

MealPal Pivots Business to Offer Grocery Essentials

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Lunch and dinner subscription company MealPal started out as a service through which consumers could pick up meals from local restaurants during the work week—but, like many in the food industry, it has adjusted its operations for quarantined customers. The company now offers groceries supplied by local restaurants via MealPal Market.

We recently spoke with Erica Yamamoto, vice president of marketing at MealPal, about the shift and how the company is continuously adapting during the pandemic.

What is MealPal Market?

Traditionally, our subscription model has been where we've spent most of our time. But with a lot of people leaving cities, working from home and not being close to their workplace, we saw an opportunity.

COVID-19 has impacted restaurants significantly. Many of our partners have closed, but a few are still open and doing takeout and delivery. I think the ones that are open have realized that this is probably going to be the new normal for a few months. In speaking with several restaurant partners over the past few weeks, we definitely saw demand picking up for the grocery delivery business. We wanted to leverage our restaurants and use the supply chain in this new experience, thus MealPal Market was created.

Right now it's just in New York, but it's essentially a marketplace of curated grocery boxes, all at roughly 40% off the prices you typically pay for Instacart or FreshDirect. We're able to do that because we're using the MealPal model—having a select and predetermined set of food items—while still leveraging our restaurant supply chain.

We built this in about a week and launched quickly. You're going to see us continue to test and iterate on different concepts, because what we really want to do is help our restaurant partners get out on the other side. We're going to help innovate and adapt our model to support them through this.

How does it work?

There are options for grocery boxes on our site or app, and subscribers can pick them up with their existing meals. For people who are not subscribers, it's just a marketplace; there's no subscription required. They can go on the site, select one of the boxes—just like our MealPal experience—and then reserve a pickup time, go to the restaurant, and show a QR code to an employee.

We're also focused on filling the boxes with grocery items that are in really high demand. For example, we have an 8-pound farm fresh produce box from Dig Inn. Then there's Regina's Grocery in the Lower East Side, which has 13 types of veggies and fruits and even toilet paper. So, the businesses are getting creative in what they're offering.

How has the response been from participating restaurants?

It's been positive; they're trying to figure out whether to stay open or go with this delivery and takeout model, because their biggest cost is labor. For that reason, we're trying to be innovative and support them by offering a new revenue stream. But they still face hurdles. They're used to being a service-based model, and now going to a grocer-type model—where they have to check inventory and train a limited staff to do that—is a real challenge. We're helping by offering our expertise, whether it's regarding technology or marketing.

What does the expansion of MealPal Market look like?

It's still too early to tell. Initially, we're going to focus on making the New York City experience really strong. If we achieve that, then we can scale the product and look at launching in other cities. Our goal is to test a bunch of ideas with our partner restaurants, making sure that they're succeeding and coming out on the other side.

Is this something that you're going to stick to once the pandemic ends?

If the demand is there and we're maintaining social distancing, we may continue the offering. We'll work with our restaurants to make those decisions. If people go back to work at their offices and want to pick up lunches like they did before, we'll be happy to continue investing in our core subscription business.

You've obviously adapted quickly as things continue to change worldwide. Did you have to put any plans on hold for 2020?

We've adapted our road map, and now it's really about supporting the supply side. For us, the plan is to be super nimble and, if anything, drive more innovation. We need to be able to try several things very quickly, which is what we're doing currently.