

# Subscription Meal Kits May Need Some Seasoning

Consumers love convenience, but the service comes with a lot of commitment

## ARTICLE |

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**O**nce hyped, the meal kit market—and subscription commerce, generally—[appears to have settled down](#).

According to an April 2018 [Market Force Information](#) survey of US grocery buyers, 27% buy prepared food weekly or more, and 92% cited convenience as the reason. Prepared foods was also the top merchandising enhancement for 2018, according to 73.2% of US grocery executives surveyed by [Progressive Grocer](#).

But according to the Market Force survey, only 15% of respondents have ever tried a subscription meal kit service (though that's up 4 percentage points from 2017). There doesn't appear to be a great deal of pent-up demand, either. In a Q4 2017 [IRI](#) survey asking US internet users which shopping activities they planned to conduct in 2018, just 6% said online meal kit delivery services.

The top reasons for subscribing to a meal kit were different from motivations for buying prepared food. According to Market Force, half of those surveyed were adding variety to meal planning and 44% wanted to have a fun experience. Saving time was also important (cited by 41%) but not the primary driver. Just over half were satisfied with their subscription.

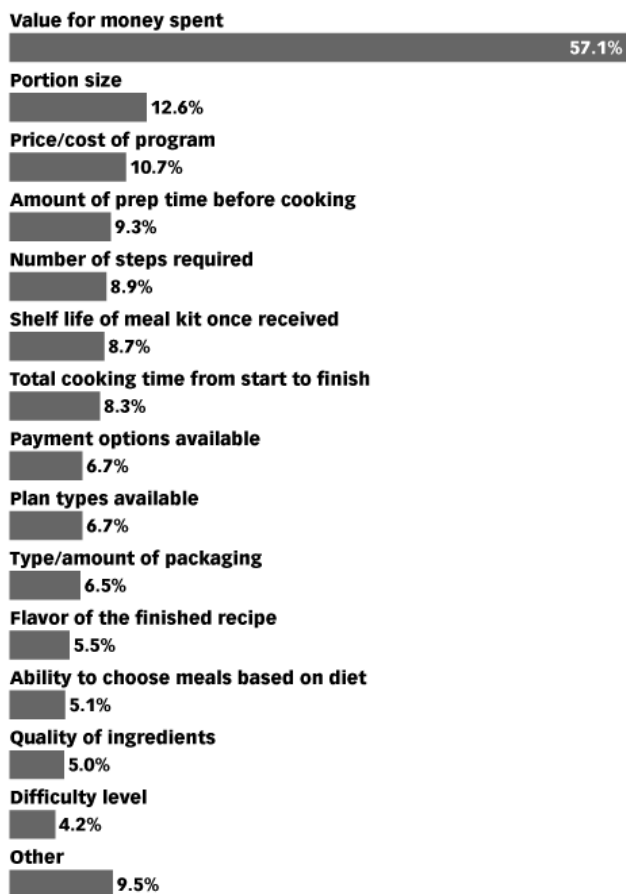
When consumers were asked which meal kit subscription service they used, over 20 brands were mentioned, yet the top three—HelloFresh, Blue Apron, Home Chef—accounted for 82.8% of responses. The market has many players; a 3.7% share went to "other," which ranked fourth, but it's dominated by those three brands.

The biggest problem with all subscription services is that it's costly to acquire customers. But most users aren't very loyal, whether cancelling after redeeming a promotional offer or simply getting tired of the products.

For the users in the Market Force survey, though, the leading reason for cancelling a meal kit subscription was poor value for the money (57.1%). Portion size, cited by 12.6% of respondents, came in a distant second. Issues concerning cost, effort and inflexibility were more prominent than dissatisfaction with quality or taste of the food itself.

## Reasons that US Grocery Buyers\* Stopped Using a Subscription Meal Kit Delivery Service, April 2018

% of respondents



Note: ages 18+; \*who have used a meal kit service in the past and stopped  
Source: Market Force Information, "US Grocery Benchmark Study";  
eMarketer calculations, June 19, 2018

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www.eMarketer.com

In March 2018, **Walmart** launched **its own meal kits** in select stores, but the bigger trend is supermarkets partnering with or acquiring meal kit companies to offer more ways to buy them. Subscription-free, this hybrid solution is designed to appeal to seekers of convenience and variety without the commitment.

Albertsons was ahead of the curve when it bought Plated last fall, and **Kroger** is the latest supermarket chain to invest in this space with its \$200 million acquisition of Home Chef in May 2018.

According to **Blue Apron's own research**, 68% of consumers would be more likely to use a meal kit if it didn't require a subscription, and 69% would be more likely to try one if it was available in a supermarket.

Now Blue Apron is selling meal kits in select West Coast **Costco** locations as part of a pilot program.