GourmEZ

Marketing Plan

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Executive Summary:

This report stands to analyze a new product, as well as the marketing strategy that will ensure its success. With support from our parent company, Blue Apron, we introduce GourmEZ. GourmEZ is a product that will revolutionize grocery shopping, as well as cooking for two. GourmEZ is a prepackaged meal that includes every ingredient you need for a two-person meal, down to the exact amount of spices needed.

There is a huge need for this type of product in the market, because most food items are sold in bulk, and almost all prepackaged foods are made for either individuals or large families. They are also typically frozen foods that just need to be reheated. This low-quality, frozen, prepackaged meal phenomena is a thing of the past. GourmEZ allows the consumer to purchase the exact amount of each required ingredient to prepare a gourmet meal for two. By doing this, GourmEZ saves the consumer money, eliminates the waste that is inevitable when buying items individually, and allows the consumer to get in and out of the grocery with everything they need in a matter of minutes.

GourmEZ will always include the freshest ingredients available, and will never be frozen. We include a number of different recipes, for breakfast, lunch, and dinner. For example, one of our dinner items will be Chicken Cordon Bleu. The package would include two chicken breasts, breadcrumbs, one egg, two slices of swiss cheese, two slices of prociutto, and a small packet of the spices needed such as oregano and seasoned salt. The package will also contain a side dish, which could be mashed potatoes, rice, or vegetables. None of the food will be prepared in advance, which allows the consumer to create an authentic homemade meal without wasting money on unnecessary bulk.

Our target market includes college students or young adults, as well as two-person households. Our intention is to create a situation where low-income and/or environmentally conscious individuals can create delicious, gourmet meals without spending too much money or allowing food to go to waste. We will primarily distribute through large commercial grocery chains; however, we also hope to extend our reach to the hotel industry. Many hotels offer kitchenettes, but do not offer grocery goods. In order to strengthen our sales, while creating profit for the hotels and convenience for travelers, GourmEZ would be available through room service. This allows those who travel constantly, mainly business travelers, to skip the expense of eating every meal out, and gives them the opportunity to seek comfort in a home-cooked meal

while on the road. GourmEZ will be available throughout the United States. We are starting with the large coastal states, and hope to continue working our way inward until we are able to supply these meals in every state.

GourmEZ is operating under the parent company Blue Apron. Blue Apron is an established company, which already sells a similar product to the one we have just introduced. Blue Apron sells packaged ingredients for small meals, but only through online purchase and delivery. We are introducing this product to the grocery stores, increasing the consumer's ability to choose one of our meals at the last minute. This is not a generation of planners, most meals are decided on the way home from a long day of work, not planned out and ordered a week in advance. We are extending the reach for our parent company and solidifying their hold on the market by increasing their customer base.

Another strength we have, as a result of this partnership, is the ability to utilize packaging and distribution centers that are already in place. This essentially eliminates most of our startup and overhead costs, making GourmEZ a win-win startup. We are bringing more business to our parent company at no cost, while introducing a convenient and healthy product for consumers. We are excited to see how GourmEZ will revolutionize this industry in the future.

Situation Analysis:

GourmEZ will be a part of the prepackaged meals industry under Blue Apron. Blue Apron is a company that offers a service where prepackaged ingredients for three meals a week are delivered to a client's home (Blue Apron, Inc., 2014). Blue Apron is known for providing fresh ingredients to their customers who are only expected to have a few basic ingredients such as olive oil, salt, and pepper (Morin, 2012). GourmEZ is designed for the consumer to be able to go to a grocery store and purchase a two-serving meal kit whenever they want. This does not limit the customer to waiting for the usual once a week service that Blue Apron offers, or the concrete three meals a week. Customers want to have sustainable and fresh meals with no waste for a good price and GourmEZ offers that.

GourmEZ will be offered in the refrigerated section of different stores, giving consumers different meal options and convenience of not having to look for all the ingredients. Each kit will feature seasonal and specialty ingredients that can be difficult to find. All the customer is expected to purchase outside of the package is olive oil, salt, and pepper. The exact

measurements for the ingredients allow for minimal waste in the preparation process as well as uneaten leftovers that cannot be stored or expire before consumed.

Market Summary:

GourmEZ gives the customers access to fresh ingredients in affordable and convenient kits to make gourmet meals. Many college students and small households cannot afford to buy fresh, organic produce and ingredients to make meals, let alone gourmet meals. These individuals often resort to processed or fast foods which can have negative effects on their health over long periods of time. Most gourmet meals also call for several different spices, some of which can be very expensive. Rather than having to buy full bottles of less common spices that they may not ever use again (Saffron, Cardamom, etc.), our kits will also include small packages containing the necessary spices for the meal.

Another issue that GourmEZ addresses is unnecessary waste from too much food being purchased. Often the purchase of too much food can result in spoiled food that gets thrown out. It can also lead to leftovers which can be beneficial to some. Others have nowhere to store the remaining food and end up throwing away leftover food. Throwing away spoiled ingredients and leftovers can really hurt people that are tight on money because they are throwing their money away.

Blue Apron and GourmEZ address these issues by giving customers just enough of everything they need to minimize waste and keep cost per serving down. Blue Apron's main service is delivery of ingredients for three meals a week with two, four, or six servings per meal. They are available in much of the country, but not all as shown in Figure 1. Since there is already a market developed for people who want to minimize waste and have healthy gourmet meals, GourmEZ has great potential to be successful. GourmEZ would provide meal kits to those that do not want or cannot have the delivery service. It also allows for customers to select exactly what they want to make, unlike the delivery service that selects the meals for the customers based upon their preferences.



Figure 1: Blue Apron delivery services shown in blue; map from blueapron.com

The primary target market includes college students and two person households. GourmEZ is designed for those who lack the finances to purchase ingredients in bulk or the space needed to store the ingredients to prepare fresh meals. Not everyone has enough money to buy groceries every other week, so this product will help them save money and it will also cut down on food waste. It provides the convenience of not needing to acquire specific spices and unusual ingredients that gourmet meals often need. GourmEZ meets the need for quality meals for two without resorting to frozen packaged meals or dining out.

A secondary market includes hotels that offer kitchenettes with a refrigerator, microwave, and stove like Marriott's Residence Inn. Hotels offer many services and are known to want to make guests feel as if they are at home. With GourmEZ hotels could provide their guests a meal kit that can be used to create small gourmet meals in the kitchenette in their room, given there is a stove included. This is ideal for hotel guests that travel often for longer stays, or are travelling on business and do not want to constantly be eating out at restaurants. Although they could easily shop for their own groceries, GourmEZ makes the shopping significantly easier by providing the exact ingredients for easy meals. Marriott's Residence Inn offers a grocery delivery service to their guests, which could be another way for consumers to obtain GourmEZ (Marriott International, Inc., 2014).

Geographics:

GourmEZ will first be released in North America, more specifically in California due to the diverse population. As sales pick up, this product will be found across the United States, including the states that do not have the Blue Apron delivery service yet. GourmEZ will be introduced in suburban and urban communities, and college towns or cities that have colleges where there are more students and small households. Neilsen's PRIZM software revealed that most of the consumers within this market can be found in second-tier cities where space is limited and is generally low income (The Nielson Company). Geographically, the locations GourmEZ are initially released in should be located near large agricultural communities to ensure fresh food. As interest in GourmEZ increases, more locations will open to locations Blue Apron had not offered delivery services to before, as shown in Figure 1.

Demographics:

GourmEZ is designed for individuals in the age group 17 to 25, but is not limited to this age group. This product is designed for those who live alone or with someone in a small household, or on a college campus. Older individuals that live on their own that cannot go to the grocery store every week can use GourmEZ to make meals without needing to search for the specific ingredients. Gourmet meals can be prepared by anyone with access to a kitchen. Both men and women will be targeted equally to ensure the full market is being utilized.

GourmEZ is sold in grocery stores to enable the consumer access to gourmet meal options with quick prep times. Having the exact amount of food for two servings allows for minimal leftover food if an individual prepares the kit. A customer can go to the store and purchase a GourmEZ meal kit on their way home from work and not have to worry about trying to find all of the ingredients. Generations from the baby boomers to the Millennials can be expected to show interest due to the ease of preparing food GourmEZ provides. The Millennials are most likely to be the generation that shows the most interest because of their busy lifestyles and inability to purchase and store large amounts of food. Research shows that Millennials prefer eating many small meals and snacks which leads them to avoid larger meals (CSD Staff, 2014).

College students would value GourmEZ highly because it enables them to make their own food without spending much. Many college students live in places where they share a refrigerator or rely on a mini refrigerator to store food. With the two serving size of the kit, GourmEZ decreases the amount of space needed to store ingredients and leftover food. The same

issue applies to those living in small households where they are cooking for only one or two people. GourmEZ is the perfect solution for those who have limited space by providing them with only the items necessary for the meal of their choice.

Behavior Factors/Psychographics:

Our target market is mainly dominated by Millennials. According to Robin Lewis of *Forbes Magazine*, the mindset of Millennials when it comes to consuming is "shop-until-you-drop – but don't buy." This generation has the access to purchase anything online, within the comfort of their own home, while comparing their options and reading reviews. This demographic is less likely to buy unless they feel confident in the quality of a product.

Consumer feedback is more accessible than ever for this generation as more companies rely on websites and smartphone apps to communicate and build relationships with the Millennials (Magalong, 2014). Word of mouth can be an effective form of marketing with websites such as Yelp, Google, and Urbanspoon (O'Connor & Davenport, 2012). These websites allow customers to leave reviews and share experiences. Bad reviews and low customer satisfaction ratings have a massive effect on the likelihood of a product taking off in the market. Millennials are cautious buyers and "suspicious of advertising" (O'Connor & Davenport, 2012). They weigh the option and its perceived value against the price and the ease with which they can attain the product. Our product is perfect for this generation because GourmEZ will be available in many grocery chains, we will be featured on our parent company's web page, and we will encourage consumer feedback in order to solidify trust in the brand. Our product is easily attainable and affordable, and reduces food waste.

According to a survey conducted by The Culinary Visions Panel, 94% of Millennials place high value in fresh and organic products. Our product will contain all fresh – never frozen – products, and will contain organic ingredients where possible (Goetsch, 2013). A survey, which can be found in the Appendix, was conducted for all ages through Survey Monkey. Sixty-seven respondents answered questions about their habits regarding groceries and food consumption.

The survey revealed that nearly 74 percent of the respondents prepare meals frequently throughout the day. GourmEZ is designed to cater to busy lifestyles of those who want to make fresh and easy meals without worrying about not having the right ingredients. The survey also revealed that although many people consume the food they purchase and prepare, there are still

some that do not. Approximately 20 percent of the respondents felt they often throw away ingredients that spoil before they can use them. Of the respondents, approximately 20 percent felt they often discard of leftover meals that they prepare but do not end up eating. GourmEZ is made for those who find themselves throwing away food and to prevent loss of money through lack of consumption.

Market Needs:

The problem or "gap" that our product fills in the marketplace is that most prepackaged food products target larger families. In this generation, however, larger families are becoming less commonplace. There have been several studies done on this phenomenon. David Geotsch points out, in an article from *Patriot Update*, that "there are several institutional forces that have worked hard to dismantle the family over about the last six generations. Our colleges, universities, K-12 schools, churches, corporations, and government have marginalized the family unit because they do not see the family as integral to the socio-economic system."

As a result of this, family units are shrinking. The market needs a product that adapts to this change, which is what we provide. Rather than selling prepackaged "family style" foods with five or more portions, we are providing every last ingredient for two perfect portions, in order to reduce the cost of gourmet meals at home, while reducing the amount of waste a household of two will produce.

Market Trends:

One of the most important trends identified in the Market Summary was the Millennials' propensity to purchase more food than they need, resulting in the waste of both food and money. It is difficult to simply buy what is needed and nothing more. A very simple example of this is the purchase of hot dogs and hot dog buns. Many times, when purchasing a pack of each, there will be one more bun than there are hot dogs, and the extra bun will be thrown away. Even with this simple two-ingredient meal, waste is nearly unavoidable. When purchasing gourmet meals, avoiding waste is impossible. If the recipe calls for a teaspoon of fresh Thyme for example, you cannot just buy a teaspoon. You have to buy a whole container for \$3-\$4, of which you will use one teaspoon. It is difficult to use up one of these containers before they go bad, resulting in waste and loss of money.

Another market trend is the growth of convenience meals. Consumers have gravitated from planning and eating three meals every day to planning meals an hour or two before consumption, or even as they go. Consumers are looking for quick assembly for meals and it often means buying pre-cooked entrees. "Fully-cooked beef and pork outpaced their fresh counterparts' dollar and volume growth ... and dollar and volume sales for fully cooked beef patties increased a remarkable 89 percent and 77 percent, respectively" (Nielsen, 2014) There has been a 10% increase in dollar growth and an 8% volume growth with sides prepared by store delis in the past year (Nielsen, 2014). One of the reasons there has been so much growth in convenience meals is the increasingly busy lifestyles of consumers. Disposable incomes are increasing and consumers are using this to buy food items that take less time to prepare so they can free up more time to do other things (PRWeb, 2013).

Eating healthier is a large trend that is being pushed by consumers. Americans are looking for healthier food options with fewer calories and they are also cutting back on their consumption of fast foods, cholesterol, and fats. One possible reason consumers are choosing to eat at home is because they cannot afford to eat out at restaurants all the time. As the economy recovered, American consumers began to put pressure on restaurants to offer healthier options (Beck & Schatz, 2014). Stricter regulations and higher quality foods demanded by consumers have developed changes in the food industry with increasing food options as well as more emphasis on organic goods. The battle of obesity is still a minor factor when it comes to determining what consumers eat. Consumers still look at cost and convenience when selecting food, expanding the search for healthy and fresh food on a budget (Hellmich, 213).

Market Growth:

We are marketing to individuals that are younger and living either alone or with one other person. In 2011, approximately 19.7 percent of the United States population is between the ages of 15 and 34 years old, and furthermore about 7.4 percent of the population is within these ages living in nonfamily households (Vespa, Lewis, & Kreider, 2013). Our parent company primarily serves the East and West coasts of the United States. With time, we would love to see our parent company serving more of the states in Mid-America, or even reaching out to cover parts of Mexico and Canada. We would also love to expand our own personal market to include older generations.

The baby boomers are a large group that would be targeted once we gain interest among the Millennials. The number of baby boomers should grow from 40 million people in 2010 to approximately 55 million in 2020, which is a 39 percent increase in just one decade (Department of Health & Human Services, 2014). Many baby boomers are characterized by their independence, their hard work ethic, and focus on health and wellness. The individuals in this generation have been known by their high levels of consumption (Neilsen, 2007). Tapping into this market would help GourmEZ's profits once the product is established and fine-tuned.

It will be important over time to include meals in our product line that cater to those with dietary restrictions, such as gluten intolerances or vegetarian diets. There is a great deal of potential in this market because it is becoming more popular as consumers become more busy. In 2013, 8 percent of the dinners eaten were made somewhere else then eaten at home (Tupponce, 2014). The market segment for consumers who are looking for healthy options produced about \$869 million in sales in 2012, and that can only be expected to grow (Tupponce, 2014).

SWOT Analysis:

Strengths

Our company has several positive attributes. GourmEZ is under the parent company of Blue Apron, an existing supplier of healthy, gourmet, pre-packaged meals with limited portions. The difference between our parent company's service and GourmEZ will be availability in local grocery stores, whereas the meal packages from Blue Apron must be ordered in advance and delivered to customer's homes. This takes a lot of pre-planning, and doesn't allow for last minute meal decisions, whereas our product is the opposite. The strength is that we are under the wing of a company that has already identified the need for this type of product. We will also have access to their packaging facilities and vendors, eliminating a vast majority of our start-up costs.

Weaknesses

With every company, there are weaknesses. Our company does not have access to the consumers located towards the middle of the United States, as our parent company primarily supplies to the states on both coasts. This is due to an inability to source fresh, organic ingredients in many of these central states (Blue Apron, Inc., 2014). Another weakness our

product faces is that we only provide specific meals. This kind of limitation can absolutely lead to a threat.

Opportunities

One opportunity we have as a company stems from the first weakness mentioned above. Blue Apron serves primarily the coastal states on either side of the country, and fails to meet the needs of consumers in central states. As a result of this, we are limited in our product delivery as well. One of the main reasons that Blue Apron does not yet service these middle states is that many of them cannot provide the quality of fresh meats and produce that Blue Apron promises (Blue Apron, Inc., 2014). One opportunity for our company is that as we grow, we may find ways to ship produce, meat and poultry to these central states without marring their quality. There is also the opportunity to eventually grow to include parts of Canada and Mexico.

Threats

One of the biggest threats to our success is that we only have limited types of meals. The issue with this is that we need to have a variety in order to keep the consumers satisfied with our product. Our solutions to this issue would be to create more variety and rotate out our meal packages or continue adding more meals without discontinuing any. The first option is more feasible, because we cannot continue adding variety forever without retiring certain products. If we did, it would cost a lot of money for our company to store all of the necessary ingredients.

If we were to retire some products in order to replace them, it would need to be done correctly. If we were to simply choose to eliminate certain meals from our product line without putting in the research, we may eliminate a popular meal which would lead to customer dissatisfaction. In order to avoid this threat, we would need to look over sales records and customer feedback in order to identify and eliminate the least popular meals.

Competition:

Our product includes prepackaged meals that are made with fresh ingredients. The products that can be chosen include breakfast, lunch, or dinner. The meal variety choices including pancakes, a hearty tri-tip sandwich, and chicken cordon bleu. GourmEZ is also very inexpensive and it can be purchased at local grocery stores. This product is ideal for those that live in small households or by themselves. Costco and grocery stores sell products similar to GourmEZ in family sized portions prepared by the store. Competing products sold with

ingredients in bulk can be expensive because there is more food included in order to serve more people. These products are available for breakfast, lunch, and dinner, as well as specialty meals for holidays. Costco purchases its products in bulk for cheap which allows them to keep prices down for their customers. Unfortunately, the only people who can redeem coupons are the Costco club members. Club members receive coupon flyers periodically showcasing all of the deals being offered.

Costco

Costco sells many items that come prepackaged and full meals that can be purchased, but these meals are only offered in packages that serve five to six people. The large serving sizes keep costs down when feeding large groups of people. Costco offers prepackaged lasagna,that only requires customers to put the meal in the oven before serving. This is extremely helpful for a family dinner or large gathering, but it is not always best for those who cannot keep the extra food for later. Supermarkets also sell prepackaged meals, such as Lean Cuisines and Healthy Choice, which can often be placed in the microwave before consumption. Some of these meals include beef and mashed potatoes, spaghetti, enchiladas and rice, and also different types of pasta. The difference between these meals and our product is that GourmEZ allows the consumer to create a home-cooked meal, rather than simply reheating a processed and packaged meal-in-a-box.

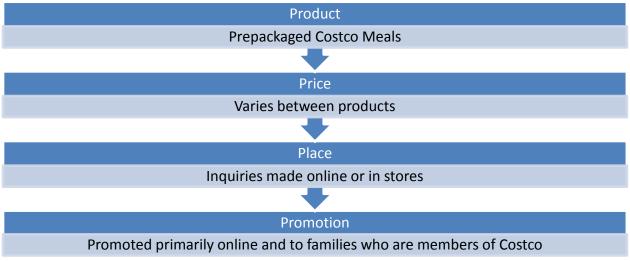


Figure 2: 4 P's Costco Model

Costco and grocery store products are designed for families or individuals that want to make quick meals; the customers can either put the items in the oven or in the microwave. It

would take no longer than 20 minutes to make these meals. It comes prepackaged and offers a variety of meal options that include breakfast, lunch, or dinner. The products offered can be found in stores or online at the participating supermarket websites as well as the websites for the company that makes the meals. When looking at items online consumers are able to see exactly what is in the product and where it can be purchased.

Lean Cuisine

Lean Cuisine offers a variety of frozen meals within different food collections. They offer the "morning collection" for breakfast, the "honestly good" collection focuses on natural ingredients, the "culinary collection" is made of premade frozen specialty meals, the "spa collection" features veggies and whole grains, the "market collection" which uses normal ingredients with more food, "simple favorites" for simple meals that can be made anytime, and "additions" which provide everything to spice up a salad or to put in a tortilla. Lean Cuisine Additions are the most like GourmEZ, providing almost everything necessary leaving few ingredients up to the customer to get (Nestlé USA, Inc.). Lean Cuisines can be found in most grocery stores for under five dollars. These meals are marketed to consumers as one serving meals that take minutes to prepare using fresh, but frozen ingredients. Stores offer coupons where the meals can be sold cheaper for a period of time as an incentive for customers to buy the product.

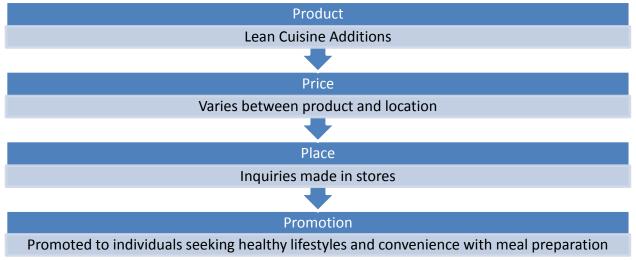


Figure 3: 4 P's Lean Cuisine Model

Healthy Choice

Healthy Choice is very similar to Lean Cuisine with frozen food offerings. There are different styles of meal preparation including microwaving, steaming, and baking. Healthy Choices also offers complete meals with a main dish, a side, and in some products a dessert. GourmEZ will be competing with all of the products offered by Healthy Choice, but the most similar product line to be considered competition would be the complete meal line. These products can last much longer than GourmEZ because they can be found in the frozen food aisle, giving them more appeal to customers who can store them (ConAgra Foods, Inc.). Like Lean Cuisine, Healthy Choice is can be found in most grocery stores for under five dollars. The meals that cost more would be the complete meal line where more food is offered but the price consumers pay is not much more. Marketing is similar to Lean Cuisine with a focus on fresh and frozen ingredients. Coupons offered in stores allow for consumers to get deals on the meals.

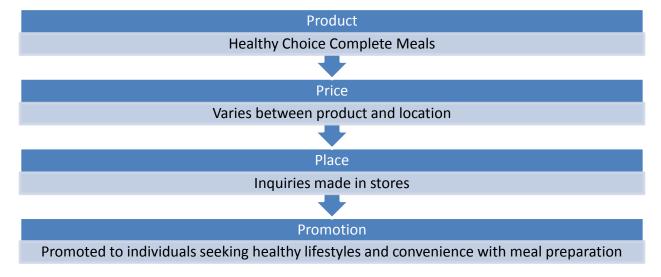


Figure 4: 4 P's Healthy Choice Model

Whole Foods Market

Another competitor is Whole Foods Market and their prepared foods department. Each store location has different options for foods that are prepared with extremely diverse options. Whole Foods is known for its selective nature for what products it sells to consumers and emphasis on health and natural ingredients. Although they do not sell kits for consumers to make food, Whole Foods does offer gourmet food preparation by which customers can order food which they can either eat on site or take home (Whole Foods Market IP.LP, 2014). These meals made on site vary based upon location and size of the store, but are exclusive to Whole Foods.

The meals are made with high quality and fresh ingredients and the whole preparation process is eliminated for the consumer which saves a lot of time.

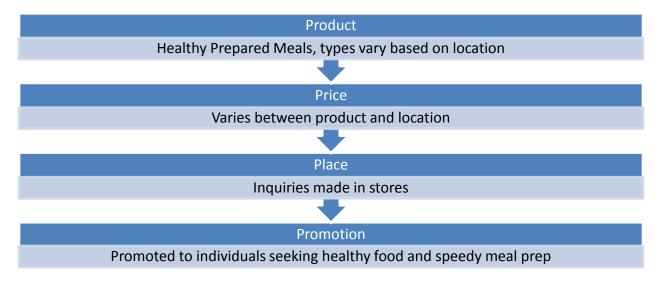


Figure 5: 4 P's Whole Foods Market Model

Product Offering:

Our product includes prepackaged meals under Blue Apron. There are breakfast meals that include everything the consumer will need to prepare a breakfast meal. For example, one breakfast kit may include enough pancake mix, sausage, and eggs for two. This will allow customers to make breakfast more quickly without having to look for all of the products needed to cook a meal, and without having to purchase more than is needed. Consumers can also find lunch and dinner meal kits available for purchase. There will be many options to choose from, including spaghetti and meatballs, chicken cordon bleu, steak and garlic mashed potatoes, and more seasonal favorites. The ingredients provided in the meal kit for the chicken cordon bleu would include two boneless chicken breasts, ham, bread crumbs, swiss cheese, and an easy-to-read recyclable recipe card. It would also include small packets for the necessary spices, for example salt, pepper, and thyme. The customer only needs to have oil and any extra salt and pepper to add to the meal to reach their own personal flavor preferences.

The products that are in the GourmEZ kits will be fresh, never frozen. They can be found in local grocery stores in the refrigerated section. The goal is to provide consumers with meals that can be prepared without the hassle of measuring ingredients out, which shaves off a lot of the preparation time. Should a customer decide not to include an ingredient, each ingredient has its own section so that they do not mix with each other. In order to create a sustainable business

we would make sure to provide our customers with the products that they want in eco-friendly packaging. Sustainably grown ingredients will be the main focus in the kits to make GourmEZ. New and different recipes will be developed and released to keep up with dietary trends as well as providing seasonal favorites. We are only satisfied when our customers are satisfied with our product.

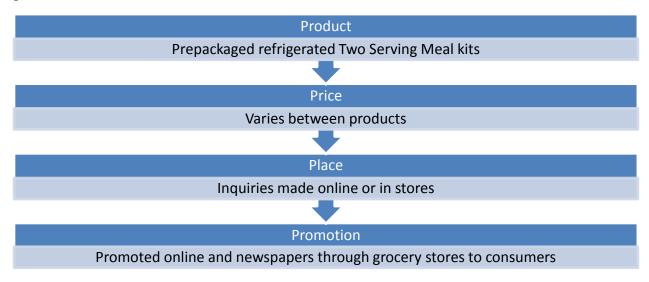


Figure 6: 4 P's GourmEZ Model

Keys to Success:

In order for our product to be successful we need to appeal to our targeted audience. We have chosen to target college students and small households. College students and those that live in smaller households do not always have the money to buy every ingredient in bulk, and even when they do they do not always use the food before it spoils. GourmEZ will allow the consumers to buy a prepackaged meal that already includes all of the ingredients, so they do not have to buy everything individually. The customers will be able to go to their local grocery store and pick out the meal that they want. By choosing this product, consumers are choosing to eliminate food waste and prepare delicious home cooked meals at a lower price.

With more college students having to pay their own way through college they do not have the extra money to buy products that are just going to be wasted. Money is always an issue with college students, so they often gravitate to meals that are less expensive, which is usually fast food. With this product they will be able to pay the same amount of money for a product that is much healthier. This allows the students to save money and make their own gourmet home cooked meals.

Critical Issues:

The consumers may want more to be in the packages that are already packaged. They may not be products that can be in the package, so they would have to buy that product separately. Our product may not appeal to our target audience because it is still something that has to be prepared and some people do not have time to prepare meals like these. This product may be in the cost range of college students, but they may not want to cook these meals all the time. It might start to become a hassle for them and sometimes they may not have time to make these meals. The risk of this product not reaching our target market would be a major issue. This is something that can be fixed by expanding target markets to different age groups.

Marketing Strategy:

Value Proposition:

GourmEZ is designed for consumers that want to make high quality meals in manageable proportions. The importance of sustainable, fresh, and healthy food options is growing rapidly in the United States, and frozen meals are unable to keep up. Forty percent of U.S. adults believe low-calorie frozen meals are not nutritional (Boyle, 2014). More expensive than its frozen competition at \$20 a kit, GourmEZ provides consumers with the convenience of buying just enough fresh ingredients to make a delicious gourmet meal.

Mission:

Blue Apron's mission is to provide customers with "all the ingredients ... to make a delicious meal in exactly the right proportions" (Blue Apron, Inc., 2014). GourmEZ provides sustainable and fresh ingredients that frozen meals cannot offer.

Marketing Objectives:

Blue Apron's main marketing objectives are to increase sales, brand build, and raise awareness of the company, services, and products. Blue Apron, founded in 2012, is a fairly new company in the prepackaged food market. Placing GourmEZ in stores would not only increase profits, but increase the awareness of the company. The focus on sustainable and fresh ingredients will help Blue Apron reach its potential to be a major competitor to the frozen foods market which is already on its decline (Boyle, 2014). Consumers are placing a higher value on fresh ingredients and "easy-to-read labels," which they feel they are not finding on frozen meals (Wong, 2014).

Financial Objectives:

The main financial goal Blue Apron has with the release of GourmEZ is to break even within the first year. 71,250 units of GourmEZ will need to be sold at \$20 a unit to accomplish this. Blue Apron expects to sell about 232,960 GourmEZ kits total in the first year. Once Blue Apron breaks even on GourmEZ sales, market expansion and further product development can begin.

Target Markets:

GourmEZ's target market reaches out to those that are in college, single parents, and a two person household. College students cannot afford to waste money on food items that are just going to be thrown away. There are not that many options that they can choose from besides eating school food or having to eat out all the time. GourmEZ makes it a lot easier for students to make the items and it is also a lot cheaper because all of the ingredients that are needed to make the item are already pre-packaged. This makes it a lot quicker for the students to make and the items that are packaged will take no longer than thirty minutes to make. This product was also created for single parents and a small household because they only have one income coming in which makes it harder for them afford food and they also can not afford to just throw food away. This allows the parent or guardian to buy only the food that they need and they may even have leftovers for the next day after they are done.

Positioning:

This product was created to identify and attempt to fill the needs of a niche market. GourmEZ will appeal to the consumer and catch their eye, putting this product above those of competitors in the mind of the shopper. In order to do this, GourmEZ will be available in all major grocery stores to maximize availability, consistency, and convenience. GourmEZ will also maintain a low price and high value in order to create brand loyalty.

This product's major attributes are that it is more cost effective than buying ingredients individually, it reduces waste and saves money, and it is conveniently located in major grocery stores. As the name suggests, this product truly is gournet made easy. This product will be superior to all competitor products in several ways, one of which is that the ingredients are always fresh rather than frozen, and locally sourced when possible. Unlike most prepackaged meal kits, our product allows the consumer to enjoy a fresh, quality meal.

Strategies:

Blue Apron will focus on increasing brand and product awareness through different advertising mediums. Advertisements in areas that carry GourmEZ will also increase consumer awareness and can lead to an increase in sales. The use of social media and sales promotions will encourage customers to try GourmEZ, a new product that features fresh food. The value proposition given to GourmEZ by consumers will also drive sales. The goal is to gain customers that do not know about Blue Apron's services, as well as those that are already subscribers to the weekly deliveries. Coupons and other sales promotions will give customers the incentive to try the new recipes that will be found in stores.

Marketing Mix:

Pricing:

We wanted to make sure that our product was affordable for the target market that we are trying to reach. Each kits ingredients cost about \$5 because there are smaller portions. Blue Apron can purchase in bulk and sell consumers exactly what they need. Waste is minimized from the very beginning. GourmEZ is offered at a price that not only competed in the market, but low enough that it was affordable for those that we wanted to buy the product. Offering GourmEZ at \$20 may seem high to consumers when comparing frozen and bulk competition. The higher price offers consumers a higher quality meal made from fresh and sustainable ingredients while also providing the convenience of not having to measure out ingredients.

Distribution:

GourmEZ will be distributed through grocery stores, because it allows us to put the product on the market with lower overhead costs. We hope to acquire deals with both local specialty stores as well as large chains, in order to secure our foothold in the market and maximize availability for the consumers.

Because this product will be distributed in grocery stores, we will be able to continue keeping prices down. This is due to the fact that we will not be required to provide our own distribution channel, which would be costly. This method also allows our target market to easily access our product, especially in the large chains. Stocking grocery stores with our product also allows for a lot more exposure than simply selling online like our parent company. We will attain new customers more frequently this way.

Marketing Communications:

The 4ps in the marketing mix are how we decided to define our market. The 4ps are product price, place, and promotion. We started with the product which is GourmEZ a prepackaged meal that includes all of the ingredients that you need to create a great meal. We decided to go with a lower price in order to connect with the target market that we are trying to reach which are college students, single parents, and small households. We chose to sell our product in local supermarkets in order to make our product easy for people to find. Our product will be promoted through ads in the newspaper and social media sites.

We made sure that the marketing mix tied into our targeting market to make sure that we generate all of the profit that we can. If we can connect to all of these areas our product will be successful.

Marketing Research:

We started off our research by determining where we were going to sale our product and how it was going to be packaged. We went with having prepackaged meals that included breakfast, lunch, or dinner. The consumers would have at least two options to choose from depending on what meal they want to buy. Everything in the package has its own compartment so that nothing gets mixed together unless they want it to. With determining where we were going to sale our product we decided to sale our product in supermarkets. Supermarkets allow for more of the customers to buy our product because it is available to everyone. We also had a target market that we were aiming towards connecting with which were college students, single parents, and small households. This will allow the customers to buy meals in smaller containers, so that they are not forced to waste food. Our product is also affordable for those that do not want to spend a lot of money on individual items.

In the future we could possibly have problems with our meals may not have the freshest ingredients. Not every item that is in the prepackaged meal can be found in every area around the country. But we will continue to work towards trying to make all of our products fresh. We can also look into who is actually buying our product to show if we are reaching our target market. Another thing that we could look at is if people would rather just warm up their food rather than have to cook it.

Financials:

In order for GourmEZ to be successful, there will need to be an increase in funds for brand development, product design, advertising, sales promotions, and three employees that will each receive a salary of \$120,000.

Break-even Analysis:

In order for Blue Apron to break-even when selling GourmEZ, 71,250 units will need to be sold for \$1,425,000. Current projections reveal that GourmEZ will reach the break-even point in month eight of the first year (Figure 10). A diagram of this analysis can be found in Figure 7. Figure 8 and Figure 9 show a breakdown of the values used to determine the break-even point.

Break-Even Analysis

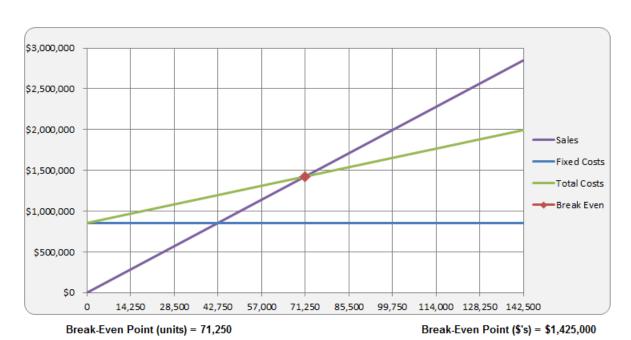


Figure 7: Break-Even Analysis

Approximate Break-Even Point in	Doll	ars
Sales	\$ 4,	659,200.00
Variable Costs	\$ 1,	863,680.00
Contribution Margin	\$ 2,	795,520.00
COCC Barrers		400/
COGS Percent		40%
Contribution Margin Percent		60%
Fixed Costs	\$	855,000
Breakeven Point		118750

Figure 8: Break-Even Point in Dollars

Approximate Break-Even Poin	t in Unit	ts
Sales	\$	20.00
Variable Costs	\$	8.00
Contribution Margin	\$	12.00
COGS Percent		40%
Contribution Margin Percent		60%
Fixed Costs	\$	855,000
Breakeven Point		5938

Figure 9: Break-Even Point in Units

Sales Forecast:

The Blue Apron sales team expects to see sales grow by 50% from the first year to the second as product awareness increases. In the third year, sales are expected to grow at 2%, which is the same rate as sales in the industry (A.T. Kearney, Inc., 2013). In the first year, production is expected to reach 50,000 units a month by the end of the first year. This was calculated with the assumption that the number of units of GourmEZ will be 10% of the number of meals that are currently being delivered by Blue Apron (Crook, 2014).

The sales projection is based on the rule of 78, where sales made in the first month will result in sales in each subsequent month (What is the rule of 78 and how does it apply to sales?, 2014). It is projected that in the first month 640 units will be sold. In each successive month throughout the first year, an additional 640 units will be added to the amount sold in the prior month.

						Sales For	eca	st			
	1s	t Quarter	2nd	Quarter	3r	d Quarter	4t	h Quarter	Year 1	Year 2	Year 3
Units		6,400		29,440		69,760		127,360	232,960	349,440	356,429
Sales Price (per unit)	\$	20.00	\$	20.00	\$	20.00	\$	20.00	\$ 20.00	\$ 20.00	\$ 20.00
Total Sales	\$	128,000	\$	588,800	\$	1,395,200	\$	2,547,200	\$ 4,659,200	\$ 6,988,800	\$ 7,128,576

Figure 10: Sales Forecast

Expense Forecast:

The following expense report displays the costs that are factored into making and selling GourmEZ. We plan on spending \$60,000 in print advertisements and one 30-second commercial to be aired on local networks where the product is released approximately 10 times during the year (Wagner, 2014). Because Blue Apron is not yet a household name, \$10,000 will be dedicated towards building the brand in the first year to ensure customers know who Blue Apron is and what they do. Packaging design development is very important to ensure that the designs are memorable and eco-friendly. Blue Apron will use sales promotion agreements with grocery stores to increase sales through coupons and specials. Social media will be used to create a connection with customers and promote new products. Three marketing employees will each earn a salary of \$120,000 to maintain all of the marketing operations.

Fixed Marketing Evaposes (per w		el.	
Fixed Marketing Expenses (per ye	eai	7	
Advertising	\$	60,000	
Brand Development	\$	10,000	
Packaging Design Developmen	\$	15,000	
Sales Promotions	\$	20,000	
Marketing Salary	\$	360,000	
Social Media	\$	30,000	
Total Marketing Costs	\$	495,000	
Fixed Operational Costs	\$	360,000	
Total Fixed Costs	\$ 855,000		
•			
Variable Cost (Per Unit)			
Wages (15% of sales)	\$	3.00	
Raw Materials (25% of Sales)	\$	5.00	
Total		8	

Figure 11: Expenses Forecast

Controls:

In order to make sure that our product is successful we have to make sure we cover all of the factors to make the most money. Every month we will check our statements to make sure that we are making more money than we are putting out. Our strategy is to sell to our target markets of students and small households. In order to monitor selling to our target market a system will be set up to monitor exactly who is buying GourmEZ and where.

Implementation:

In order to implement this marketing plan, it is important to keep a schedule. We will need to start by approaching our parent company with this product, in order to establish production and distribution, as well as cost. We will use the Blue Apron production centers in order to package our meals, and distribute the meals to the different store locations. Once we have packaging and distribution solidified, we will begin approaching grocery stores with our product and attempting to sell through them. Once we have several contracts with grocery stores, we will set the price for our product. To set the price we will need to take into account cost of ingredients, cost of packaging, cost of distribution, and percentage of sales that the grocery store will keep. We will then need to design the packaging for our product. After the labels and packaging have been created, we can begin advertising our product and producing.

Marketing Organization:

GourmEZ will have a business-to-business marketing plan. GourmEZ plans to print advertisements and have a one 30-second commercial in order to capture our target audience. We will post our advertisements around college campuses in order to get the word out (Wagner, 2014). This will give the students a better understanding of what our product is and where they can purchase it. The commercial will appeal to single parents and smaller households, giving a better understanding of where and how to get the product. Not all of our customers will see the advertisements or commercials, so the only way that people will be able to find the product they would have to go to the store where it is being sold. That is another way how the word can get out about GourmEZ.

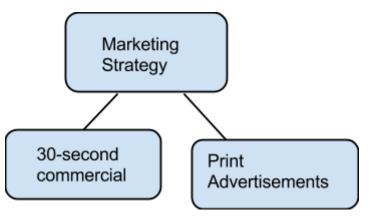


Figure 12: Marketing Organization Diagram

Contingency Planning:

As with any product, our product faces many potential challenges or setbacks. One challenge is that we may not have the variety of goods that our consumers want. In order to address this challenge, we will keep track of each sale, in order to assess which products are the most popular and profitable. At the end of each fiscal quarter, we will choose two of our bottom-selling products, and replace them with new meals. We can also conduct surveys on our website and through social media, asking what meals consumers would like to see. We can incentivize participation in these surveys through product discounts.

Another issue we may face is the ability to provide the freshest ingredients. Some areas of the country do not have access to certain ingredients. Our solution to this issue would be to build greenhouses in these areas, in order to grow the ingredients we need. While this would be an expensive endeavor, it would also set us even higher above our competition because we will be the only company in those regions with the ability to provide sought-after fresh produce. We can also sell excess produce to the same grocery stores that carry our original product.

To every problem there is a solution, and this company is ready for anything that comes our way. The worst case scenario is that our production and distribution costs may be higher than our sales, as can happen with any product. If this were to happen, we would dissolve into our parent company and allow them to take over our product.

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Appendix

Survey Administered through Survey Monkey

1. Which category below includes your age?
17 or younger
18-20
21-29
30-39
40-49
50-59
60 or older
2. How many people currently live in your household?
3. Generally how often do you prepare meals each day?
Very often
Often
Not very often
Rarely
Never
4. How often does your household shop for groceries?
Very often
Often
Not very often
Rarely
Never
5. On average, how much does your household spend on groceries each month?

6. How often do you throw away food purchased that spoiled before use?
Very often
Often
Not very often
Rarely
Never
7. How often do you throw away leftover meals?
Very often
Often
Not very often
Rarely
Never
GourmEZ is a two serving meal kit that features seasonal ingredients as well as specialty
ingredients that can be difficult to find. Exact measurements for the fresh ingredients are
provided as well as a recipe card to follow along and create a meal in 35 minutes or less. All the
customer is expected to purchase outside of the package is olive oil, salt, and pepper.
8. After reading the description above, how interested are you in this product?
Extremely interested
Very interested
Moderately interested
Slightly interested
Not at all interested
9. About how much would you be willing to pay for this product? (Please enter a whole
number. Enter the number of dollars you are willing to pay.)