HOME CHEF: REACH NEW HEIGHTS

Your competitive edge.
HOME CHEF: REACH NEW HEIGHTS

YOUR COMPETITIVE EDGE

Proposed to

HOME CHEF

Prepared by

MAVERICK CONSULTING

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November 29th, 2017
November 29th, 2017

Kelley School of Business  
1275 E 10th Street  
Bloomington, IN 47405

Pat Vihtelic  
Chicago, IL 60632

Subject: Your Competitive Edge

Dear Mr Vihtelic,

Maverick Consulting thanks Home Chef for giving us the opportunity to take part in a strategic challenge and provide exceptional solutions to even the heftiest problems. We also thank EY for their continuous support throughout each challenge and endeavor. Using this case, Maverick Consulting has prepared the ideal strategy that will provide differentiation, growth, and advancement of Home Chef by expanding its market share potential.

This proposed partnership offers the power of customization and enhanced convenience that customers desire. The combination of various factors through this partnership will have the opportunity to make Home Chef’s and Kroger’s goals a reality and maximize potential for both companies.

We also thank Professor Smith, this report would not have been possible without the continuous guidance, mentorship, and advice every step of the way.

Please feel free to contact us at consulting@mvrck.com or (317) 557-1001 for any questions or concerns about the solutions and information presented in the report. We look forward to seeing Home Chef’s competitive edge become a reality.

Sincerely,

Cassandra Pulido  Lukas Trieb  Jake Rosenblum  Calvin Auyeng  Kapil Jain
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EXECUTIVE SUMMARY

PURPOSE OF THE REPORT

Home Chef is an emerging entrepreneurial company that delivers a weekly culinary experience to customers by providing ingredients as well as various recipes. The meal-kit industry has been evolving rapidly due to major competitors entering the market such as Amazon, rapid changes in technology, and increased demand for convenience. In fact, in 2016, meal kits in U.S. grocery stores generated $80.6 million in sales and the advent of meal kit delivery has created a $1.5 billion market with the potential to double within the next few years. The main question that we have been tasked to answer is how Home Chef can differentiate itself from the other competitors in the industry and increase its market share. Through our extensive research, we identified the issues facing the industry as a whole, developed a unique solution, and created an effective implementation plan which will be expanded upon in this report.

INTRODUCTION

Home Chef is a meal kit delivery service that packs fresh, pre-assembled ingredients ready for customers to cook. With the recent acquisition of Whole Foods by Amazon and its recent opening of its service AmazonFresh, a grocery delivery service, Home Chef needs a way to differentiate themselves so they can stay competitive within the meal kit industry. According to The Atlantic, 65 million Prime members prefer online retail versus brick and mortar locations. Amazon will leverage this customer base to increase online groceries sales, eliminating most of the demand for meal kits. Most of Home Chef’s target market are young professionals who don’t necessarily have the time to grocery shop and prepare meals. With home grocery delivery, this might eliminate the need for pre-made meal kits because it would be a cheaper alternative.

“FROM ONLINE TO DOORSTEP...TO YOUR KITCHEN TABLE, WE MAKE PLANNING AND PREPARING A HOME-COOKED MEAL SIMPLE, INTUITIVE AND INSPIRATIONAL EVERY STEP OF THE WAY.”
Source: Home Chef
RECOMMENDATIONS

We believe that Amazon’s acquisition of Whole Foods and entry into the meal kit industry requires Home Chef to act quickly and effectively. Therefore, we have proposed that Home Chef partner with Kroger because Kroger provides Home Chef with high quality produce, great brand loyalty, and a wide-spread network of stores. In fact, according to Business Insider, Kroger’s organic foods section has surpassed that of Whole Foods which is important considering Amazon is the major threat that Home Chef must contend with. Additionally, according to Business Insider, Kroger’s loyalty service program is rated the best within the industry as customers can use the Kroger Shoppers card to be eligible for various discounts. Most importantly, Kroger’s large network of stores provides Home Chef with the ability to provide meal kits in physical locations which makes it convenient for all customers to purchase meal kits or customize their own through kiosks.

IMPLEMENTATION

- Ship Home-Meal Delivery Kits out of Kroger
- Add Kiosks within Kroger stores to create customizable meal options
- Sell Pre-made kits at Kroger Locations
- Price for the Tablets will be approximately $222,240
- Added Labor is Transferred from Home Chef itself
- Aisles can be customized to specifically Home Chef

CURRENT STATE OF COMPANY

COMPEITORS

The current landscape for the meal kit/food delivery market is hypercompetitive. Major players have laid a stake to a huge percentage of the current market, alongside the emergence of corporate giants. Home Chef now delivers over 2.5 million meals a month and is the second largest U.S. based meal kit delivery service (Fiebiger). The current companies for Home Chef to be aware of are Plated, Blue Apron, Amazon Fresh, HelloFresh, and Sun Basket.

Plated rose to fame when it was featured on Shark Tank in 2014. It is an American ingredient and recipe meal kit service. Plated delivers weekly meals in boxes that contain the ingredients and recipes for consumers to cook by hand. Plated was bought out by a company named Albertson and currently sits at an evaluation of over 100 million dollars (Khan). Plated is a minor
threat in the long run due to the market share that they possess in comparison to Home Chef.

Blue Apron serves to date as Home Chef’s number one competitor, and currently stands as the largest U.S. based meal kit delivery service. Home Chef and Blue Apron offer very similar services in most aspects. The additional success for Blue Apron can most likely be attributed to its successful marketing strategies.

According to Molly St. Louis, Blue Apron recognized the educational void for the multitude of home cooks and built a wildly successful business around feeding them, while also improving their kitchen prowess. She goes on to state that Blue Apron always generates excitement about a dish before it’s ever delivered to the door (St. Louis). Blue Apron’s recent IPO failure strikes fear into other meal kit companies trying to take their company public.

The recent emergence of Amazon topped the list of Europe’s fastest-growing companies demand, whereas Home Chef is noted only domestically.

HelloFresh is a meal kit provider as well. HelloFresh delivers locally sourced food to consumers’ doors at the most convenient time for the subscriber. It uses a soft subscription model which allows it to leverage weekly subscriber’s touch points to consistently manage supply chains (HelloFresh). HelloFresh has more than 850,000 customers globally and operates out of nine countries across three continents. HelloFresh (knocks). HelloFresh’s success lies in its global

Fresh has the entire industry in a flurry. Amazon has become a corporate conglomerate that dominates any industry it chooses to join. Amazon has a foothold in almost every facet of consumer spending, and now it has a claim in the food industry as well. Many consumers that are signed up for services like Amazon Prime will stay within company lines and tend not to try Home Chef. Additionally, Amazon looks to incorporate its recent acquisition of Whole Foods into its e-commerce platform. Amazon plans on cutting prices on everything from bananas and avocados to eggs, Tilapia, beef and baby kale in its existing stores nationwide (Gara).

Sun Basket emerged as yet another meal kit subscription service, noted for its eco-friendly packaging along with solution for specific kinds of diets (paleo, vegetarian, vegan, etc.). The home meals also average 32 minutes with Sun Basket which is below the average for Home Chef (Metzger).
VALUABLE GROWTH OPPORTUNITIES

THE SOLUTION

The perfect solution for Home Chef’s situation is to partner with Kroger in order to increase market share and maximize revenue. A partnership between a highly renowned grocery store and a meal-kit delivery company, can create a more affordable, efficient, and higher quality way of living. Currently, Home Chef does not appeal to a market that prefers to shop at in-store, “brick and mortar” locations which accounts for 70% of the population, according to PricewaterhouseCoopers.

Kroger, on the other hand, has yet to keep up with technological advancements that appeal to consumer groups who are caught in the hustle and bustle and don’t have time to wait in long grocery lines or scan through the aisles. According to CBS News, online grocery delivery increased by 15% in 2016 and topped $12 billion last year. This is a trend that continues to rise and is here to stay; which is why Maverick Consulting believes it is best to take advantage of this movement and stay innovative on both ends.

DETAILS OF PARTNERSHIP

Through this partnership, Home Chef and Kroger will collaborate to implement a meal-kit delivery system that will cater to each customer’s wants and needs.

First, Home Chef will have in-store locations available throughout Kroger grocery stores. At each location, Home Chef will have a service desk located near the produce section of the store. This will allow customers to have the opportunity to come in, place meal-kit orders, and have a one-on-one
consultation with a Home Chef representative who will be able to guide them through the process, answer any questions, and facilitate their overall experience.

Kroger is a leading provider of fresh, organic produce which aligns perfectly with the products that Home Chef distributes to their customers. Home Chef will be using Kroger’s abundant ingredients and products to incorporate them into their meal-kits in order to create a smoother grocery process. With the guidance of the order placed by the customer, the Home Chef representative will be able to transform the customer’s need into a reality by hand selecting only the best produce that can be found in Kroger’s stores.

There are several options for the customers who would rather stop in and go. Home Chef will have pre-made meal kits, based on popular demand, located on shelves in an aisle in Kroger stores. These pre-made meal kits will be selected based on the data collected from the highest requested recipes from past transactions. This option will be ideal for more traditional customers because they will be given the opportunity to stop by and grab the product off the self and continue with their shopping, as usual.

For those who do not find the popular meal-kit options particularly appetizing or just want something more aligned to their needs, there will be digital kiosks available near the aisles that will give customers the option to customize ingredient selections to create their desired meal and options to select a variety of other Home Chef recipes that have already been built into the system.

Not only will this customizable option be available in stores, but it will also be available online for the customers who prefer a quicker, more convenient way to shop that will match their busy lifestyles. The traditional Home Chef delivery option will still be available through their website, but with an added customizable touch, as seen in the “brick and mortar” locations. Overall, Home Chef and Kroger will both benefit by collaborating together with the addition of customization and enhanced technology. As a result of the partnership between Kroger and Home Chef, market share will be increased, both companies will be up-to-beat with modern trends, profit will be maximized, and both will have a fighting chance against top competitors.
Maverick Consulting has come to the conclusion that there is no better duo than Home Chef and Kroger. The combination of these two companies will be an opportunity that is well worth it for a variety of reasons. By sourcing supplies and products from Kroger, Home Chef will be able to cut down on supply costs and appeal to customers who already trust Kroger’s brand. Kroger offers “thousands of natural, organic and eco-friendly product choices to meet customers' needs,” which aligns perfectly with Home Chef’s locally sourced supply strategy of acquiring fresh and high-quality ingredients. This partnership will be more convenient for Home Chef and will reduce supply costs because the company will be able to receive the majority or all ingredients for each meal-kit, right there in stores. Kroger operates approximately 2,793 grocery retail stores across 35 different US states and it is the 2nd largest US retailer that has been around since 1883. It’s safe to say that Kroger has made a significant impact across many families in the country, for decades many consumers have trusted Kroger as their go-to for all things grocery related.

Due to Kroger’s large expansion across the nation, Home Chef will be able to benefit from this large market share by being able to reach places that were once never thought to be possible. Also, Kroger will benefit simultaneously for the same reasons; this company will be able to expand to many unforeseen locations by investing in a home delivery meal-kit company. Essentially, it’s a win-win on both sides. Due to increased expansion for both companies, this will result in increased revenue because this partnership will appeal to many new consumers.
MARKETING

PREVIOUS MARKETING STRATEGIES

Currently, Home Chef’s marketing strategy primarily consists of word of mouth and online advertising techniques. According to Digital Commerce, customer referrals helped boost Home Chef’s business by 25 times the rate in 2015. Approximately $6,079,744 has been spent on a combination of desktop and mobile advertising to a variety of publishers such as, Business Insider, Huffington Post, and Weather.com, according to AdBeat.

In the past, Home Chef has leveraged local News channels, such as ABC7 (see Figure 2), to increase exposure and credibility to potential customers. Many people trust their local news anchors, thus a local news celebrity promoting Home Chef is 10 times more powerful than Home Chef’s standard promoting strategies.

Figure 2
As Maverick Consulting, we believe the best strategy is to implement marketing through social media platforms in addition to the other past marketing strategies. The previous marketing strategies that Home Chef normally utilizes is adequate, but not enough for profit maximization.

The number of people who regularly use social media has grown dramatically over the past years, which makes social media the ideal platform to pursue. According to the Data and Marketing Association, “77% of millennials make a purchase both online and in-store after viewing something on Facebook,” this data alone proves that social media can have a significant impact on future revenue and potential customers.

Implementing a marketing campaign through social media outlets such as, Facebook, Twitter, Instagram, and Snapchat, would be the best approach to attract a niche market of busy, professional millennials.
TAP INTO KROGER’S MARKET BY USING THEIR ESTABLISHED BRAND

If Home Chef partners with Kroger, Home Chef will have the unique opportunity to expand its services within physical stores throughout the U.S. as Kroger is located across 35 states and currently operates in 2,793 grocery retail stores. In the grocery retail industry, an established brand is extremely important because of how competitive the industry is. Kroger’s brand reputation has improved considerably in the last few years due to its customer loyalty program, its efforts in ramping up its organic foods section, and its commitment to new technological advancements within the industry.

According to a study conducted by Maritz Loyalty Marketing of New York, Kroger’s loyalty program is rated the highest within the grocery industry. In fact, according to industry expert Ronald Urbach, nine out of the 10 purchases at Kroger are made through its popular “Kroger Plus Card”. The card allows customers to be eligible for discounts on various items and provides them with up to $1 off per gallon at Kroger gas stations. Since the loyalty program is extremely popular, Kroger can learn more about customer behavior and tailor their promotions to individual shoppers which enhances Kroger’s brand loyalty.

Additionally, Kroger’s organic foods section has expanded considerably in the last few years which has attracted more customers. According to Karen Short, a Barclays analyst, Whole Foods has lost as many as 14 million customers in the past six quarters and most have transferred over to purchasing Kroger’s products. This is an important development considering that Amazon has recently acquired Whole Foods and Amazon is Home Chef’s biggest competitor within the meal kit industry. Kroger’s organic foods section is represented under the “Simple Truth” brand as the section contains more than 35,000 products. Due to this recent expansion into the organic and natural foods section, Kroger’s sales in this section totaled $16 billion in the past year while Whole Foods totaled $15.8 billion.

Therefore, Kroger’s organic foods section has surpassed that of Whole Foods. Most importantly, Kroger’s same store sales grew 1% in 2016 while Whole Foods’s same store sales declined 2.4% in 2016 which shows that Kroger has increased its market share in the grocery food industry and represents a major threat to Whole Foods. Lastly, Kroger has always been committed in improving customer experience by expanding upon the technologies that Harris Teeter and Vitacost.com provided to the company. For example, Kroger now provides ClickList which is Kroger’s shop online-pick-up-at-store service in seven markets rather than one. The company is also testing Vitacost.com’s technology and ship-to-home infrastructure in Denver.
Additionally, the company recently launched a Digital Shelf Edge pilot in which technology is used to show high resolution shelf-tags and media content at the point of purchase for customers. By using this technology, associates within the store will have more time to attend to customer issues.

PACKAGING

The partnership between Home Chef and Kroger will result in a slight change in packaging. Due to the fact that Home Chef products will be available in-store and on shelves, the packaging will be enhanced in order to appeal to more customers. Unfortunately, the regular, plain cardboard box design won’t be as attractive to consumers as an enhanced, bold packaging. Thus, an enhanced packaging that portrays images of the meal items would be ideal for in-store sales. Also, the trusted Kroger logo will be posted on the packaging in order to appeal to customers that are loyal to the Kroger brand.

FINANCIALS

CURRENT HOME CHEF FOOD FINANCIALS

Home Chef currently is in a good financial state with a growing customer base as more consumers tap into the meal kit industry. According to Tech Crunch, Home Chef delivers in 2017, on average 1.5 million meals each month with a team of more than 600 employees. In addition to that, Home Chef just reported that it has raised a new $40 million round of funding. According to Reuters, Home Chef is exploring options including a potential sale after its largest competitor, Blue Apron Holdings, went public. Home Chef could receive offers upwards of $600 million based on expected 2017 revenue of more than $300 million dollars, a huge valuation and testament to their success in the meal kit market. However, with the recent emergence of Amazon Fresh, the entire meal kit industry is threatened. Amazon currently has a foothold in almost every aspect of consumer spending, and with its recent acquisition of Whole Foods Market, it
now has a claim in the food market as well. With our recommendation of a strategic partnership between Home Chef and Kroger, the only major costs for Home Chef would be to set up the kiosks for in-store ordering and assembling of the meal kits. According to Statista, there are 2778 Kroger stores in over 34 states across the U.S. Putting 3 tablets in every Kroger store at the peak of our implementation plan with the price of a Samsung Galaxy Tab E-Lite 7” 8GB Tablet from Walmart at $67.99 puts the cost of implementing kiosks at $566,628.66. Sourcing the ingredients in meal kits and purchasing them wholesale from Kroger would lower supply costs for Home Chef and increase marginal profits. Costs of employment would only be to retrain current Home Chef employees or hire entry level workers to assist and assemble meal kits in Kroger stores.

**PARTNERSHIP FINANCIALS**

According to Kroger’s 2016 Annual Report and Statements, they serve more than 8.5 million customers every day in nearly 2800 supermarket locations in the U.S. With fiscal 2016 sales of approximately $110 billion, Kroger is more than capable of partnering with Home Chef. With the strategic partnership between the two companies, Home Chef would indicate it in the meal kits with Kroger’s logo. According to Home Chef’s site, they deliver to 98% of the U.S. With Kroger being stationed in only 34 states, it would give Kroger notability and marketing power in parts of the U.S they don’t operate in. Through this partnership, Kroger would generate additional sales from Home Chef purchasing ingredients from them. Costs of employment would be negligible for Kroger due to the fact that labor is added from Home Chef itself. Kroger would dedicate two aisles in the store and designate them
TIMELINE

IMPLEMENTATION PLAN

According to a report published by Deloitte in 2013 titled, American Pantry Report, on average, consumers shop at up to five different stores to fulfill their grocery needs. Examples of these shopping channels include conventional supermarkets (Kroger and Safeway), supercenters (Wal-Mart and Target), discount stores, convenience stores, clubs (Sam’s Club and Costco), and e-commerce stores (Peterson). Placing Home Chef into brick and mortar stores while affording Kroger the opportunity to expand into online shopping serves as a mutually beneficial relationship.

The first plan of action is developing a Home Chef aisle in select Kroger locations. These aisles will be filled with pre-made meal kits that patrons could quickly pick up to make that night or at their earliest convenience. To begin Home Chef will release the highest selling meal kits in each location. As the brand grows and there is more data to study, certain geographic locations will receive different pre-made meal kits to stock their shelves based off their specific buying habits. This aisle would strategically be placed near the produce section. Instead of a shopper mixing and matching food to make a dinner they will see the convenient meal kit already put together. Having these pre-made meal kits available for immediate pickup in store makes it even quicker for consumers to cook their nutritious meals, as they bypass the shipping process entirely.

At the end of each of these Home Chef aisles would be three kiosks (tablet), in which users can customize a meal kit for pickup or delivery. On these kiosks would be an array of options to choose from to make their very own meal kit, which meets their individual needs. Each user will be able to select a food choice from the major categories that compose a balanced diet: fruits, vegetables, grains, dairy, and protein foods (Five).

Home Chef is aware that people have unique needs and that some enjoy the chance to customize their meals. Chipotle ignited the trend, captivating diners who would walk down an assembly line of ingredients perfectly to be used for meal kits, where the 3 kiosks would be also be placed.
constructed for their liking. Customizable meal chain’s revenue grew thirteen percent in 2014, 10 times that of restaurants overall, with a growth of 1.3 percent, according to Technomic (Newman). The ingredient options will vary based on what is available in the store. Home Chef will use the produce available in the store through the connections of Kroger. Once fully selected the user will have the option to have their meal kit either shipped home or available for pickup later that day.

The Home Chef representative located in each Kroger location will be responsible for putting the meals to order. Consumers will be able to swipe their credit cards on the tablets and pay for their meals. They may sign out as a guest or if they enjoy the meal kit system may sign up for a Home Chef membership on the spot.

**MILESTONES**

- Open first 10 stores as testing locations
- Open next 90 stores, reaching 100 in total
- Open 200 stores, at least 1 in all 34 states Kroger reaches
- Open 1000 total stores.
- Open Home Chef locations in all of Kroger 2778 stores

*Figure 6*
POSSIBLE SCENARIOS

BEST CASE:
The best case of the strategic partnership between Kroger and Home Chef is for both companies to succeed in capturing larger market share and notability in the food industries. The partnership will not only help Kroger expand its name across the U.S but it will also increase revenues for both companies. This will happen through Home Chef purchasing ingredients from Kroger and from Home Chef receiving access to a brick and mortar location, with access to a loyal customer base in which 8.5 million Americans shop every day. Customers will come into the store, able to use the kiosks to customize or select meal kits ready to be assembled and brought to them by in-store Home Chef employees.

MOST LIKELY:
The most likely case in the strategic partnership is there will be a stronger brand name for Kroger in the places that Home Chef delivers to in which Kroger stores aren’t located in. Home Chef will source and purchase ingredients used in meal kits from Kroger, generating more revenue for Kroger. Consumer interest will slowly be gauged as 2 new aisles are introduced to Kroger stores. Kiosks will help assist customers interested in customizing and selecting meal kits ready to be assembled and sold.

WORST CASE:
The worst case in the strategic partnership is that meal kits will not be a hot commodity in Kroger stores. Pre-assembled meal kits that aren’t sold and sit on the shelves for a long duration have the potential to spoil and not be as “fresh” as Home Chef advertises. This will result in increasing costs for Home Chef as they have to replace and throw out spoiled ingredients. In this case, Home Chef will need to re-evaluate how to market their meal kits better so that more consumers are attracted to purchase them.

EXPECTED TIMELINE

Our timeline for full integration with Kroger stores is five years. The first six months are dedicated to opening our first 20 locations as well as testing them for our proof of concept. This is the slowest point of the expansion, because there will be no previous stores to base new locations off. Once the initial stores are built and tested, our speed of expansion increases
greatly. This is because we have previous stores to use as templates as well as experience of creating the Home Chef experience in a Krogers isle. It is because of this our goal by the end of the first year is to have Home Chef isles in 200 stores. From the end of the first year to the end of our fifth year of this partnership we will be focused on aggressively expanding into the remaining Krogers locations. We believe that it is possible to have brought Home Chef to every Krogers location by the end of the fifth year. This is again because of the decrease in time that it takes to create every additional store. Our knowhow of integrating Home Chef into Krogers will increase after every store we finish, which will increase our speed of finishing new stores.

Six Months
By the end of six months our goal is to have 25 stores up and running as "pilot stores". This will give us good data to determine the profitability of our partnership.

1 Year
After one year we expect to have 200 stores, across all 34 states where Krogers operates, running at full capacity. We will have proof of concept by this point and will just be expanding our operations to more stores.

5 Years
After 5 years, we expect to have fully expanded to reach all of Krogers’ 2,778 locations. We will have fully integrated our supply chain to ship out of Krogers locations.

Figure 7
SUMMARY

The meal kit industry has become extremely competitive throughout the past few years with companies offering similar services and other companies entering the market since there are no barriers to entry. Amazon’s entry within the industry through the acquisition of Whole Foods serves as a major threat to Home Chef because Amazon’s brand reputation is very strong and Amazon has gained a network of physical stores to distribute their products.

Therefore, we evaluated the issues that Amazon faces as a whole and created a solution that would help the company rival Amazon within the meal kit industry and help the company increase its market share. We believe that Home Chef’s partnership with Kroger will allow Home Chef to also gain a network of physical stores in which they can distribute meal kits to customers or even have customers order meal kits through the kiosks that will be set up at each Kroger. Additionally, Kroger provides Home Chef with fresh produce, strong brand loyalty, and data on customer behavior. Home Chef’s partnership with Kroger will help Home Chef market itself effectively amongst other competitors and increase its revenue as customers of Kroger will also become customers of Home Chef.

In the future, we expect Home Chef to expand its services within Kroger aisles and maximize its revenue by continuing to adapt to customer behavior. Most millennials are extremely busy with work and they value convenience. Through this partnership, Home Chef will be able to expand upon its online services and also offer customers the opportunity to purchase meal kits in Kroger stores throughout the US or even order customizable meals that can be picked up at a later date. Ultimately, Maverick Consulting believes that if Home Chef partners with Kroger, the company will not only boost its profits but also increase its market share in a cluttered industry and ultimately become the industry leader within a few years.
## APPENDIX A

### PRE-IMPLEMENTATION SWOT ANALYSIS

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<th>EVIDENCE OF STRENGTHS</th>
<th>EVIDENCE OF WEAKNESSES</th>
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<tr>
<td>Publish new menus each week which allows customers to explore diverse cuisines</td>
<td>Fruit-Basket that Home Chef provides may be rotten and not fresh by the time it arrives to the customer</td>
</tr>
<tr>
<td>Home Chef has expanded its customer base by providing its services to the West Coast and additional East Coast locations</td>
<td>Lack of Majority Market Share in the meal kit industry</td>
</tr>
<tr>
<td>Convenient for customers as they have the option to edit meals, skip weeks, and cancel accounts</td>
<td>Unnecessary amount of packaging for their meals</td>
</tr>
<tr>
<td>Prices are reasonable as home cooked meals cost less than it would to purchase individual ingredients</td>
<td>Hasn’t adequately addressed meals for those who have dietary restrictions</td>
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<th>EVIDENCE OF THREATS</th>
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<td>Millennials desire to cook has gone up considerably</td>
<td>Blue Apron released a new service in which they deliver wines paired with meals to customers</td>
</tr>
<tr>
<td>As online shopping for groceries increases, more people will be driven towards meal kits</td>
<td>PlateJoy partnered with Instacart grocery delivery service and now provide unique recipes, delivery service for meals, and customization of meals</td>
</tr>
<tr>
<td>Social media can be used to show off innovative meals, word-of-mouth is key tool</td>
<td>Peach Dish includes surprise snacks alongside their meals</td>
</tr>
<tr>
<td>Millennials are losing the incentive to go to grocery stores as meal kit delivery provides convenience</td>
<td></td>
</tr>
</tbody>
</table>

Millennials are losing the incentive to go to grocery stores as meal kit delivery provides convenience.
## APPENDIX B

### POST-IMPLEMENTATION SWOT ANALYSIS

<table>
<thead>
<tr>
<th>EVIDENCE OF STRENGTHS</th>
<th>EVIDENCE OF WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publish new menus each week which allows customers to explore diverse cuisines</td>
<td>Lack of Majority Market Share in the meal kit industry</td>
</tr>
<tr>
<td>Home Chef has expanded its customer base by providing its services to the West Coast and additional East Coast locations</td>
<td>Low barrier costs of entry</td>
</tr>
<tr>
<td>Convenient for customers as they have the option to edit meals, skip weeks, and cancel accounts</td>
<td>Lack of differentiation in the market</td>
</tr>
<tr>
<td>Prices are reasonable as home cooked meals cost less than it would to purchase individual ingredients</td>
<td></td>
</tr>
<tr>
<td>Partnership would add credibility to the company</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EVIDENCE OF OPPORTUNITY</th>
<th>EVIDENCE OF THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials desire to cook has gone up considerably</td>
<td>Blue Apron released a new service in which they deliver wines paired with meals to customers</td>
</tr>
<tr>
<td>As online shopping for groceries increases, more people will be driven towards meal kits</td>
<td>PlateJoy partnered with Instacart grocery delivery service and now provide unique recipes, delivery service for meals, and customization of meals</td>
</tr>
<tr>
<td>Social media can be used to show off innovative meals, word-of-mouth is key tool</td>
<td>Peach Dish includes surprise snacks alongside their meals</td>
</tr>
<tr>
<td>Make themselves known in a brick and mortar store</td>
<td>Amazon Fresh emerges with online grocery store</td>
</tr>
<tr>
<td></td>
<td>Brick and mortar store loyalty</td>
</tr>
</tbody>
</table>
APPENDIX C

FIGURES

Kroger Revenue (TTM) Chart

For advanced charting, view our full-featured Fundamental Chart
Open first 10 stores as testing locations

Open next 90 stores, reaching 100 in total

Open 200 stores, at least 1 in all 34 states Kroger reaches

Open 1000 total stores.

Open Home Chef locations in all of Kroger's 2,778 stores

Six Months
By the end of six months our goal is to have 25 stores up and running as "pilot stores". This will give us good data to determine the profitability of our partnership.

1 Year
After one year we expect to have 200 stores across all 34 states where Kroger operates, running at full capacity. We will have proof of concept by this point and will just be expanding our operations to more stores.

5 Years
After 5 years, we expect to have fully expanded to reach all of Kroger's 2,778 locations. We will have fully integrated our supply chain to ship out of Kroger locations.


Newman, Ryan. “Subscribe to the FT to read: Financial Times HelloFresh knocks up a recipe for sales growth.” Financial Times, www.ft.com/content/23e58f22-0a3e-11e7-ac5a-903b21361b43.


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