



**HELLO
FRESH**

INSIGHTS FROM HELLOFRESH

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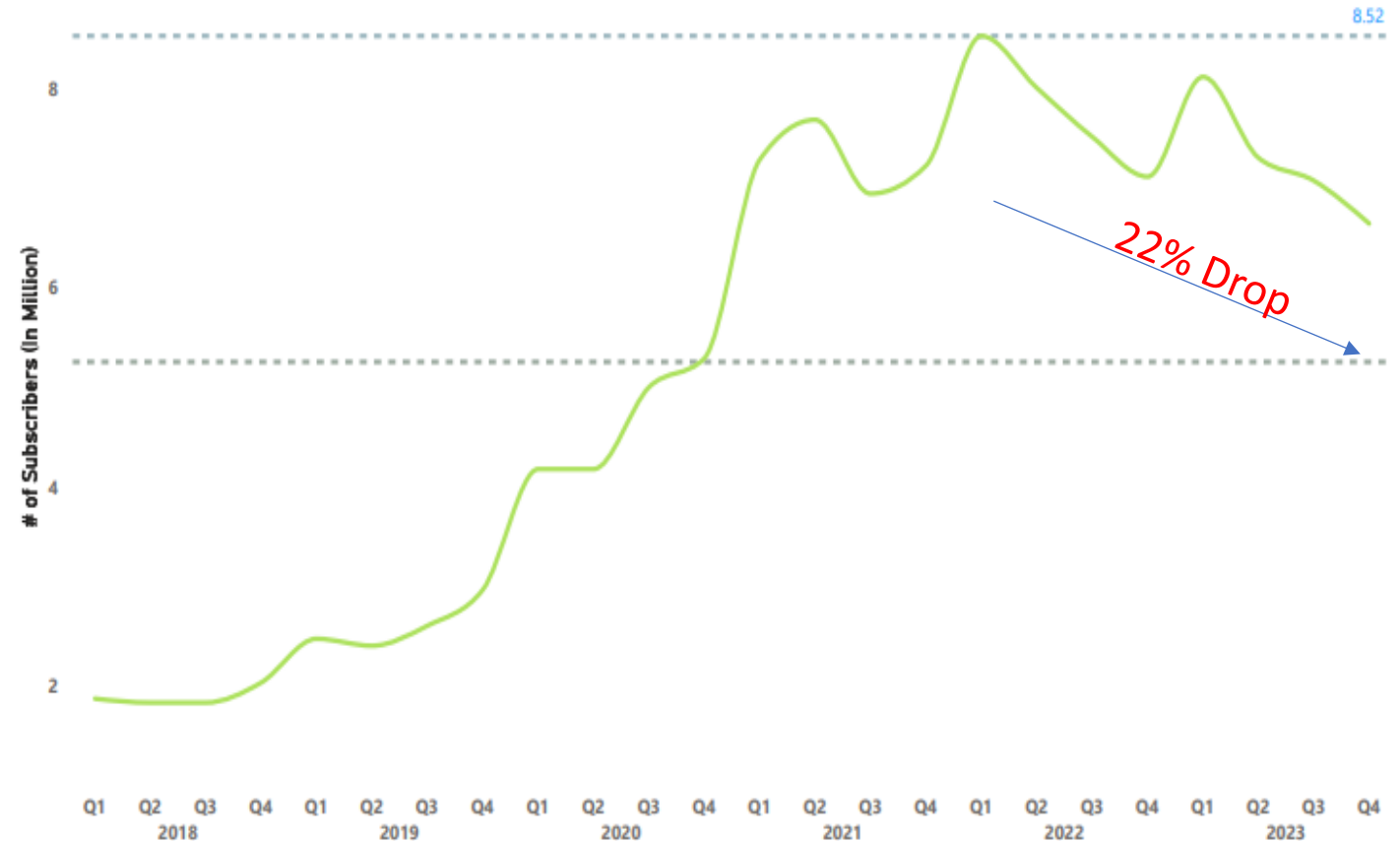


INTRODUCTION

- HelloFresh is a meal delivery service that provides customers with pre-portioned ingredients and recipes to cook meals at home. The company was founded in 2011 in Berlin, Germany, and has since expanded to various countries around the world including the United States, Canada, Australia, and many European countries.
- HelloFresh offers a variety of meal plans, including options for carnivores, vegetarians, and families, as well as options for different dietary needs such as low-carb, gluten-free, and more. Customers can choose from a variety of recipes each week and can easily skip or cancel their subscriptions which are designed to be fresh and of high quality.
- This presentation is derived from an extensive analysis of the financial reports spanning from Q1 2018 to the most recent quarter. The data covers key metrics, including revenue and profit margins. We will delve into a quarter-by-quarter comparison, highlighting significant financial movements, identifying patterns, and offering insights for the specified period.

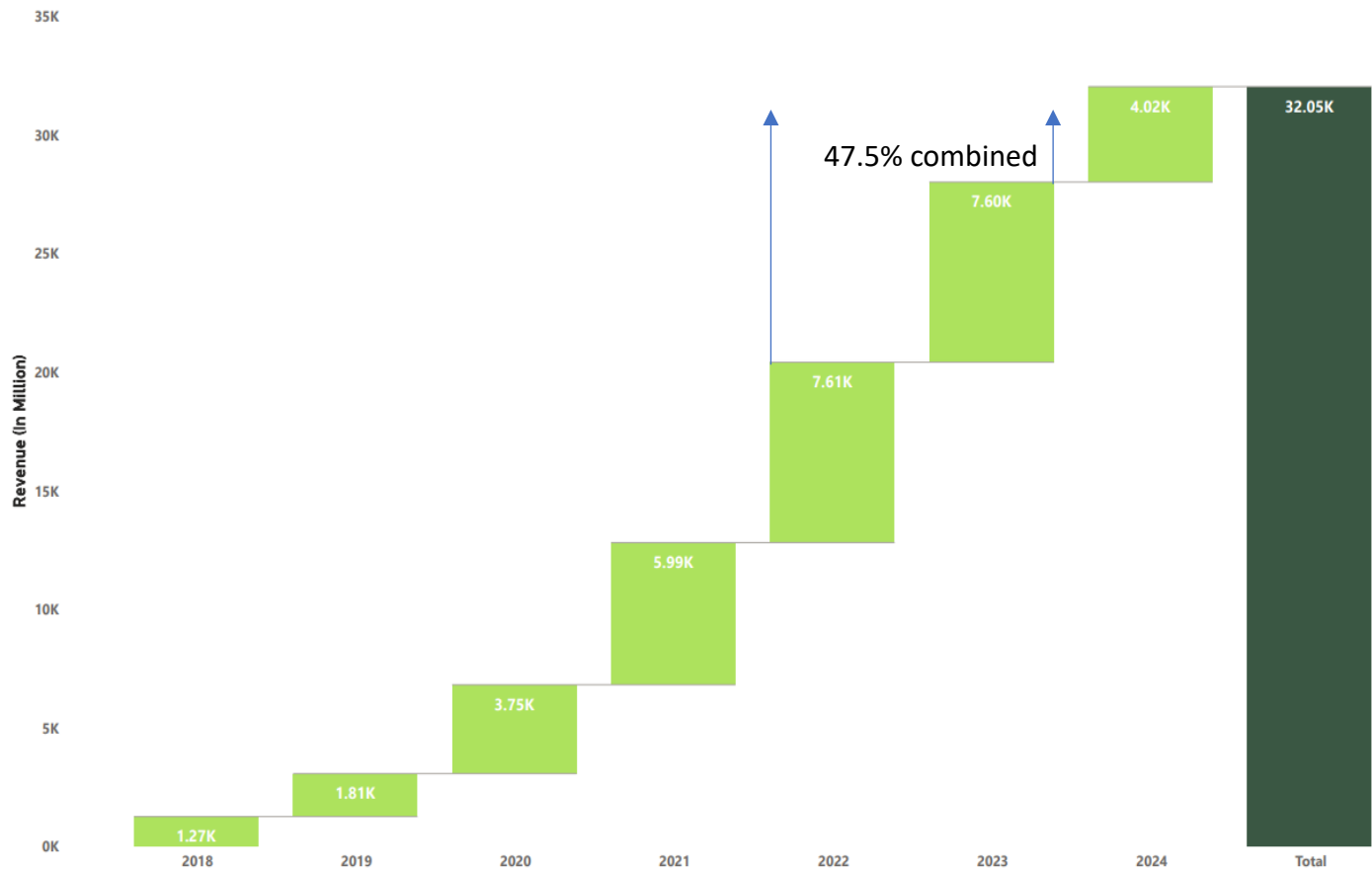
HelloFresh experienced a significant surge in the number of subscribers from Q4 2020 to Q1 2021, reaching an all-time high of **8.52** million subscribers.

- Since the first quarter of 2018, the number of subscribers has demonstrated a consistent increase. Notably, there was a substantial surge between Q4 2020 and Q1 2021, coinciding with the pandemic period.
- However, following Q1 2022, the number of subscribers began to decline. Although HelloFresh has not disclosed subscriber figures for Q1 and Q2 of 2024, the latest available data from Q4 2023 indicates a 22% decrease in subscriber numbers since Q1 2022.
- Overall, while the long-term trend remains positive, there has been a notable downward shift since the pandemic period.



HelloFresh has experienced a positive revenue trajectory, with **47.5%** of its total revenue generated from the years 2022 and 2023 since 2018.

- Our previous analysis indicated a decline in the number of subscribers. However, revenue continues to exhibit an upward trend.
- From Q1 2018 to Q2 2024, the total revenue generated reached approximately 32 billion euros.
- Notably, 47.5% of this revenue was generated in 2022 and 2023 alone.
- In the first two quarters of 2024, revenue surpassed 4 billion euros.



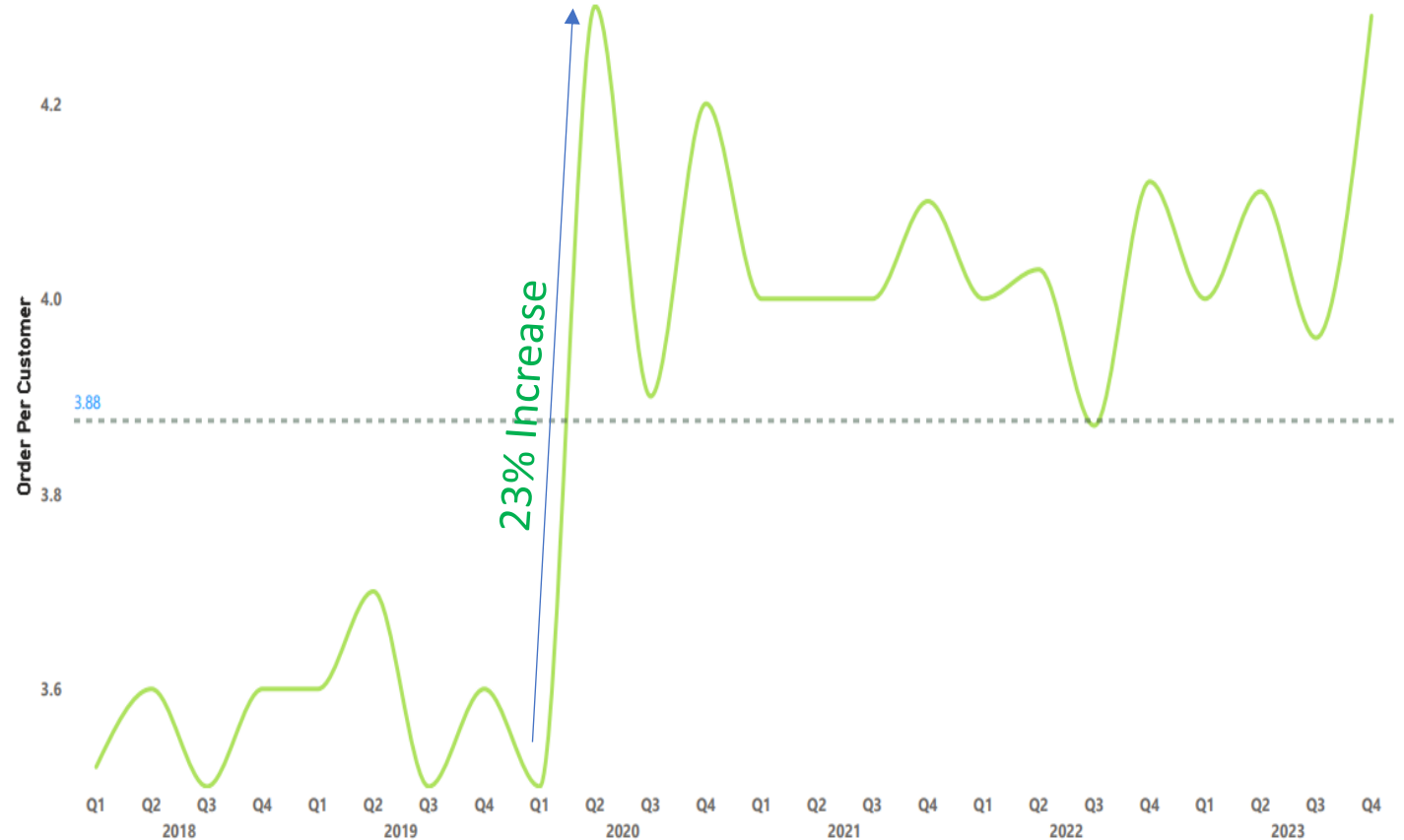
The Contribution Margin has shown a decline since Q4 2020 when analyzed on a YoY basis. Additionally, the QoQ analysis reveals a consistent pattern where Q2 and Q3 exhibit the lowest margins each year.

- In 2020, a significant positive change was observed in every quarter when compared year-over-year (YoY).
- However, an interesting pattern emerges when examining the quarter-over-quarter (QoQ) comparisons.
- Each year, Q2 and Q3 consistently show either a negative change or only a small positive change. Notably, Q3 in every year reflects negative changes, suggesting that revenue figures may be influenced by seasonality or other factors that obscure the overall performance.

| Year | Quarter | Sum of Contribution Margin (in million euro) | Percentage_Change(YoY) | Percentage_Change(QoQ) |
|------|---------|--|------------------------|------------------------|
| 2018 | Q1 | 77.10 | 0.00 | |
| 2018 | Q2 | 87.90 | 0.00 | 0.14 |
| 2018 | Q3 | 78.10 | 0.00 | -0.11 |
| 2018 | Q4 | 105.60 | 0.00 | 0.35 |
| 2019 | Q1 | 121.60 | 57.72 | 0.15 |
| 2019 | Q2 | 127.00 | 44.48 | 0.04 |
| 2019 | Q3 | 121.10 | 55.06 | -0.05 |
| 2019 | Q4 | 148.70 | 40.81 | 0.23 |
| 2020 | Q1 | 201.10 | 65.38 | 0.35 |
| 2020 | Q2 | 254.90 | 100.71 | 0.27 |
| 2020 | Q3 | 259.30 | 114.12 | 0.02 |
| 2020 | Q4 | 340.60 | 129.05 | 0.31 |
| 2021 | Q1 | 406.60 | 102.19 | 0.19 |
| 2021 | Q2 | 403.50 | 58.30 | -0.01 |
| 2021 | Q3 | 318.00 | 22.64 | -0.21 |
| 2021 | Q4 | 389.90 | 14.47 | 0.23 |
| 2022 | Q1 | 482.70 | 18.72 | 0.24 |
| 2022 | Q2 | 500.20 | 23.97 | 0.04 |
| 2022 | Q3 | 454.90 | 43.05 | -0.09 |
| 2022 | Q4 | 504.60 | 29.42 | 0.11 |
| 2023 | Q1 | 530.90 | 9.99 | 0.05 |
| 2023 | Q2 | 545.50 | 9.06 | 0.03 |
| 2023 | Q3 | 461.00 | 1.34 | -0.15 |
| 2023 | Q4 | 503.20 | -0.28 | 0.09 |
| 2024 | Q1 | 521.70 | -1.73 | 0.04 |
| 2024 | Q2 | 473.80 | -13.14 | -0.09 |

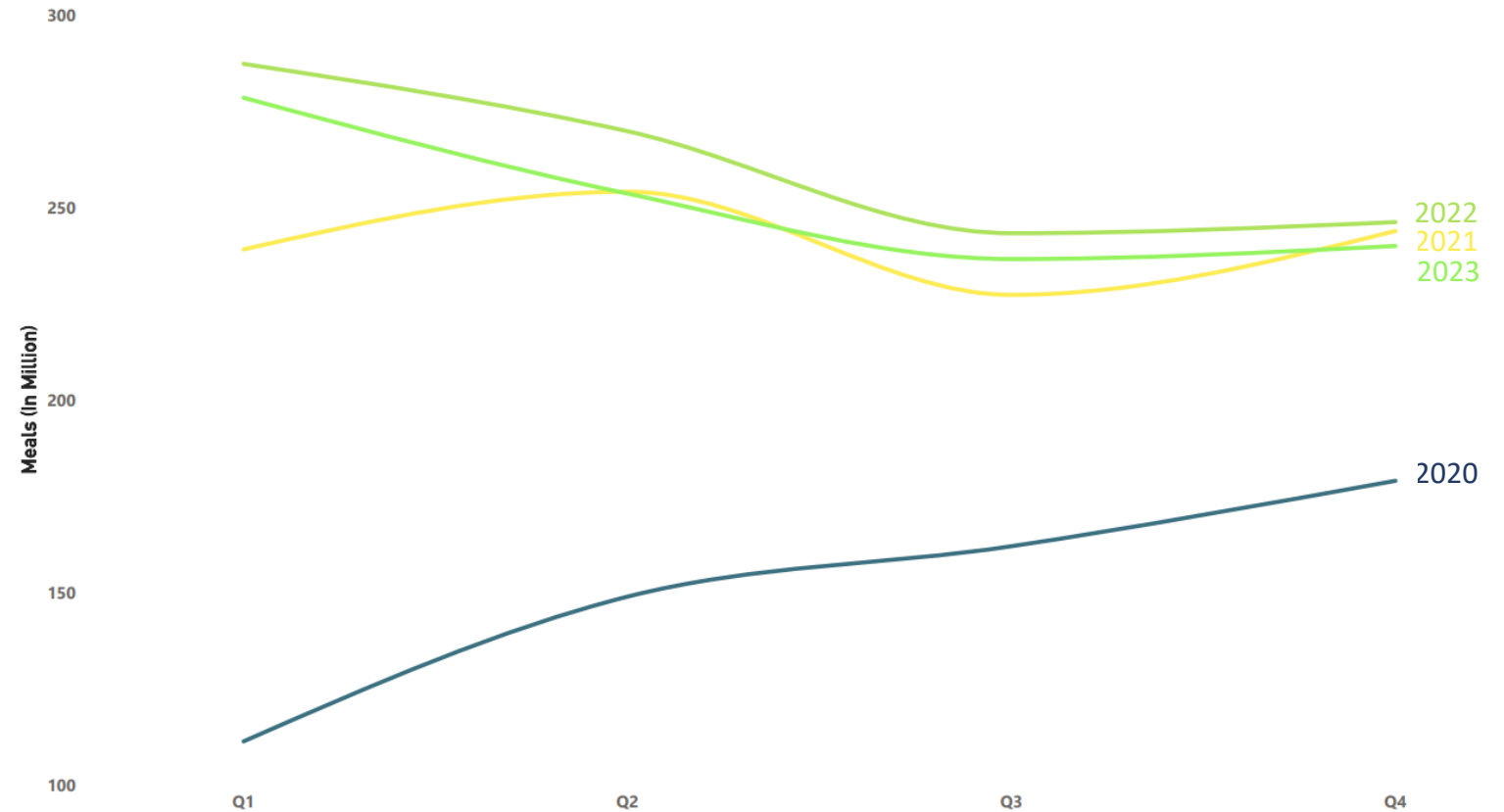
Significant pandemic surge, followed by stabilization and recent growth in orders per customer.

- There was a significant spike in the number of orders (**23% up**) per customer around Q2 2020, likely due to the increased demand during the COVID-19 pandemic.
- After reaching a peak, the orders per customer declined sharply but eventually stabilized with fluctuations around a lower level throughout 2021 and 2022.
- In the latter part of 2023, there is a noticeable increase in orders per customer, indicating a potential recovery or renewed customer engagement.



2023 struggle to recover as meal orders remain below 2022 levels. About **4%** less than in 2022 overall.

- The chart for 2021 displays a distinct seasonal pattern, with meal orders peaking in Q2, dipping in Q3, and recovering by Q4, reflecting a predictable fluctuation in customer demand.
- The sharp decline in 2022, especially noticeable in the middle quarters, set a lower benchmark that 2023 struggled to meet or surpass throughout the year.
- Throughout each quarter of 2023, meal orders consistently lag behind 2022, highlighting a continued challenge in recovering demand.
- There is a drop of 14% in Meals from Q1 to Q4 in 2023.





SUMMARY

In Q1 2021, HelloFresh reached a peak of 8.52 million subscribers, a substantial rise in users from Q4 2020. But since the first quarter of 2022, there has been a 22% drop in subscribers.

HelloFresh's revenue has increased despite the drop in subscriber counts. The company's revenue from 2018 to Q2 2024 was over 32 billion euros, of which 47.5% came from 2022 and 2023 alone.

The Contribution Margin has shown a declining trend since Q4 2020 on a YoY basis. On a QoQ basis, Q2 and Q3 of each year consistently display the lowest margins, with Q3 often showing negative changes, indicating potential factors like Summer Break, an increase in the price of vegetables leads to high cost.

Due to higher demand during the pandemic, the number of orders per customer increased by 23% in Q2 2020. Orders showed a considerable increase in orders per customer by the end of 2023, despite a fall following this high. Eventually, orders steadied.

Meal orders continued to fall short of 2022 levels in 2023; a 14% decrease in meals from Q1 to Q4 was indicative of the continued difficulties in increasing customer demand.



RECOMMENDATIONS

Enhance customer service, food quality, and the cancellation process, as approximately 38% of customers on Trustpilot have rated these areas with three stars or fewer. Additionally, customers are seeking more affordable and flexible plan options.

Highlight the most attractive offers or promotions prominently on the landing page. Implement a loyalty program to reward and retain existing customers. To enhance user experience, organize menus by categories such as cuisine or country, rather than displaying them as tiles. The overarching goal is to optimize the customer's time, a principle that should also be reflected on the website.

HelloFresh boasts an exceptional team of Data Scientists and Machine Learning Engineers. Their expertise could be leveraged to develop a sophisticated recommendation system. This system would not only analyze individual customer profiles to generate tailored recommendations but also identify patterns and correlations among customers with similar characteristics. By suggesting menus based on these insights, the system would enhance personalization, thereby offering a more efficient and time-saving experience for customers.

Instead of solely offering subscription-based services, HelloFresh could consider introducing an option for instant payment. This would allow customers to purchase meals on a per-day basis, rather than committing to a full week's subscription. This flexibility would cater to those who wish to sample meals for a single day without the obligation of a subscription.

HelloFresh currently operates in 19 countries, encompassing only 12% of the global population. There is significant potential for expansion into emerging markets such as India, China, and Latin America. In India, targeting a city like Bangalore would be advantageous due to its status as the country's Silicon Valley, where residents have limited time for grocery shopping and meal preparation.

Thank You