

To: Chief Flavor Officer Arthur Apron

From: Iliana Booth

Re: Evidence-Based Recommendation for New Target Market Segment

Situation Summary:

The meal kit industry experienced rapid growth during the COVID-19 pandemic as consumers sought convenient, at-home dining options. Now that this opportunity has passed, Blue Apron is facing a potential decline in demand as consumers' value perception of meal kits has weakened. I was requested to provide an evidence-based recommendation on which target market segment to pursue and devise the main message to persuade them to become loyal consumers of Blue Apron meal kits post-pandemic.

Recommendation:

1. We should target the *Digital Adopters* market segment, mainly composed of young, urban parents with high incomes who prioritize taste and are the most likely to use digital tools and promotions.
2. Our main message to target this segment should emphasize that purchasing Blue Apron meal kits will allow you and your family to enjoy delicious meals without the hassle. Marketing communications should focus primarily on how Blue Apron makes high-quality dining convenient and tasty.
3. To reach the *Digital Adopters* market segment, we should focus our marketing efforts on social media platforms, particularly Instagram, TikTok, Twitter/X, YouTube, and Pinterest.

Rationale:

The *Digital Adopters* market segment is a promising target for Blue Apron's post-pandemic growth. This segment skews urban and younger and values convenience and quality in their meal options. They are at the forefront of technology-influenced food innovations (p. 475).ⁱ This segment's habits are aligned with digital engagement and prioritize efficiency, making it well-suited for meal kits like Blue Apron. Millennial urbanites (the majority of this segment) were the early adopters of meal kits because of their higher premium on convenience due to living in major metro areas where grocery stores are less accessible and the cost of living is higher (p.475).ⁱⁱ A Mintel report on consumer attitudes found that 58% of young adults aged 18-34 find meal planning to be stressful.ⁱⁱⁱ Blue Apron could effectively remove the stress of meal planning for young adult consumers, who comprise most of the *Digital Adopters*. According to a study of the dietary behaviors of meal kit users, meal kit services could be a method to increase food access generally, particularly for those living in areas that have low access to healthy food options.^{iv} An abundance of unhealthy food options in many urban areas can make it difficult for individuals to incorporate enough nutritious food into their diets. Students with fast-food restaurants within a half mile of their schools have been found to consume fewer servings of fruits and vegetables and more servings of soda and were more likely to be overweight or obese.^v Blue Apron's meal kits provide a promising solution for those living in urban areas with disproportionate access to unhealthy food over nutritious food.

To effectively appeal to the *Digital Adopters* market segment, we should emphasize the convenience of Blue Apron meal kits above all, with delicious taste as a close second priority. Meal kits provide the additional value of forgoing the shopping trip, searching for recipes, meal planning, and even chopping and measuring ingredients in many cases. This convenience appeals to many Americans as it eases the pressures experienced by people leading busy lives and working long hours, especially as more women join and stay in the workforce than ever before (p. 474).^{vi} A study on the marketing messages for meal kits found that one of the key marketing messages of meal kit companies is that they source and deliver the ingredients so that the consumer saves time and only has to do the cooking. The delivery of the ingredients plays to the idea of the time-poor consumer who exerts their agency by opting for the 'smart' choice in subscribing to this service.^{vii} Therefore, marketing messages for Blue Apron meal kits should reinforce the consumer's sense of agency in choosing to save time by using meal kits to avoid meal prepping and buying groceries all the time.

We should target the *Digital Adopters* segment through marketing communications on the social media platforms most used by educated and higher-income young adults. According to a Pew Research Center survey, 89% of college graduates use YouTube, 55% use Instagram, 29% use Twitter/X, and 38% use Pinterest. 62% of young adults aged 18-29 and 39% aged 30-49 use TikTok, which makes incorporating TikTok into Blue Apron's marketing strategy an intelligent choice for targeting young adults.^{viii}

Key Issues:

- Market saturation and competition raise concerns in that the meal kit industry is highly competitive, with both established and emerging brands.^{ix} Blue Apron must have a compelling value proposition to differentiate it from its competitors and should accentuate its better taste to stand out successfully.
- A limited customer retention rate could make it difficult for Blue Apron to build long-term loyalty because consumers often cancel meal kit subscriptions after a short period due to factors like cost and meal variety. As of 2022, Blue Apron's customer retention rate was at 15% after 11 months.^x

Works Cited

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ⁱ Mothersbaugh, David L., et al.

ⁱⁱ Mothersbaugh, David L., et al.

ⁱⁱⁱ Mintel.

^{iv} Robinson-Oghogho, Joelle N., et al.

^v Davis, Brennan & Carpenter, Christopher.

^{vi} Mothersbaugh, David L., et al.

^{vii} Moir, James, et al.

^{viii} Pew Research Center.

^{ix} IBISWorld.

^x Perri, Janine.