were originally frozen into aluminum trays and baked in an oven, but in 1986 the Campbell Soup Company invented microwave-safe trays (Biakolo, 2020). As heating time was cut to mere minutes with the use of the microwave, the TV dinner industry boomed. Diet, portion-controlled options emerged. Gourmet TV dinners were created by high end stores like Williams Sonoma (Biakolo, 2020). This TV Dinner trend has persisted to the present day, with new innovations in microwavable tray meals happening constantly. Factor 75 is a prime example– it is a health and wellness focused subscription service that sends microwavable TV dinners directly to the consumer’s household in insulated boxes. Unlike a meal kit, Factor 75 does not require any cooking. Instead, it applies the automated/recurring subscription business model to the simple TV dinner benefits.

The balance of processed and from-scratch cooking has ebbed and flowed throughout the 1900’s to the present day. The culture of how we share the experience of eating has also evolved. Meal Kits are one of the most revolutionary evolutions. The next section will introduce and define what is considered a Meal Kit for the purpose of this thesis. Present day American eating habits will be further explored further in a later section to provide context about the macro market for Meal Kits.

WHAT IS A MEAL KIT?

Meal kits are a new trend in American eating habits. A meal kit is a product that includes pre-portioned ingredients and detailed instructions for preparation. Sources for meal kits include online home delivery, grocery stores and restaurants. Online subscription services are most common. The general framework for an online meal kit subscription is to first customize the plan by selecting general food preferences, number of portions and number of recipes per week. Then, either meals can be personally or auto selected by the company. Within the week, a single, heavily insulated box is delivered by post. The box includes preparation instruction cards and all the ingredients for the weeks' worth of meals, organized by recipe, with meats, poultry and fish separated for sanitary reasons. The following week, either the algorithm auto-selects the next batch of meals, or the customer selects them, and the next box is shipped out. Grocery stores are another source of meal kits. Generally provided near the Deli or Butcher’s section, they may include ingredients pulled off the shelves and prepped in store or be commercially produced and packaged. The instructions are generally included directly on the packaging. Both chain and local restaurants are also sources for meal kits. They are most likely to be limited to pick-up, but some elite offer nationwide shipping (Spurrell, 2021).

THE MACRO MARKET FOR MEAL KITS

The macro market for meal kits is defined by how Americans are eating today. People in the U.S. are eating with electronic distractions. They are sharing the duties of meal preparation between genders. With rises in use of GMOs and pesticides, Americans are being drawn to Organic foods at increasing rates. Fast foods are increasingly popular as a means of weekly, sometimes daily meals. Obesity has risen, and the American food industry has responded with fad diets fueled by celebrity influence. The result is a vast change in food culture. Modern U.S. food culture is key to creating a baseline in order to study the impact of COVID-19 in future sections.

Increased Prevalence of Obesity in the U.S.

Firstly, the prevalence of obesity in the U.S. has grown, and is steadily increasing. There is no one cause to this epidemic, but the American diet has evolved to facilitate this change. Each relevant point in this subsection will address how it may contribute to this trend.

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Prevalence of Obesity and Severe Obesity Among US Adults from 1998- 2018. Source: Statista, NCHS CDC, 2020.

Distracted Eating: Electronics

Distracted eating has become one of the tenets of modern U.S. food culture. The camaraderie and social collectivism that food used to be part of the American way has dissolved. Instead, people are relying on electronics for entertainment throughout their meals. One study with over 2000 participants provided statistics proving dependence on

distractions during mealtime: one third of the American participants could not resist their phone throughout an entire meal (Krstic, 2018). 72% of them responded that they

preferred to watch television over conversing with their dinner companions (Krstic, 2018). The gravity of the issue worsened with age. For those respondents 18-25, 35% cited a compulsive need to have their cell phone with them during mealtimes (Krstic, 2018).

Leaving phones off or letting them ring was standard etiquette in U.S. food culture. The expectation was that any calls that came in would be left to the answering machine. With the rise of cell phones, everyone came to have a source of calls, text messages and social media notifications. Even without answering them, with a phone on silent, the buzzes and pop ups interrupt a person's presence and engagement. Those notifications contribute to the new tenet of American food culture: distracted eating.

Both Genders Work

While cooking has been regarded as a women's responsibility and hobby throughout recent history, there has been a steep and steady increase in men adopting the habit. Both genders working has contributed to this upward trend. A 2013 study using the Bureau of Labor Statistics' American Time Use Survey has been tracking shifts in food preparation culture. Whereas two decades ago only 38 percent of men cooked, each spending an average of 40 minutes per day in the kitchen, 43 percent are cooking today with a 9-minute increase in the average, bringing their average cooking time up to 49 minutes (Premack, 2016).

Also, men are taking command of the kitchen and dropping the gender role of cooking. The same American Time Use study found an 18% drop in the percent of women who cook today, and a 31-minute drop in their average time in the kitchen (Premack, 2016). This inverse relationship, though not proven causal hints at the shift in the U.S. cultural standard. Another survey cited in the same article had additional findings in support of the shift. The male respondents were equally likely to claim they bore the burden of meal preparation in their household as the female respondents were (Premack, 2016). This was despite the survey also finding that men were less likely to say they cook (Premack, 2016).

“Foodie-ism” has also been attributed to the increase in male participation in cooking. Social media feeds, blogs, YouTube Videos and other trends have shifted the Americans perception of cooking into a gender-neutral hobby (Premack, 2016). “Foodies” are defined by Merriam-Webster to be "a person having an avid interest in the latest food fads,” (Foodie, n.d.). Foodies are expected to have a knowledge of the preparation and consumption of foods, and to share that interest as a hobby. The sharing aspect of “Foodie-ism” encourages social media and blogs made by men and for men. What has resulted is not only a community of male at-home chefs, but also a naturally competitive online environment which drives men to take up the hobby.

Fast Food Healthier Trends

American reliance on fast food today is well known. Quick service foods, frequently acquired in drive through's, taken out or delivered have become a staple of the modern U.S. diet. The American on-the-go lifestyle made the perfect environment for the industry to rise in popularity. It is a $215.4 billion industry in the United States

(Diamond, 2019). The major products burgers, sandwiches, pizza, pasta and chicken that fuel the industry are not evenly distributed across Americans, though. Some household income levels are more reliant on fast food to make up their daily nutrition than others. Households earning less than 100k per year make up 52.7% of the billions of dollars in annual revenue earned by the fast-food industry (Statista, 2022).

Quick service corporations in America are reactive. The industry watches how people consume all types of things to follow trends and fads (Diamond, 2019). When Super-Size Me, a documentary about a social experiment following a man who sets out to only eat McDonalds for an entire month, and Michelle Obama's fitness campaign "Let's Move!" a task force to fight childhood obesity kickstarted a health craze, the quick service food industry responded. For example, McDonalds added more nutritious options to their menu, most notably apple slices to the kids' meals. When the trend toward online applications and "Rewards Apps" began, the fast-food industry raced to launch their own. As vegetarianism became more popularized, Burger King launched the Impossible Burger" (Diamond, 2019). These examples demonstrate how fast foods trends are determined by socio-political movements.

Organic Food

The Organic food movement surged at the turn of the twenty-first century. The American populace began to understand the connection between healthful foods and the environment where they were grown. Many began to adopt a taste for the premium Organic foods, despite their higher cost. The Organic certification guarantees that the food was produced without the use of antibiotics, artificial colors, genetically modified ingredients or synthetic pesticides (Siegner, 2018). Members of the Organic movement cited a variety of reasons for choosing to join the trend. Better taste claims of better nutrition, and arguments of the dangers of synthetic pesticides are some of the most popular (Siegner, 2018). These claims are debated by scientists, but supporters of the movement have been convinced to choose the certified Organic over conventionally grown foods.

HOW AMERICAN EATING HAS CHANGED DURING COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The virus, also referred to as COVID-19, immediately became real and threatening to Americans. It is deadly for some and may cause lasting repercussions for survivors. Its continued spread across the globe caused international panic. Virologists scrambled to figure out how it was being transmitted from person to person. In the beginning, the only consensus was that it was contagious. As the number of cases grew, so did fear. People self-quarantined. Governments began enforcing lockdowns, curfews and personal protective equipment mandates. These public policy actions had direct effects on the American diet. This section will aim to explain how the psychological and political impact of COVID-19 caused significant changes in American eating patterns.

Stay-at-Home Order and Psychological Impacts

Uncertainty and Panic-Purchase Grocery Stocking

Food related behavioral changes occurred when the news of the severity of the emergence of COVID-19 spread. Panic buying is when large quantities of a commodity is purchased out of a sudden fear that a shortage is forthcoming. Panic buying and stockpiling was one of the first societal responses to the emergence of COVID-19. The "icon" of this trend at the start of COVID-19 was toilet paper. American individuals purchased years-worth of toilet paper. The panic buying extended to canned goods, frozen foods, and especially fresh meats. In the week of March 2020, the dollar sales of meats rose by between 96.1% and 40.4% (Statista, 2021). This indicates panic purchasing in the food market. A study was conducted by the Journal of Public Affairs, to understand the influence of COVID-19 on grocery shopping behavior. Their conclusive findings were that people's main concern was a fear of nonavailability of grocery stock (Shamim, 2021). The over purchasing due to panic buying and supply chain disruptions caused shortages that were unsettling for the populace.

Impact of Coronavirus on the Sales Growth of Meat in The United States for Week Ending March 15, 2020. Source: Statista, Windsight Grocery Business, 2020.

Grocery stores were able to stay open throughout COVID-19, even during the peak of lockdowns across the nation, because they were deemed essential businesses. They

were permitted to remain open as long as they adhered to social distancing, capacity, and personal protective equipment mandates. The requirements varied from state-to-state. Some counties and other localities added additional restrictions.

The food sales industry recorded steep hikes in sales due to the psychological panic buying and their ability to remain open (Diment, 2021). Unfortunately, grocery stores still faced challenges. Global supply chain disruptions caused massive shortages of all types of foods and supplies (Diment, 2021). There was a rapid and drastic response in the food industry in the beginning of COVID-19. Food production facilities closed out of concern for their employee’s safety, and uncertainty about covid-food safety. Restrictive international food trade policies were enacted. Quantity demanded of products were thrown askew by the massive shifts in consumer preferences (Serpil, 2020). Shortages in truck drivers, overseas shipping delays and port bottlenecks, and spikes in employee sickness and quarantine remain an issue three years after the WHO announced COVID-19 an international pandemic (Diment, 2021). The Consumer Brands Association found that while before COVID, U.S. groceries typically found themselves with 5 to 10% of items out of stock in any given moment, rates of unavailability remain at 15% or more in 2022 (Durbin, 2022).

Although panic buying has somewhat subsided in 2022, evidence suggests that consumers are likely to maintain a fully stocked pantry 3. Shortages call for Americans to become more adventurous and creative in the kitchen as they substitute out-of-stock

ingredients in recipes. These impacts of panic stocking and resourcefulness are not expected to subside (Diment, 2021).

Avoidance of Grocery Stores

Social Distancing, a practice encouraged during the outbreak of COVID-19, discouraged people from coming in proximity with each other. Especially during the full lockdowns, consumers were warned to remain at home, and to only leave for urgent, lockdowns, consumers were warned to remain at home, and to only leave for urgent, necessary activities. Grocery shopping was one of those necessities. Going out in public for food purchasing in-store posed implied risks of infection with the virus. Studies based on data from the Food and Drug Administration showed shifts in consumer shopping habits. Almost all of consumer food spending was being made at grocery stores instead of restaurants and convenience shops (Shamim, 2021). Hours of operation at the stores were modified to account for the massive restocking of cleared off shelves and disinfecting that was necessary. Some shops created elderly-and-at-risk shoppers-only hours in the early morning, when the store was the cleanest and the most stock was available on the shelves.

Ambiguous Findings: Evidence of Healthier and Unhealthier Eating Trends

The findings for whether the American diet has improved since the start of COVID-19 are ambiguous. Some studies show conclusive findings that Americans have adopted healthier eating habits, while others demonstrate clear increases in adverse food choices. A study by a journal of Socio-Economic Planning Sciences found that more Americans started cooking at home, and that many started learning to cook due to the pressures of COVID-19 emergence 9. Those pressures included perceived risks of contagion, income loss, and more. The study found that while COVID-19 was successful in pushing healthier dietary habits on Americans, there is still an educational gap. Their recommendation is for widespread education efforts about the benefits of healthy eating, especially about how a well-balanced diet can help prevent, fight and recover from COVID-19.

On the other hand, increases in unhealthy food choices were made by Americans. A big jump in frozen, snack and comfort food sales occurred 3. Frozen foods are “notoriously high in sodium and saturated fat” (Digestive Health Team, 2021). The increase in frozen food sales may be attributed to panic buying, and stockpiling of nonperishable foods, however processed foods are not typically healthy choices.

Consumption of prepackaged comfort and snack foods increased significantly during the pandemic. According to a survey by Food and Health, 33% of respondents snack more frequently than they did before COVID-19 (Murphy, 2020). Dietary habits are also impacted by age groups. Young adults were found to snack at an even higher rate of 41%, with those 50 years and older only reporting 26% (Murphy, 2020) These increases are being widely accepted as effects of psychological stress. Research indicates that increases in cortisol, the stress hormone, will trigger even the healthiest non-stressed people to consume more unhealthy foods (Murphy, 2020). Demonstrated in the figure below, data from Winsight Grocery Business shows sales growth of up to

20.8% in comfort foods and snacks growth between 2019 and 2020:

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Sales Growth of Comfort Food and Snacks Due To Coronavirus Pandemic in the United States Between 2019 and 2020. Source: Statista, Nielsen,Windsight Grocery Business, 2020.

Increase in At-Home Meal Preparation

As COVID-19’s peak, various U.S. jurisdictions issued stay-at-home orders. These policies set expectations that constituents would only leave their homes to obtain medical care, food or to perform essential work. Essential companies were limited to grocery stores, pharmacies, and a handful of others. Non-essential companies shut down or were forced to transition to work from home. Restaurants closed their doors until it was deemed safe to reopen. The situation, though tragic, offered the opportunity for some of the main barriers to cooking to fall. One of the biggest reasons people don’t cook is that it takes time, resources and practice to gain competence and ease in the kitchen. With the rest of the world “on pause,” non-essential business closures, work from home and restaurant shutdowns offered the chance for even the least experienced Americans to take up cooking.

Changes in Cooking Habits Since the Start of the COVID-19 Pandemic in the United States. Source: Statista, NCHS CDC, 2020.

Impacts of Work-From-Home on Eating Habits

Working from home, also referred to as remote or virtual work, is a concept

where employees complete their tasks outside of the office instead of commuting to an office. During the COVID-19 outbreak, it was a widespread phenomenon as companies tried to keep productivity up throughout stay-at-home orders. Work from home had externalities on American food culture. A study published by the Economic Research Service using data in the Bureau of Labor Statistics' American Time Use Survey found that Americans who work from home were 11% more likely to cook than when they were working in person (Zeballos & Restrepo, 2021). They also reported spending approximately double the average amount of time on food preparation per day- 49 minutes- than their counterparts working away from home-27 minutes (Zeballos & Restrepo, 2021). The previously mentioned Socio-Economic Planning Sciences study found evidence that the longer cooking time spent on a meal's preparation, the healthier the nutrition (Miller, 2021). These healthier meals being prepared more frequently by people who work from home are positive impacts from the stay-at home orders on the American diet.

Restaurant Closures and Social Distancing Mandates

Another reason that people are cooking more is out of sheer necessity: Restaurants were closed periodically throughout COVID-19. Restaurant closures varied from state to state.

Using Virginia as a case study to illustrate a timeline, Restaurants were ordered to shutdown dining rooms March 24, 2020. Takeout* was still permitted, but the sale of

alcohol. May 15th, 2020 outdoor dining at 50% capacity was reinstated (Wise, 2021)

June 5th, 2020, Indoor dinning at 50% occupancy was permitted (Wise, 2021)

November 2020, the sale of alcohol after 10 p.m. in restaurants was outlawed, and March 1st, the ban was eased to no liquor sales after midnight (Wise, 2021). Many restaurants chose to temporarily shut down far beyond the mandated restrictions. Owners were concerned for their health and the safety of their staff. Consumers, uncertain about how COVID-19 was transmitted, did not want to risk possible infection by consuming food prepared by someone who may have been in contact with the virus. New food preparation precautions required equipment and training, which were scarce and costly (Heil & Carman, 2021). Those concerns caused steep decreases in dine-in and take-out orders, which slashed margins, forcing restaurant owners to close so as not to operate at a loss (Heil & Carman, 2021).

Without the options for eating at their favorite restaurants, Americans were involuntarily nudged into their kitchens. Research indicates that given their limited alternatives for nourishment, home cooking culture in America grew. Countertop appliances, such as air fryers and toasters, experienced a 32% boost in sales (“Surprise ingredients in the post-pandemic food story,” 2021). Bread cookbook sales skyrocketed by 145%, likely due to the Sourdough online viral trend (“Surprise ingredients in the post-pandemic food story,” 2021). Restaurant takeout increased in popularity, as did delivery and food delivery apps. These shifts will be addressed in a later section.

Increase in Use of Internet and Electronics for Cooking Research

Another reason that people are cooking more is that electronics and the internet are available resources to novice chefs. A cell phone, tablet or computer provides

access to thousands of recipes, and a quick Google search offered answers to questions they might have not had anyone to ask otherwise. FaceTime and other video chatting methods made it easy for young adults to call a friend or parent for quick tips and answers to questions mid-cook (Taparia, 2020). The increased use of technology by home cooks during COVID-19 are evident in the food related internet traffic throughout the year 2020. Cookbooks often found themselves on the top selling book lists on Amazon, some ranking in the top 3 for weeks (Taparia, 2020). In the month of April 2020, the phrase “online cooking classes” was searched five times more frequently on Google than it had been in April of the year before (Taparia, 2020). With YouTube, Tasty, Delish, and other online sources at their fingertips, the shift to home cooking during COVID-19 was made simpler for even the most inexperienced home cooks.

Online Meal Kits offer a greater value during COVID-19 than they did before. The delivery of the ingredients straight to the door took care of the uncertainty of food stock and exposure risk of the grocery store. Meal kits directly purchased from grocery stores and restaurants help limit exposure, all while providing access to local favorite meals. The various companies and sources of Meal kits fulfill today’s American diet culture, and are tailored to the consumers. The recipes offered are provided with nutrition facts. Depending on the meal kit service, they may offer very healthy meals, even diet ones which fulfills today’s clean eating trends. As the ingredients, recipe and instructions are provided, all of those consumers seeking nourishment are able to learn to cook while the restaurants are closed. The cooking also offered a pastime during the stay-at-home orders.

Competitors for Meal Kits

Meal kits were not without competition throughout COVID-19. This section will aim to explain competitors for the meal kit industry during COVID.

Grocery Delivery Services

The greatest competitor for meal kits are online grocery delivery services. To use a grocery delivery service, a consumer picks a supermarket, then creates a digital shopping cart online or in an app. A freelance delivery service shopper fulfills the cart in store, makes the purchase on their behalf, then delivers the goods to the consumer’s doorstep. A Gallup survey indicated that in 2021, 17 percent more respondents had utilized online grocery shopping than in 2019 (Statista, 2021). The online orders and delivery services offer the same biggest value proposition point as the meal kits: decreased in exposure to the virus. Grocery store delivery has an extra edge because consumers can order more than food for delivery in these services. Online grocery orders of personal care items went up 15%, and home care items 13% in 2021 compared to 2017 (Statista, 2021). Key players in Grocery Delivery include Instacart and Shipt.

Share of Consumers Buying Grocery Products Online Before and After the Coronavirus

Pandemic in the United States in 2017 and 2021. Source: Statista, US Census Bureau, 2020.

Amazon Fresh

Amazon Fresh offers direct to consumer fresh food delivery from both Whole Foods and Amazon Fresh Warehouses for free for Prime members. The difference between grocery delivery services and Amazon Fresh is that the food is delivered by a single delivery driver (Statista, 2021). During its 2017 launch, they were charging an additional membership fee of $15 per month for the service. When Amazon lifted the additional fee in October of 2019, their sales skyrocketed (Zen, 2018).

Community Meal Exchanges

Food Swaps are community events or groups that come together regularly to share and trade homemade meals. Websites such as “foodswapnetwork.com” and Apps like

Leftover Swap facilitate the creation of these networks. They are not apparently COVID-19friendly, but with the proper precaution they can be made safe. A great benefit of meal kits are that they allow the consumer to sample recipes from cultures that they wouldn’t have otherwise discovered. Meal Kits also decrease food waste, as they only provide enough ingredients for each recipe’s preparation. Meal exchange networks share those benefits.

Restaurant Delivery Apps

A great driver of home cooking was the lack of access to restaurants. Indoor dining was banned from most of 2019 and 2020. This led to direct increases in the use of restaurant delivery services. From 2019 to 2022, 13.1 million new users downloaded food delivery apps.

Number of Smartphone Food Delivery App Users in the United States from 2019 to 2023. Source: Statista, eMarketer, 2021.

Ghost Kitchens

Ghost kitchens are restaurants without dining rooms, parking lots, or waiters– only kitchens producing food ordered by food delivery app users. They operate without storefronts, only Kitchens. They became a great phenomenon during COVID-19, as demand for carry-out increased. Ghost kitchens were able to charge very competitive prices because they did not have to operate in centralized, high-rent locations, nor did they have to bear the expense of “front of the house” employees (Miller, 2021).

INDUSTRY SWOT PRE COVID-19 AND POST COVID-19 EMERGENCE

The next section of this paper will be a comparison analysis of the marketing angles taken by the meal kit industry pre, and post covid. It will introduce the main players in the online delivery market and explain the changes in their value propositions before and during the emergence of COVID-19. It will give examples of their core product benefits, relevant product attributes, and evolving objectives. Various segmentation and target markets will be identified, and examples of positioning strategies pre and post COVID-19 analyzed. This section will end with a SWOT analysis of the industry's current marketing standing, with COVID-19 slowing abating as the Omicron variant comes under control.

Value Proposition and Comparison of Top U.S. Market Players

The main players in the online delivery market will be introduced to provide a well-rounded understanding of the industry. Examples of their value propositions, core product benefits, product attributes, objectives and strategies will demonstrate the impact of COVID-19 on the marketing in the meal kit industry as a whole.

The top four market players in the online delivery meal kit industry in the United States are HelloFresh SE, Blue Apron Holdings, Inc, Relish Labs, LLC, and Sun Basket, Inc.. Together, they hold 80% of the 3.5-billion-dollar industry (Hiner, 2020).

Major Players of the meal kit Industry and Their Market Share 2015-2020. Source: IBIS World, 2020.

Hello Fresh, SE is by far the strongest, holding 49.4% of the total market. In 2018, they acquired both the Green Chef Corporation, and Chef’s Plate Inc. which secured their position as top market share holder (Hiner, 2020).

Blue Apron is the next largest company in the U.S., and recently lost much of their customer base to HelloFresh. Despite their losses, they still hold 12.9% of the U.S.

market (Hiner, 2020). Relish Labs, also known as Home Chef, holds 9.6% of the market. They are both an online delivery seller, and grocery store supplier (Hiner, 2020).

Sun Basket holds 8.1% of the U.S. market. They have experienced aggressive

Sun Basket holds 8.1% of the U.S. market. They have experienced aggressive growth since 2015, with experts estimating annualized revenue growth of 56.2% from 2015 to 2020, bringing them up to $285.6 million total revenue (Hiner, 2020).

Value Propositions Pre and Post- COVID-19 Emergence

A value proposition is a persuasive statement made by the company addressed to their main customers. It frequently comes in the form of a promise, identifies the customer's problems, the unique benefit offered solely by the company, and the advantage of choosing the company over one of its competitors (Twin, 2022). It is frequently used internally by a company to stay cohesive in branding, messaging and evolving. Any changes in a company, no matter the department, should stay consistent with the current value proposition, but they are mostly used in marketing.

Meal kit companies have had to adjust their value propositions throughout COVID-19's emergence. Before it existed, the main goal of their propositions was to differentiate between each other. When COVID-19 set in, the values of the customers shifted, and therefore the meal kit

Core Product Attributes Pre-COVID-19

HelloFresh, SE

HelloFresh developed proprietary personalization and customization software to select consumer's meals automatically, while also offering them the opportunity to swap the auto-selected meals for any of the other 20+ weekly recipes. Consequently, subscribers can customize a meal plan according to number of servings, time allowance and personal palate. They also provide a “No commitment” option, allowing customers to cancel or skip week.

Blue Apron Holdings, Inc.

Blue Apron provides 11 choices of recipes, changed weekly, are offered for customers to select from up to three. They also guarantee all ingredients to be responsibly sourced– non-GMO– Genetically Modified Organisms– and all seafood is acquired in accordance with the Monterey Bay Aquarium Seafood Watch.

Blue Apron leans toward the luxurious side, with all of their recipes developed by teams of chefs at Michelin-starred Per Se and Blue Hill at Stone Barns.

Relish Labs, LLC

Relish Labs focuses primarily on hyper-personalized meal kits on a subscriber system and allows customers to swap ingredients within recipes, i.e., if a recipe has a main protein of beef, and the subscriber would rather the meal have salmon, they can make that selection and their shipment will be personalized. Relish Labs is a self-proclaimed “customer-centric company.”

Sun Basket, Inc.

Sun Basket, Inc.

Sun Basket differentiates their meal kits by using certified United States Department of Agriculture Organic meats and produce. Beyond offering dinner options, they were also the first to have nourishing breakfast and lunch kits.

Core Product Attributes Post-COVID-19 Emergence

HelloFresh, SE

Hello Fresh claims that its product it “delivered in insulated packages via refrigerated vehicles”, which provides customers the additional benefit of eliminating the need to go to the grocery store, protecting, thereby protecting consumers from COVID-19 exposure risk. HelloFresh’s super fresh foods are a core attribute. They have a network of local suppliers practicing “just-in-time” inventory management. HelloFresh has loyal ingredient suppliers nationwide, who reliably deliver orders right before they go out in boxes to the customers. This not only keeps the core benefit of maximum freshness for the customer, but mitigates inventory storage needs, keeping consumer cost as low as possible. In addition, local sources helped avoid COVID-19 supply chain disruptions. They also provide a Menu mix that offers diet restriction selections, including recipes for low carb, low calorie, vegans and vegetarians, as well as keto-genic and paleo through their subsidiary Green Chef.

Additionally, consumers are able to stay on their diets despite COVID-19 grocery acquisition challenges.

They also have a subsidiary called EveryPlate which offers budget meal kit offerings at a lower price point, providing increased accessibility of meal kits for maximum customer base and potentially helping to decrease food deserts.

Blue Apron Holdings, Inc.

Blue Apron offers a wine subscription service add-on. With it, they include a 500ml bottle wine pairing for each recipe, meant to be enjoyed by two, as well as an information sheet with tasting notes and flavor profiles. This provides an added benefit

of avoiding liquor or grocery stores for alcohol and increasing the benefit of the meal kit by offering an opportunity to improve wine knowledge. Although Blue Apron specializes in meal kits, products such as cookware, utensils and pantry items are also available for purchase through their site. During shutdowns, shops that sell cooking gear and other staples were not considered essential, and therefore closed. The online delivery option offered a source for those cooking needs.

Relish Labs, LLC

Relish Labs sells meal kits under the subsidiary Home Chef, LLC. Home Chef, in addition to meal kits, sells “Protein Packs.” These packs include only meat– for example: the premium protein pack includes “4 filets mignon, 6 chicken breasts, and 30 oz. ground beef.” During meat shortages, the protein packs became a great commodity. They provided reassurance of uncertainty by creating a stock of proteins, and they decreased the need and frequency of grocery store visits. Home Chef meal kits are not only sold online for delivery, but also at Walmart, the Kroger Company, and select Walgreens. Home Chef meals picked up at the grocery store helped people get in and out of the shops quickly. Instead of pulling the items off the shelves themselves, they simply had to grab the box or container. This limited their time exposure to the public.

Sun Basket, Inc.

Sun Basket, LLC. differentiates by targeting niche markets with their meal kits. They cater to customers with strict dietary requirements such as soy-free, paleo, gluten-free, dairy-free, vegan, etc. The global supply chain issues causing shortages in foods restricted availability of all types and brands of foods. For those with already-restricted diets, the downsides of those shortages were exacerbated, and the benefits of meal kits that suit their needs were magnified. Most recently, they have been collaborating with the American Diabetes Association to develop a diabetes-safe menu, and with the American Heart Association to create heart healthy recipes, and the American Cancer Society to craft meals that follow their guidelines.

Industry SWOT Pre-COVID-19 Emergence

Strengths

Rise in popularity and awareness of offering

Propaganda about wasteful packaging was widespread in the meal kit industry's early years. But as the saying goes, "all press is good press." The meal kit industry leveraged the packaging problem to advertise their product offering. Word spread about the existence of meal kit deliveries, and alternatives such as restaurant and grocery store pick-ups.

Focus on sustainability

In response to industry pressures in 2018, meal kit companies were tackling the issues of sustainability (A., 2021). They were helping to prevent food waste by optimizing inventory orders to only order what they needed, and only shipping customers exact portions of ingredients called for in their recipes (CMR, 2019). They were making improvements to their packaging to minimize cardboard, insulation and ice packs (CMR, 2019).

Grocery home delivery (peapod) rising in popularity

Social acceptance and rising popularity of direct-to-consumer delivery of groceries. Food and Beverage retail e-commerce revenue in the United States increased by 126.55% in the year 2018, compared to the previous 107.94% year (Statista, 2021). Rising rates of online ordering and delivery of foods proves a strength for the meal kit industry because it falls into the category, and it indicates a social acceptance of the behavior. Online meal kit deliveries are fulfilled through computerized programs and delivered on refrigerated trucks, just as all grocery home deliveries were in 2018.

Food and Beverage Retail E-Commerce Revenue in the United States from 2017 to

2025. Source: Statista Digital Market Outlook, 2020.

Weaknesses 46

High customer acquisition costs

A pre-COVID-19weakness that persists for the meal kit industry is their high customer acquisition costs. Meal kit companies ran promotions such as email campaigns, ads in podcasts and television, many of which partnered with expensive influencers who offered discounts or free trials for new subscribers. Blue Apron, for example, in 2017, spent an average of $94 per customer acquisition, who generated $929 over 36 months at a gross profit margin of 31%, if they stayed on (Sapience, 2021). The issue was that their retention rate for subscribers was very low– an

2021). The issue was that their retention rate for subscribers was very low– an estimated rate of only 30% (Sapience, 2021). These marketing expenses were unsustainable.

Net Revenue Per Customer for Blue Apron. Source: Sapience, 2021.

Waste in packaging

In the early years of meal kits, wasteful packaging was employed. Though meal kit companies acknowledged the problem, they saw the Styrofoam coolers, chemical plastic gel ice packs and plastic galore as needed. Online delivered meal kits needed to be able to potentially withstand many hours in the direct sunlight on a consumer's doorstep if they were not home to receive the delivery. In 2017, the industry came under pressure by society to become more sustainable. Some meal kit companies decided to take an "offset" approach, wherein they earned environmental "credits" that balanced out the damage caused by the continued damaging parts of their supply chain (Schmeiser, 2017). Other companies took a direct approach and set out to make their packaging more recyclable and less damaging to the environment (Schmeiser, 2017).

High cost of packaging and delivery

High costs of packaging and delivery were a big weakness for the pre-COVID-19meal kit industry. Analysts estimate that delivery costs for online subscription meal kits are between 20 and 30% of the price. The boxes are heavy– they include multiple meals'-worth of food, insulation and instructions. Depending on the company, they have to be driven long distances and meet consumers within a small-time window (Dewey, 2017). These challenges make shipping and handling a costly weakness to the meal kit industry.

Opportunities

Use of technology

Technology provides a variety of opportunities for the meal kit industry. Algorithms that generate weekly customer recipes have a great influence on their satisfaction. Innovations in company owned technology, such as delivery trucks and packaging machines could help decrease expenses and improve environmental sustainability. Technology also helps to identify inefficiencies in the product offering. Analysis of point-of-sale data, for example, can be used to influence marketing strategies and brand differentiation.

Supply chain efficiency

Meal kit supply chains are key to their ability to grow in economies of scale. Creating a strategic and intentional distribution network for a meal kit company factors in proximity to the farmers/ food producers, packaging warehouses, and densest customer locations along with other factors. Orders for produce should be placed at the right time, in the right quantities– there is always an opportunity for this aspect of the supply chain to become more efficient.

Threats

Press on sustainability

A big threat pre-COVID-19for the meal kit home delivery industry was the press they were facing aggressive negative press in regard to their sustainability. Articles explaining how deliveries “almost always” use more energy than buying ingredients from supermarkets," and plastic waste for individual ingredient packaging circulated (Freed, 2019). A study was published at the American Association for Advancement of Science meeting, publicizing that for meal kits to become more environmentally friendly than simply purchasing meals at the grocery store, the plastic content would have to be cut to a fifth of the current standard (Freed, 2019).

High Barriers to Entry

The high barriers to entry for the meal kit industry poses the threat. The industry is very capital intensive for both the supplier and the consumer. For the suppliers, overhead costs for research and development, produce, and packaging are very high. This results in a high price for the consumer. According to research by the firm Mintel, "nearly two-thirds of U.S. consumers say price is the main reason for avoiding meal kits" (*Meal Kits Fight to Maintain Momentum*, 2022).

Industry SWOT Post-COVID-19 Emergence

Strengths

Strong product

The concept of the meal kit is a post- emergence of COVID-19 strength for the

The concept of the meal kit is a post- emergence of COVID-19 strength for the industry. Home delivered or preselected fresh ingredients with instructions make healthy eating simple. Pre-covid, they provided variety, and were educational. During COVID, they provided a necessary service to consumers across America, at a variety of ages. Many even found them an entertaining pastime. As discussed in the — section, in the future, the product has the potential to help solve the barriers to healthy eating in food desserts or communities where home cooking is not taught. These are strengths in the product itself.

Differentiation

Post-COVID, there is more differentiation between meal kits. They have developed new ways to stand apart. Partnerships between health organizations and companies have been formed to shape companies toward target markets, i.e. Sun Basket and their diabetic recipe meal kit subscription, created in partnership with the

American Diabetes Association.

Mergers and acquisitions

There have been many mergers and acquisitions in the years since COVID-19began which have enabled development in the market. Meal kit companies have been acquired by grocery stores and vice versa, which have allowed for better distribution networks and more efficient supply chains. The 2018 Kroger Co.- Home Chef merger is a prime example of this phenomenon (Melton, 2018). After their merger, Kroger was able to put Home Chef meals on their shelves, and use Kroger resources such as grocery stores, warehouses, employees and distribution networks to prep and deliver the boxes.

Stronger Distribution Network

Stronger distribution networks were formed during COVID. For some companies, grocery store mergers played part in this change. For others, efficiency came in the shape of partnerships, such as Walmart, Inc. and their contract to sell Blue Apron meal kits as part of their grocery delivery service (Melton, 2018). With meal kits available on shelves at the grocery store, customers can order all their groceries, including meal kits, at once from platforms like Instacart, if they choose #. Integrating the boxes onto grocery store shelves allows for less delivery and packaging waste, and increased profit for the company as well as decreased costs to the consumer.

Industry appeal

The emergence of COVID-19 provided a new strength for the meal kit industry. As COVID-19shutdowns prevented people from visiting supermarkets, restaurants, and fast-food locations, and increased people's time at home, the appeal of meal kits product offering improved. The improvements made in technology have increased ease of use. Food delivery services such as Door Dash and UberEATS normalized home delivery at a faster rate than ever before, and for more target markets. The cultural shifts in the U.S. became a strength for the meal kit industry.

Weaknesses

Financial performance

The post- emergence of COVID-19 financial performance evidence of an industry weakness. There is increasing profitability for the industry–they operated at a loss of only 4.8% overall in 2020 up from 5.7% in 2015 (ibis, 2022). This rate of increase is not significant enough to be sustainable, though. COVID-19 gave the meal kit industry a boost in its finances, as demand was increased artificially by the extenuating circumstances. For example, sales for HelloFresh grew exponentially: 102% year over year in 2020 **("** Combined Management Report," 2021). However, high customer acquisition costs persist, and the overall market underperforms.

Opportunities

Healthier eating trends

The impact of the emergence of COVID-19 on healthy eating trends is an opportunity for the meal kit industry. Much of the industry relies on cooking-novice customers pursuing a healthier lifestyle by cooking at home instead of seeking

unhealthy alternatives. There are indications that the emergence of COVID-19 triggered a global push toward healthier eating trend. As of 2021, a study released by the International Food Information Council 1 in 3 Americans claimed healthier eating habits throughout the emergence of COVID-19 @. This is an opportunity for the meal kit industry to advertise their product offering its health benefits.

Snacking- Including Snack Add-Ons

There was a marked increase in snacking during the emergence of COVID-19. Along with the decreased safety of supermarkets due to COVID-19exposure, adding snacks and other small add-ins to the product offering for online meal kit deliveries provides an opportunity for increased revenue per customer. This strategy is already being employed by HelloFresh, who offer snacks, dessert, family-size sides and more as add-ons to the simple meal kit boxes.

Ready to cook meals

Meal kit companies can step in to the ready to cook industry. Time of preparation of the meal kits are one of the main downsides. For new cooks, preparing a meal can take much longer than the estimated time by the meal kit company. Providing quick-to-prep or 1-step meals as options for consumers may provide a way to boost sales.

Threats

Reopening Restaurants

A threat to the meal kit industry is the reopening of restaurants. As restaurants reopen, offering alternatives for healthier meal kits, the surge in meal kit sales is expected to die down. Restaurants and take out offered alternatives to meal kits that subscribers may revert to. This could cause a steep drop in revenue and threaten a return on debt taken on to fund new supply chain improvements.

FUTURE TRENDS

Are We Going Back to Restaurants?

Mandatory closures and fear of the COVID-19 virus caused a steep drop in demand for dining out services (Le, 2021). The restaurant industry was put under pressure. As the virus subsides, they are facing new challenges. It is uncertain whether consumer demand will return to what it was before.

consumer demand will return to what it was before.

Some believe that the short-term effects of easing restrictions and returning to normalcy will increase demand past what it was pre-covid. The “pent-up” demand of the consumers having been on lockdown throughout 2020 and 2021 will help boost sales to a forecasted $898 billion in 2022, up from a relative $864 billion in 2019 (Yurkevich, 2022).

Restaurant Industry Projections through 2026

Single Location Full-Service Restaurants in the US were greatly affected by the shutdowns. This industry refers to “single-location, independent or family-operated restaurants” that serve food in seated dining areas, where patrons pay after eating (Le, 2021). As their business relied on their customers being waited-on, and not generally on take-out, they were more impacted than other types of restaurants. Their revenue in 2018 was 177850.1 million, and 183822.0 million in 2019 for growth of 3.35%. In 2020, the peak of closures and restrictions, there was a -14.33% growth in revenue to 157494.9 million. Restaurants recovered immediately in 2021, jumping 19.11% to revenue of 187603.4 million. This not only covered the previous year’s drop, but also maintained the pre-COVID-19 growth trends.

2017	173132.7
2018	177850.1
2019	183822
2020	157494.9
2021	187603.4
2022	206664.1
2023	213704.3
2024	217482

Revenue Projections for Single Location Full-Service Restaurants. Source: IBIS World, 2020.

Industry specialists expect revenue performance to even to an annualized rate of 3.9% over the next five years to $226.8 billion in 2026. There are a variety of trends that are indicative of this return to restaurant eating. First, with COVID-19 subsiding, consumers are becoming more comfortable spending on discretionary purchases (Le, 2021). Meals outside the home are a luxury, normal good that fluctuates with income.

The number of households with income of over $100,000 per year the US is expected to increase from 34.28% in 2022 to 34.9% in 2023 (IBIS, 2022). The average annual growth rate from 2022-2027 is even higher, at a forecast rate of 1.67% per year

(IBIS, 2022). With higher income, consumption of normal goods such as meals at full-service restaurants will increase. Their new affluence will also shift consumers toward

purchasing meals at more expensive restaurants, and adding on luxury options such as appetizers, drinks and desserts (Le, 2021). Some data is indicating that the US is not returning to restaurant dining with the same vigor as we once were. The Deloitte Global State of the Consumer Tracker 2020-2021 collected data on the net activity change of respondents after the health crisis comes to an end. It showed a 12% implied contraction in restaurant dining, while there was a 42% implied expansion in cooking at home and 29% expansion in buying fresh food. This shift can be attributed to cultural changes of the emergence of COVID-19 in the American diet.

What Will Cause Meal Kit Services to Grow in the Future?

Annual growth projections for the Meal Kit industry are heavily influenced by the skewing factors of the emergence of COVID-19. The global meal kit industry is expected to grow by $11.3 billion by 2025. Growth projections for meal kits are influenced by a number of factors. Some factors lead to the expectation of a slowing growth rate. Many consumers will revert to doing their own grocery shopping, hurting retention rates. New companies will enter the industry, creating competition and driving rates of profitability. Demand for meal kits are projected to flatten as subscribers learn to cook and shop for ingredients themselves. Other factors indicate that rate projections should be positive. Inflation and concerns of health may help sustain growth. Add-ons, protein packs and other new product innovations may help as well.

CONCLUSION

This thesis aimed to explain consumer eating patterns through an analysis of the meal kit industry. It established the history of U.S. consumers, and the social conditions that drove trends. It explained how Americans eat in modern day, establishing a baseline food culture that was then used to identify changes made during COVID. Then, the meal kit industry was introduced. A market analysis was conducted, including value propositions and core attributes, competitors and substitutes, customer segmentation and targeting, and finally a pre- and post-COVID-19 emergence SWOT analysis. The paper closed with a revenue analysis for restaurants, and projections for how much the meal kit industry will grow in the future.

There are future societal implications for the meal kit industry. Beyond what the industry can do for itself, it has potential to help the nation address a big issue: food insecurity and food desserts. Food insecurity is a phenomenon where eating habits are disrupted by reduced quality, variety or desirability of diet (Jung, 2021). In a food insecure household, feelings of concern that food would run out, last, could not be afforded, etc. are common. Food desserts are locations where most citizens cannot easily access a supermarket, especially by public transportation.

At their current price point, most major market meal kits are unattainable for low income households. However, their product attributes and benefits could make them a great tool for helping healthy meals reach the food insecure located in food desserts. If supply chains can reach a level of efficiency, and sustainability issues in packaging and delivery are solved, meal kits could be a good solution to these issues.

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