

# For Meal Subscription Service Freshly, Evolving Lifestyles and a Flood of Customer Data Are Helping Bolster Growth

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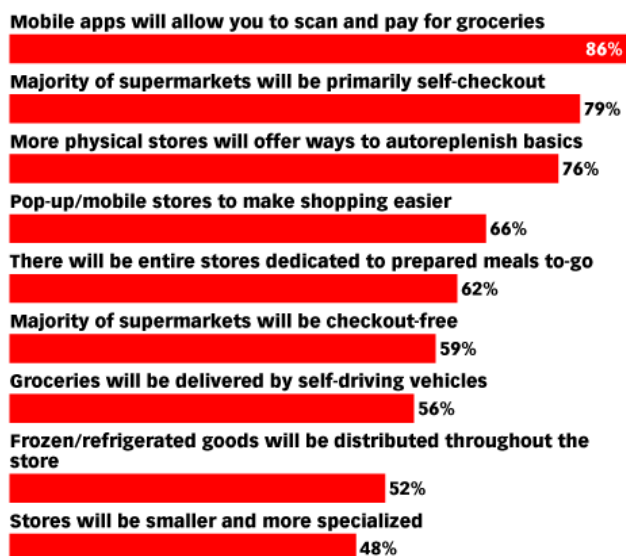
**Rimma Kats**

Consumers are constantly in search of convenience, particularly when it saves them time. In the past year, numerous direct-to-consumer (D2C) meal plan services have emerged, offering consumers an alternative solution to home cooking without paying a visit to the grocery store or spending time trying to figure out a recipe.

The demand for these services is there, according to a 2019 report from Phononic, a cooling and heating tech innovator. Sixty-two percent of internet users surveyed said it's at least "somewhat likely" that there would be entire stores dedicated to prepared meals to go over the next five years.

## What Grocery Store Innovations and Changes Do US Internet Users Think Will Happen in the Next 5 Years?

% of respondents, Jan 2019



Note: ages 18+; "very likely" or "somewhat likely"

Source: Phonic, "Store of the Future" conducted by Regina Corso Consulting, March 27, 2019

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In the meantime, weekly subscription service Freshly, which delivers prepared meals that consumers can heat up in a few minutes, is hoping to gain more market share. We recently spoke with Mayur Gupta, CMO of Freshly, about the company's growth and its 2020 road map.

### How is Freshly different from other meal plan companies?

Our mission is to break down the barriers to healthy eating. For example, our chicken is breaded and not fried. We use common meals but support them with a side of greens. Our mac and cheese uses butternut squash and so on. We want to make it accessible and approachable, and we want to make healthy eating more exciting, bringing taste and variety to it. During any given week, consumers have the option to choose from 30 to 32 different meals. We launch one to four new meals every week and swap them out to make sure there's variety.

As the CMO, my role is ultimately to be the north star, to drive the business. And the way I define that is growing the brand, growing the user base and growing the user value. When I say "growth," it's not just

a quantitative growth—it's also the prospect or the intersection of the growth of the brand, the user base and the user value.

**Speaking of growth, you were the former vice president of growth and marketing at Spotify. Have you taken any lessons learned in that role to Freshly?**

When you work at a brilliant organization like Spotify, you're learning each day. I was there for three years, and I led global growth. When you are part of the growth economy—which is driven by the consumer and our understanding of consumer behavior—the only mode that any company has today is its ability to move faster than the competition. It is not your product strategy, it is not your technology, it is not your AI, your partnerships, your data. At the end of the day, the core, fundamental question is, "Can you move faster than everybody else within that same category?"

In terms of Freshly, I regard how we are going into 2020 as our second innings. We started in 2015, and we've seen tremendous growth. In 2019, we delivered close to 35 million meals within 48 states. That's bigger than anybody who comes close to us in the fully prepared meals business.

The next innings of our growth strategy will be laddering up the power of our brand and bringing that together with data and creative storytelling to educate the world about what we offer. We want to reduce our dependency on paid acquisition, as well as our dependency on tactics that startups use, like discounts. Now we want to start acquiring users based on the power of our brand and our core value, as opposed to just the value of what we offer.

And finally, like any growth company that is living and breathing in data, we have identified many leading indicators on and off the platform that tell us more about a customer's behavior.

**You must be harnessing a lot of data. You're looking at the choices consumers are making—which meals they're selecting, whether they're skipping a meal, etc. How are you leveraging that data? Are you creating more personalized experiences?**

Data is a flood that flows through pretty much everything that Freshly does. Sometimes perhaps way too much. You have to evolve from being data-dependent to being data-inspired. And we are now in that consummated phase.

But you're absolutely right. We look at the orders you're making. There are different kinds of signals we get. There are direct signals where you're telling us, "Hey, I like this, and I don't like that." We also get indirect signals. For example, users who skipped a meal in their first four weeks are X percent higher retained. It helps us figure out how to inspire more users to skip a meal, because skipping a meal for us, since we have a weekly subscription, is actually a very positive behavior.

One of the largest teams in the company is our data team, which is a combination of statistical analysts and data scientists sitting in five different countries. What they discover is more of these indirect indicators.

**We've seen a few services like Freshly emerge alongside meal kit companies over the years. Is there a need for these services because there's been a shift in behavior? Or is it because you're targeting a different demographic that may not always have the time to go shopping for meals?**

It's a combination of all of that. We are living in a digital world where the lifestyles have changed—how we live, how we shop, how we raise kids. Everything has evolved, and consumers' habits are changing dramatically fast.

Freshly's business model is very different from others. You may argue and say, "Well, meal kits became really big two years ago, but they're struggling now." That's exactly to my point on why consumer habits have changed. [Freshly] is actually giving you that time back and letting you enjoy that moment without cannibalizing the quality, taste and nourishment from the food.

In terms of demographics, our user base is extremely diverse. The caveat is that we saw different needs for the different demographics. Some people are going to college, some are at their first jobs and are busy working 20 hours a day. There are consultants who are traveling,

people who are not married, or people who are married with kids. Plus, there are empty-nesters who've been there and done that or feel like cooking is the last thing they want to do. They all have specific needs, and they're looking for healthy food they can trust without spending a boatload.

### **What does your 2020 road map look like?**

We have a very strong product road map for 2020, and some things, like voice, are on that road map. Overall, it's a combination of innovations that we're driving on our existing mobile platform.

We just launched a new chat capability, and a lot of those types of things are on the horizon. So, I couldn't give you a timeframe for everything, but there are a lot of interesting things coming.