BEGINNER CHEF
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WW Consulting
WRITING WARRIORS

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Executive Summary

Beginner Chef

Purpose
In its current competitive environment, Home Chef desires to grow in market share and differentiation. The purpose of this report is to introduce a strategic differentiation plan that will give Home Chef an advantage over its' competitors. This report will cover the reasoning behind our plan, the value it will add to Home Chef, how it will differentiate it from other companies, and how this plan will be implemented.

Situation
Home Chef is a meal-kit delivery service that offers fresh, thoughtfully sourced ingredients. It recommends new meals every week based on consumers preferences, delivers to their homes, and provides home-cooked meals that take around 30 minutes to prepare. The market for meal-kit delivery services is rapidly expanding. More and more consumers are becoming interested in meal-kits, which has caused Home Chef’s competition to grow. In addition, other companies have entered the market such as Kroger, Publix, Whole Foods, and Amazon. Currently, Home Chef’s main target demographic includes middle-aged women, empty nesters, and single professionals. However, for Home Chef to stand out in a rapidly growing market, it must offer meals that cater more to college-aged students.

Complication
Home Chef wants to differentiate itself in a crowded and growing market of meal-kit delivery services. By targeting a new demographic of college students, Home Chef will gain and retain a new plethora of loyal customers. We are proposing the introduction of a new, simpler menu called "Beginner Chef". Beginner Chef will focus on offering easy, yet unique meals that don’t require an abundant amount of kitchen tools. In addition, Home Chef should also offer a deal where a customer can buy ten servings and get two free with a valid student identification. This will target college students living with roommates in addition to sororities and fraternities.

To market to college students, Home Chef will use a variety of social media strategies as well as direct exposure on college campuses. By conducting social media contests and posting cooking videos that are rising in popularity, Home Chef can be spread across social media platforms and engage activity from college students. In addition, Home Chef will target student housing fairs as well as set up tables around college campuses to present itself to the new target demographic and show the benefits Home Chef will have for college students.
Introduction

Home Chef is a current competitor in the rapidly expanding meal kit market. From the beginning of 2015 to September 2016, Home Chef increased its shipment volume by 150 times and now ships to 97% of the country (Catterton backs). With a prep and cook time of about thirty minutes, Home Chef is ideal for those living a fast-paced life. Home Chef’s diverse yet familiar menu is what it currently uses to differentiate itself from competitors when targeting its current demographic of middle aged women and young professionals.

Grocery stores are a declining industry, as stated by Pearson, with supermarkets only being the main source for grocery for 49% of shoppers. In response to the declining grocery market and the growing meal kit market, many grocers, such as Kroger, Publix, and Whole Foods are testing the meal kits, according to Meyer. The threat of grocers selling meal kits is high due to the comfort one finds in seeing their food before they buy it, rather than not seeing exactly where it comes from. As seen on MarketLine, Amazon entering the meal kit market poses as a threat to Home Chef because of its already well-established membership and pre-existing Amazon Pantry service (Amazon Is…). The meal kit market was estimated to grow by 25-30% over the next five years (Meyer). With many threats on the horizon as well as other currently existing meal kit distributors, Home Chef needs to get in front of this market expansion before the company gets left behind. It is important for Home Chef to differentiate itself from the competition and increase its market share.

There is a lot of room for Home Chef to grow by targeting a young college-aged demographic. According to Mintel, millennials have an increasing interest in cooking, with those stating that they cook at home at least three times a week increasing from 35 to 46% between 2015 and 2016, with the love of cooking increasing by 15% (see fig. 1) (Cooking Enthusiasts). With the growing connection between millennials and the kitchen, they are a prime target for the meal kit industry. To develop more of a competitive edge within the meal kit industry and drive growth within Home Chef, millennials need to be the next step for the company. By introducing a new menu with more basic and affordable meal options, Home Chef can cater to college students and receive the competitive advantage it needs to combat the threats that are posed against them.

![Fig. 1. Number of Millennials Who Love Cooking from Mintel; "Cooking Enthusiasts"; Mintel Group Ltd., Nov 2016](https://academic.mintel.com.proxyiub.utts.iu.edu/display/800649/?highlight=hit1)
Potential of College Students

College-age adults, specifically students, are a valuable demographic for Home Chef to target because of their spending power and potential long-term loyalty. College students have little of their own money to spend. However, an estimated $200 billion is spent by 15 million college students annually (Alderton). When compared to total millennial spending per year, it is a seventh of the total spending done annually (O’Donnell). Thus, college students are a significant section of the millennial market. College students can receive money from jobs or scholarships, but 45% receive money from their parents (see figure 2). Therefore, a college student’s budget can reflect their parents’ overall budget. Parents give their children money when they go to college so that they can buy food and pay for other living expenses. Home Chef, a food provider, can fall under the list of things parents may allow their children to spend money on. It is also important to remember that when college students graduate, they become adults with their own spending money and brand loyalties. It is strategic to target students when they are still in college because as Alderton writes, “College students eventually become educated, brand-loyal consumers”. If Home Chef can help a student make it through college, that student will be loyal to the company for years to come.

Note that college students are still members of the millennial generation, and as part of this generation, they have the same defining characteristics as millennials. They favor companies that value diversity, variety, and their customers (O’Donnell). Millennials also want to be understood by companies. They want a company that knows their lifestyles and their needs. Home Chef understands its customers’ busy lifestyles and offers a service catered towards that lifestyle. Also, millennials are interested in companies that leverage technology because millennials themselves grew up with technology (O’Donnell). They want to be able to access information and order services quickly on their phones and computers. Home Chef can offer this to millennials through its website and app.

![Figure 2: Primary Source of Income According to US College Students, July 2014](https://www.emarketer.com/Article/College-Students-May-Not-Broke-You-Think/2011019)
Value in Youth

Since Amazon came into the meal kit delivery market in March 2017, Blue Apron’s stock plummeted by 11% which suggests Amazon will create a revolution in the meal-kit delivery market (Shead). To dilute the impact Amazon will bring, Home Chef needs to maximize its profit margins and increase its value in the market by expanding to colleges. With $17 billion a year of college food services (Lee), it is essential for Home Chef to gain a share among the pie. In addition, this strategy will lead to more loyal customers.

To begin, Home Chef expands its profit margin by having lower labor cost. In 2016, over a million students in the US signed up to find roommates (“College Roommate Finder”). This trend implies a lot of college students are interested in finding roommates and many will live with roommates in the end. This is an opportunity for Home Chef to expand its sales with a relatively lower cost in shipping. For example, if 4 students who are roommates ordered meals to their apartment, it is now cheaper for Home Chef in terms of shipping costs because they can group these orders together and ship them all at once. With the new incentive for students to buy 10 servings to get two servings for free, Home Chef will have more opportunities to group orders together like this and save on total cost. In this example, 3/4 of the shipping related costs are saved. In addition, sales will continue to grow as students utilize this discount and see the advantage of ordering meals with their roommates.

In addition, Home Chef has the potential to earn long term loyalty from college students by offering quick and healthy meals. In the United States, 6% of the population consists of college students (see fig. 3). This implies that there is a large population that Home Chef has not been considering before. Historically, 40% of the U.S. population has received a college education. By targeting college students now, in the future this large population of educated citizens can be potential loyal customers to Home Chef. Students spend 70 hours a week studying in college (see fig. 4) compared to 45 hours a week in high school (see fig. 5). With newfound busy schedules and independence, many college students value convenience and price more than healthy food options (King). Home Chef offers a service that is price-friendly, convenient, and healthier compared to current options that
college students have at their disposal. If college students choose Home Chef and discover that Home Chef’s recipes are ideal for convenience, cost, and health they would be reluctant to convert to other companies. In long term, college students will be its loyal customers and continue to order Home Chef’s recipes after graduation when they are even busier with work. So, branding on campus is a crucial step for Home Chef to build its recognition and reputation.
Stepping Away from Competition

Our team believes that creating a new menu that caters to young adults and college students is the best way to differentiate in the competitive meal kit delivery market. This menu will include more basic and affordable options that will attract the younger demographic who value the convenience that Home Chef offers.

Our team chose this differentiation strategy because there are no other meal kit delivery companies that focuses on this age demographic. The main meal kit delivery companies, including Blue Apron and Hello Fresh, all focus efforts on the same age demographic. According to the Simmons One View Data Base, the current age group targeted by meal kit delivery companies are those that employed full time, married and consist primarily of the white demographic. This age demographic will continue to be targeted as the priority for Home Chef because they have the most use for the service. However, there is a void in the market for the younger demographic that should be exploited. After checking the company websites of Blue Apron, and Hello Fresh there is no sign of a menu that is specific to younger people (Blue Apron, Hello Fresh). This is a large gap in the market and our team believes that Home Chef has a great opportunity to expand its market share by making this adjustment. Overall, this is a good opportunity for Home Chef to differentiate itself from other meal kit delivery services.

The next reason that this differentiation strategy will be effective is because there is a need in the younger demographic for Home Chefs service. Younger people struggle with cooking skills because “fewer millennials have had stay-at-home parents teaching them to cook” (Lamagna). This article goes on to discuss the problem that many millennials have the urge to cook and enjoy cooked meals, but many lack the ingredients and skills. “80% of millennials say they think cooking meals at home is ‘a good way to live’” (Lamagna). The younger age demographic clearly has an interest to be in the kitchen and to learn how to cook. However, some that fall within this group lack the cooking experience and materials that are needed to get a good meal. Meal kit delivery companies are a great option for the younger demographic because it is delivered directly and includes the ingredients and step by step directions. Because of this, even beginner cookers will be able to utilize Home Chef’s services. In fact, this idea is what led our team to brand Home Chef’s new menu as "Beginner Chef”.

Another benefit is that these meals have a short preparation time which appeals to busy college students. With the help of Home Chef, students will be able to have a nutritious and excellent tasting meal in 30 minutes (Home Chef). In general, Home Chef’s service would be of great use to the younger demographic and it is feasible for this group to incorporate this service into their hectic lifestyles.
IMPLEMENTATION
Phase 1: Simple Meals on the Menu

To cater more towards college-aged students, Home Chef must offer more quick, easy and simple meals. Millennials want to spend a maximum of 20 minutes making a meal while also using few ingredients. However, Home Chef’s current recipes take a minimum of 30 minutes and consist of more advanced, upscale dishes like salmon with brown-butter tomato relish, Moroccan chickpea stew, and sirloin steak with garlic-chive butter (Check Out). To bring in more college customers, Home Chef must simplify its current meals by cutting the cooking time for the consumer in addition to the amount of ingredients that he or she will use. These new, simpler meals would be available under a new tab on the Home Chef website, called Beginner Chef. Beginner Chef will be aimed towards offering quick and easy—yet unique, meals for busy young adults. The meals for Beginner Chef will be simplified spin-offs of Home Chef’s menu for the week. For example, if Home Chef is offering roasted butternut squash risotto with candied walnuts one week, Beginner Chef could offer a parmesan risotto. Beginner Chef’s version of this meal is still unique and gives the consumer an incentive to buy this meal instead of going to the grocery store. It is also a lot easier and quicker to make than the original Home Chef’s version. Implementing this idea could be done by the fall of 2018. Home Chef would first need to look at its week-by-week meals and figure out a few ingredients and steps that it could cut out. Then, it would be able to add these meals to the Beginner Chef tab on its website. Success will be measured by looking at sales of Beginner Chef meals and seeing how much profit these new meals bring in.

Phase 2: Deals with Roommates in Mind

Home Chef could cater more towards roommates, sororities and fraternities, or even an individual who is throwing a dinner party by offering a deal on large orders. If a customer is wanting to buy a large amount of servings, this can get expensive since each serving is $9.95. (Check Out). Therefore, we propose that Home Chef offer a deal where a customer can buy ten servings and get two free if they have a valid student identification. Currently, on the sale of ten servings, Home Chef is making a profit of $43.67. If Home Chef implements this buy ten servings, get two servings free deal, it will make a profit of $32. 50 (see fig. 6). Home Chef would only be making $11.17 less by implementing this deal, but would show customers who are making large purchases that they are
valued. Implementing this deal would be simple and the goal is to attract new customers and increase sales. Success can be measured by seeing how many people use this deal at the end of each month. If this plan succeeds, college students will be able to more readily purchase meals from Home Chef’s website. Home Chef will also be able to gain and retain more college students as customers. We estimate that the new menu and student deal will be ready for implementation at the end of Fall 2018. Below is a visual that breaks down the pricing and profits that Home Chef will experience if the new student discount is applied.

Phase 3: Market to Millennials

To reach out to more college students, Home Chef needs to adjust how it markets to them. Home Chef needs to implement better marketing strategies using social-media and college campuses. Home Chef currently has a strong presence on social-media through Twitter, Instagram, and Facebook, but it lacks the ability to attract and engage college students. Home Chef currently markets its products through posting delicious pictures of food, but it needs to add to this strategy.

By Winter 2018, Home Chef will use its social-media accounts to have interactive contests that involve having users share its posts. This social-media contest will involve Home Chef posting videos/pictures of one of the meals being offered to college students. After the content is posted, the social-media users will have to follow Home Chef’s account and share its post across their accounts to be entered in the contest. Home Chef should introduce the contest through its Twitter, Instagram, and Facebook. While Home Chef will be posting the same content across each account, the interaction with its users will differ. Through Twitter, the users will have to follow Home Chef’s account but the way they share the content will be through retweeting Home Chef’s tweet. As for Instagram, sharing content is a little different. The contestants
will still follow Home Chef’s account but to share the post, they will have to tag another user in the post’s comment section. On Facebook, users will still have to follow Home Chef’s page, but they will use Facebook’s share button to share the post across their accounts. To incentivize college students to compete in the contest, Home Chef will randomly select a winner from each platform and award them with 5 free meals. This type of contest for a chance to win free meals will engage current customers and encourage them to share the content on social-media platforms. All of this will result in Home Chef's services being marketed to new potential customers.

Home Chef can also market to college students by setting up tents, with at least two representatives, around college campuses from In Spring of 2019. Home Chef should set up these tents in the tailgate fields, student housing fairs, and other popular and strategic spots on campuses. Tents for tailgates should be set up in the fields permitted for fans or in areas where there is high foot traffic. Tents for around college campuses should be set up near libraries or food courts because most students probably attend either place at least once a day. By promoting Home Chef at housing fairs, the company will be directly reaching the target market of college kids living in apartments. As they plan their future living situation, Home Chef can present them with the convenience of meals delivered right to their apartment or home. Home Chef can attract college students to these tents by handing out free Home Chef t-shirts, samples of the meals being offered to college students, or other accessories with the Home Chef name on them. While giving out these items, Home Chef will require these college students to follow it on either Twitter, Instagram, or Facebook. Obtaining these new college followers will expand Home Chef’s social-media presence and allow for a marketing strategy that would reach more users.
### Timeline

**Fall 2018**
- Release simplified menu
- Roll out large group discount

**Winter 2018**
- Hire campus representatives
- Begin social media campaign and contest

**Spring 2019**
- Begin on-campus marketing

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### Potential Risks and Mitigation

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<tr>
<th>Risks</th>
<th>Business Impacts</th>
<th>Mitigation</th>
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<tr>
<td>Changes in Target Market’s Preferences</td>
<td>There are distinct differences between the living style, values, and preferences of middle-aged women and college students. Failing to understand what college students value will make effectively targeting them difficult.</td>
<td>Home Chef’s marketing team needs to do a lot of research and development on consumer behavior to ensure that the Beginner Chef meals will meet college student preferences.</td>
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<tr>
<td>Abuse of Beginner Chef</td>
<td>Customers who are not currently in college may try to use the program, through a friend’s account, so they can receive the buy 10 get 2 free deal. Allowing customers who are not college students to use the program would ultimately hurt Home Chef’s profit.</td>
<td>To keep the program from being abused, Home Chef can implement a program that tracks the addresses and the frequency of orders from a student. If there is suspicious activity on an account, Home Chef can request further verification before allowing the order to go through.</td>
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Conclusion

We at Writing Warriors Consulting predict that targeting college students will assist Home Chef in differentiating itself in a crowded and growing market. College students account for a substantial portion of millennial spending, making it the perfect group for Home Chef to gain further exposure to.

Marketing to college students will allow Home Chef to expand its current market share and will create a strong sense of customer loyalty that will continue even after students graduate. Once college students realize how convenient and simple it is to make meals from Home Chef, we believe that they will be customers for years to come.
## Appendix A: SWOT Analysis before Implementation

### Strengths
- Easy to order (Home Chef)
- Familiar menu (Sullivan)
- Variety in food choice (Home Chef)
- Efficiency in delivery (Home Chef)
- No commitment (Home Chef)
- Easy-to-follow recipes
- Fast expansion
- Established customer base, currently delivering over 2.5 million meals per month (PR Newswire, “Home Chef Continues to Expand Market Share in Growing Meal Kit Industry”).
- Funding: 56.6 Million total raised throughout 5 rounds. (PrivCo)

### Weaknesses
- Not catered towards individuals/large groups
- Price does not decrease as you buy more like grocery pricing does (ex: at grocery = buy 10 packs of cheese for $10 instead of $2 for one pack. Home Chef could do something like buy one meal get one free) (Ali).
- Cooking time (“Majority Americans Occasionally”)
- No international shipping (Homechef.com)
- Lack of differentiation from other meal kit delivery companies

### Opportunities
- Millennials' growing interest in cooking (Cooking Enthusiasts)
- Simpler meals to cater to millennials
- Social media marketing to millennials (Cooking Enthusiasts)
- Decline in physical grocery store market
- Cost is comparable to take-out

### Threats
- Other grocers entering the market such as Kroger, Publix, Amazon (Amazon)
- Big name brands entering market such as Tyson, Campbell's
- Similar competition (Delgado)
- Americans favor unhealthy food (“Majority Americans Occasionally”)
Appendix B: SWOT Analysis after Implementation

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<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>• Specific catering to multiple age demographics</td>
<td>• Lack of variety for snacking foods</td>
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<tr>
<td>• Easy to order (Home Chef)</td>
<td>• No international shipping (Homechef.com)</td>
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<tr>
<td>• Familiar menu (Sullivan)</td>
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<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>• College students may become loyal customers</td>
<td>• Other grocers entering the market such as Kroger, Publix, Amazon (MarketLine)</td>
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<td>• Low cost comparing to other foods on Campus</td>
<td>• High incentive from young millennials to switch to HomeChef's competitors</td>
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<td>• Rapid recognition by the market</td>
<td>• Americans favor unhealthy food (&quot;Majority Americans Occasionally&quot;)</td>
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<tr>
<td>• Expanded market share in meal kit market</td>
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