

To: Linda Findley

From: Katherine Calcagno

Subject: Recommendation for Reinforcing Digital Adopters and Expanding to an Additional Segment

Situation Summary: During the COVID-19 pandemic, there was an accelerated adoption of meal kits as a way to shop and prepare meals at home. Like other companies, Blue Apron saw an increase in sales during this period and hopes to regain that momentum as in-store shopping and dining out has returned to normal. The "Digital Adopters" segment, characterized as millennial parents with high incomes, was the first segment to purchase these meal kits. While Blue Apron holds a great share of these customers, it is important to continue positioning Blue Apron as the best company in the competition. Blue Apron must also target an additional segment to expand its customer base. In this memo, I seek to offer a recommendation on how to reinforce the Digital Adopters positive perception of Blue Apron. Additionally, this memo will give a rationale-based recommendation for an additional segment to target.

Recommendation: After careful consideration, I have concluded that Blue Apron should pursue the Multi-Channel Adapters, a group that values convenience, good taste, speed, and value in their food. To best target this new segment of the market and continue to engage Digital Adopters, Blue Apron should utilize promotion-focused advertising in apps, social media, email and streaming sites. To reinforce our place among competitors, specifically among Digital Adopters, Blue Apron should utilize humorous comparison ads, leveraging our offerings compared to competitors. Additionally, Blue Apron should revamp the current referral program to continuously offer incentives to customers who recommend family and friends who ultimately become customers. Along the same lines of incentives, Blue Apron should utilize operant conditioning, sending discount codes to encourage Multi-Channel Adapters to purchase meal kits and create a habit of doing so.

Rationale: First, it is important to understand the rationale behind targeting the Multi-Channel Adapters segment. According to The Nielsen Company's 2018 Survey on Food Shopper Segments, Multi-Channel Adapters capture 23% of shoppers with an average monthly spend of \$415 on food for a family size of less than three people. This group values convenience, good tasting food, speed, good value and freshness (Mothersbaugh 476), these values are closely aligned with Blue Apron's brand mission of delivering high quality food. In advertising to attract Multi-Channel Adapters and retain Digital Adopters, Blue Apron should utilize promotion-focused advertising with the message frame of the positive gains of eating Blue Apron versus the losses avoided by eating elsewhere. A Nielsen Research Study of Global Health and Wellness found that 60% of Americans actively make food shopping decisions to prevent negative conditions like obesity, diabetes, and high cholesterol. The reasoning behind these ads being placed in aspirational food and lifestyle magazines is because "ad placement in shows, magazines, or websites that are likely to elicit a promotion focus versus those likely to elicit a prevention focus" (Mothersbaugh 381). The physical placement for these advertisements would be on the right-hand page of the magazine, following from top left to bottom right (Attention: stimulus factors- position class slides). To reinforce our positioning within the Digital Adopters segment, mostly younger urban parents (millennials), advertisements should meet the audience where they are. Millennials prefer ads that "use humor and have an element of truth about them" (Mothersbaugh 126). We could incorporate a comedic print comparison ad about a young family that shows the customizability of Blue Apron, with kid-friendly Family Kit offerings (Blue Apron Website), versus Purple Carrot, which doesn't offer meals geared specifically towards kids. Print media would be best for this ad because it "lends itself to more thorough comparisons" (Mothersbaugh 422).

It is essential to address the pricing concerns that potential and current customers have with meal kits. In Mintel's September 2020 Summary Report, 66% of current meal kit users and 73% of past meal kit users stated that meal kits are too expensive without a coupon or discount. Years later, the price concern of food remains; a 2024 Mintel Report entitled Cooking In America/Meal Planning and Preparation- US states that "consumers remain uneasy about their finances, motivating many to look for ways to save on food." To avoid losing potential customers due to pricing concerns, I have recommended that Blue Apron utilize operant conditioning, send out discount codes after purchases, and then ease up on sending these discount codes to the Multi-Channel Adapters segment. This, in turn, will result in shaping the purchase behavior: "encouraging partial responses leading to the final desired response" (Mothersbaugh 337). In this case, the partial response would be buying the meal kits with a coupon and then making a purchase without one.

Specifically, to help reinforce Blue Apron with the Digital Adopters segment, I have recommended that the referral program be revamped to be offered continuously. Blue Apron's referral program is offered "from time to time," and terms have not been updated since 2023. Since Digital Adopters "prefer to have a personal endorsement from a family or friend," it would be wise if Blue Apron allowed its customers to receive benefits from referring friends and family all year. This would allow potential customers who would fall into the Digital Adopters group to get the personal endorsement they seek. In turn, the referral process would also be beneficial in creating and attracting more customers; according to a Harvard Business School study on customer referrals, "referred customers bring in about 30%-57% more new customers through referrals than other customers" (Gerhson, Jiang, Fraser, Gupta 2024).

Potential Problems:

1. According to the Harvard Business Review, "short perceived discount durations drive purchase intentions" (Gauri et al.). However, we may have to extend our discount promotions to gain sufficient traction from Multi-Channel Adapters customers.
2. Regarding the comparison ad, loyal Purple Carrot customers may disregard it. According to the textbook, "users of the named competitor brands appear to resist comparative claims" (Mothersbaugh 422).

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