



MARKET MEALS

From Town & Country Markets

Beta Test Report

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September 2017

Introduction

Recruiting: More than 100 customers were contacted in the market, 59 of whom indicated interest. This process gave us our first real chance to introduce this new offering and its intentions with regular shoppers.

Observing reactions during this initial recruitment revealed valuable insights, as well.

The majority of regulars contacted in the market were familiar with the concept of meal kit services even if they hadn't used them. Meal kit companies spend a fortune on marketing, thus laying the groundwork for better customer understanding on the subject. Blue Apron was referenced when asking customers if they were familiar with meal kits, and just about everyone had heard of them. According to a prospectus filed with the SEC June 1, Blue Apron spent \$144 million on marketing in 2016, and \$60.6 million during the first quarter of 2017. (Blue Apron Form S-1 Registration Statement; Section 65)

The average age of those we contacted in the market was about 56, and while most were familiar with the concept of meal kits, due in part to marketing efforts by other companies, most had yet to try one.

A survey of 2,191 adults by Morning Consult confirms this demographic trend. In the survey 29% of Millennials (18-29) and 26% of Gen-Xers (30-44) report having tried a meal kit service, whereas only 12% of people aged 45 and older had tried one before. (Leonhardt, Megan. "Meal Kits: Who Are the Biggest Customers?" Time Money, July 17 2017, time.com/money/4855511/who-buys-meal-kit-services/)

Even though most in-store contacts had never bought a meal kit, many were excited to try one from Town & Country. Perhaps most surprising was the positive responses received while offering a "reactive" position on meal kits. We are admitting we aren't the first ones there, but we are saying we've been around and have been paying attention and now we are ready to offer a more sustainable, local and further prepared (less prep time) option. People found this stance logical, and are genuinely excited to see T&C entering this arena. Even people who stopped to talk, but declined to participate in the beta test because it "wasn't for them" still wished us luck and believed it to be a wonderful idea.

Our other method for recruiting participants was a short and simple Facebook post. Becky made a post at 3 p.m. on Friday, Aug. 11, just four days before testing began. The sponsored post directed people to send us an email with the term "Market Meals" in the subject line to indicate interest. This post was "liked" 105 times and shared another 20, showing how a last-minute digital marketing push can quickly pique interest through social media. Over that weekend about 30 emails were sent in by customers replying to the post, and we were able to share information about the program.

Using these two methods of customer contact we were able to get the 39 (but let's call it 40) orders we wanted for the beta test.

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1. Background and Objectives

Background

The goal of this report is to provide constructive guidance using a combination of customer feedback and market research. With Market Meals, Town & Country Markets is able to offer an additional option to customers following an established trend - meal kits. Through these kits, Market Meals has created a new digital platform for customers to interact with. Our shoppers can now order food online and pick up on location in a quick and convenient manner. With Market Meals, Town & Country has established a new channel for revenue, marketing, and branding, with a high potential for future growth.

Objectives

1. Conduct a test of Market Meals over two days with a goal of 40 orders.
2. Collect a combination of qualitative and quantitative feedback from participants using an online survey.
3. Analyze and communicate these findings to the Market Meals group.

Specifically, this test was looking to discover if customers are able to understand what Market Meals is and what it is not. If it was clear before they picked up their food that it would be not fully prepared, nor completely raw. The test also looks to discover if customers would use Market Meals in the future by examining what attracts them to the offering and what barriers may prevent future purchase.

2. Methodology

As mentioned earlier, recruitment happened both online and in-store. During the in-store recruitment an employee stood at a table with a large tablet displaying the Market Meals website with paper forms to fill out for interested parties. This was done the week before the test, on Monday (8/7), from 10 a.m. to 2 p.m., and Tue-Thur (8/8-8/10) from about 3 to 7 p.m. Customers were told they would receive a 25\$ gift card to the store for their participation.

Many people dropped by to ask about details, and on average about 20 contact forms were collected a day during four hour blocks. The largest barrier preventing people from signing on for the beta was the menu. People who browsed the site on the tablet said they were discouraged by the limited quantity of vegetarian, paleo, or gluten- free options available.

In addition to in-store tabling and the Facebook post, a poster was set up with information on how to sign up for the test. The poster drove a few emails from customers asking for details, but ultimately only provided one customer who gave feedback. Four more customers signed on through word of mouth, having heard about Market Meals through a friend or family member.

From the 59 people who signed up in person, 22 followed through with an order and provided feedback, while 13 of the 29 customers who emailed directly from Facebook or from word of mouth did so. This puts the purchase rate at 37% for in-store signups and 45% online, respectively.

3. Report Limitations

There are a few limitations to this report . In general, T&C doesn't often ask personal information of its customers. In order to preserve brand, demographic questions were kept to a minimum. As a result, there is a shortage of this data.

76% of people who made an order took the time to fill out the feedback survey which is an impressive One way we could have achieved a better response rate would have been to require feedback responses before giving the 25\$ gift card incentive. By creating this exchange without expectation with the testers, T&C exhibited Customer Centered Authenticity and Integrity, two core company values.

Eight people who orderd never filled out the survey. Two follow-up emails were sent seeking replies, but customers were not pressed further.

With 26 replies, the sample pool is very small.

Finally, despite plans to conduct focus groups, there was insufficient time to do so.

4. Key Themes

Customer Understanding

Customers need to understand this service provides partially prepared meals and food, not hot meals. . ***Website Experience***

Overall, users reported their web experience was great. A few nitpicks did arise, but were mainly formed from a communication error, with the majority of users finding the website easy to navigate and order from.

Food Experience

This could be considered the trickiest and most important thing to get right. As mentioned earlier, the majority of customers had not used a meal kit service before, so Market Meals was their first time purchasing food at this lightly prepared level. To ensure future purchases the food needs to be easy enough to prepare and taste good.

Product Pricing

This is another major metric affecting the likelihood of future purchase. We also will compare Market Meals to other kits on the market.

Product Packaging

Packaging scored high in functionality, but several customers took issue with the amount of packaging involved. Here we examine potential solutions to this issue.

Drive-Thru vs In-Store Pickup

Customers split their orders evenly between the drive-thru and the deli counter. We will take a look at why some customers were skeptical about the drive-thru and how this may be resolved.

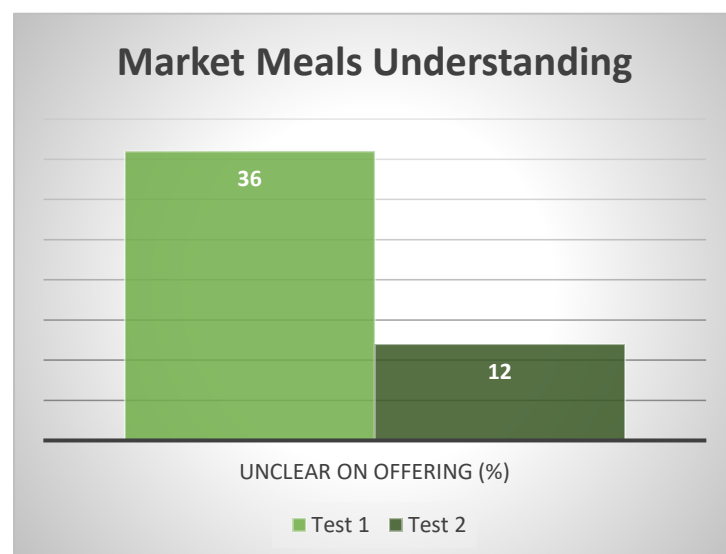
5. Customer Understanding

During the previous test, five out of 14 participants expected to pick up hot, ready to eat food. In this test, only three out of 26 reported that expectation. This is a marked improvement in understanding the offering. Here are a few quotes from customers who were clear on what the offering was,

"It was exactly as I thought - a combination of meals that might just need some heating up and minor prep."

"The meal was as described and we followed the directions exactly. I knew from the description online that it was all prepped already."

"[Market Meals was] very well explained, and delicious."



Of the three respondents unclear on the service, one was pleasantly surprised by it, saying, *"I wasn't expecting the meals not to be cooked, but I ended up liking that they weren't so that the meals were hot when served."* This participant went on to love the offering, having ordered the Kalbi Short Ribs and Indian Meal, she was one of the most satisfied customers of the test.

A different customer who ordered the short ribs was not fully aware of what to expect, saying, *"Transaction and pick up service was very good,[but] the meal itself took more than*

we expected.” while another said “I thought it was prepared foods and was surprised I needed to cook it.” For these two customers, this lack of clarity on the offering led to lower score in the food and likelihood of future purchase categories.

The bump in customer understanding from the previous beta displays how website design changes and tweaks made between tests have worked effectively in better outlining the service to customers.

6. Website Experience

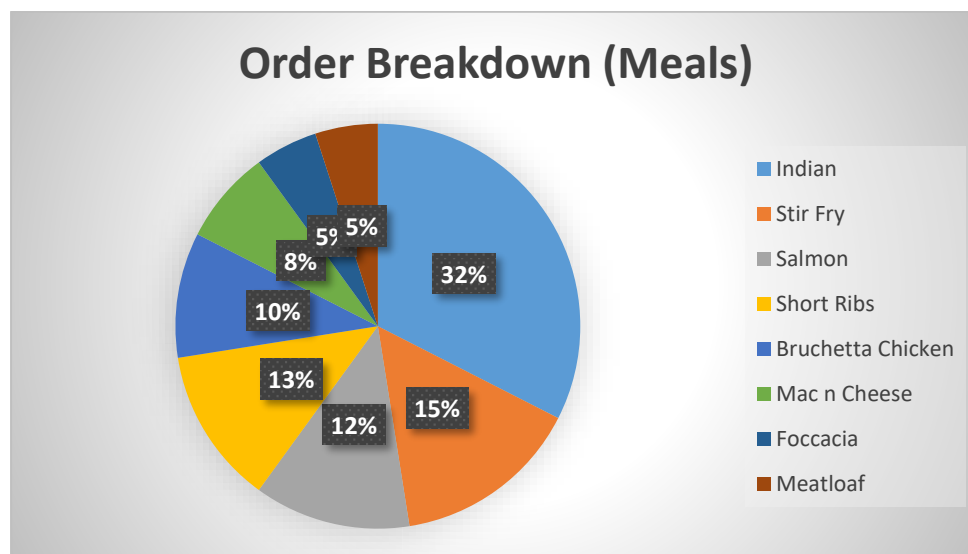
The online experience for customers was overwhelmingly positive. Even users who took issue with issues such as flavor or pricing, still gave the website positive ratings.

One customer described it as a *“straightforward, easy process”* a sentiment echoed throughout the feedback for the site. Another stated, *“The website was easy to use, and the food categories were well thought out. The differences between entire meals and main courses was obvious, and it was nice to have both categories.”*

When the website did receive low ratings, it was mainly due to an error in communication. One customer said, *“[I] had a difficult time finding the website. [I] was unable to Google it.”* They had heard of Market Meals through a friend and lacked a link to access it.

Another customer who had trouble with the website said, *“My husband thought he had completed the entire process correctly. When I got to the store they didn’t have any record of our order. They did however, quickly put it together.”* Lastly, a customer said, *“The scroll bar and the cart were next to each other and I kept trying to scroll down and would get the ‘add to cart’ message. This was a bit bothersome as I was trying to navigate the website and see all possible items before placing my order.”* No one else reported tight or inconvenient crowding on the page, but I bring it up just so we are aware of the possibility of this issue.

7a. Food Experience - Order Breakdown



Compliments and complaints arose within individual meals.

The **Indian Meal of Dal Saag and Mataar Paneer** was the most popular item with 13 orders. The naan bread included in the meal was advertised as garlic but people received plain, leading to three complaints. One of the customers found the naan a *“a bit doughy.”* The manufacturer’s instructions on the product itself suggest microwaving the bread, while our instructions included with the meal specified baking. This may lead to more confusion later.

The **Heritage Pork Stir Fry (since renamed to Vietnamese Pork Stir Fry)** was the second most popular item. While some had a positive experience, two people mentioned it was under seasoned and two others complained about the pork portion, with one customer saying, *“Food was good but I felt like it was a huge serving of rice in comparison to the meat/cabbage provided.”*

Note – Issues noted with both these meals have been rectified for launch.

The **Kalbi Short Ribs** were also a hit, with one customer stating, *“Amount of ribs were generous, 4 would have been enough, and quality of the meat was excellent. [It] was tender and sliced to perfect thickness.”*

A different customer had issues when they tried to cook the ribs on their grill, saying, *“grilling was an option, so we grilled. But the ribs were cut so thin they were difficult to grill and a couple even fell through the grill rack.”*

Lastly, there was one complaint about the potatoes included with the meatloaf meal, stating, *“The potatoes were not cooked enough and were hard. We followed the directions exactly and obviously the warm up process was not meant to cook them more.”*

It appears as a few of these gripes could be solved by simply modifying the cooking instructions. It may be useful to go through try the meals one more time before launch and look for areas where prep instructions could be improved or optimized.

7b. Personal Experience - Bruschetta Chicken

My personal experience with the Bruschetta Chicken meal was amazing.

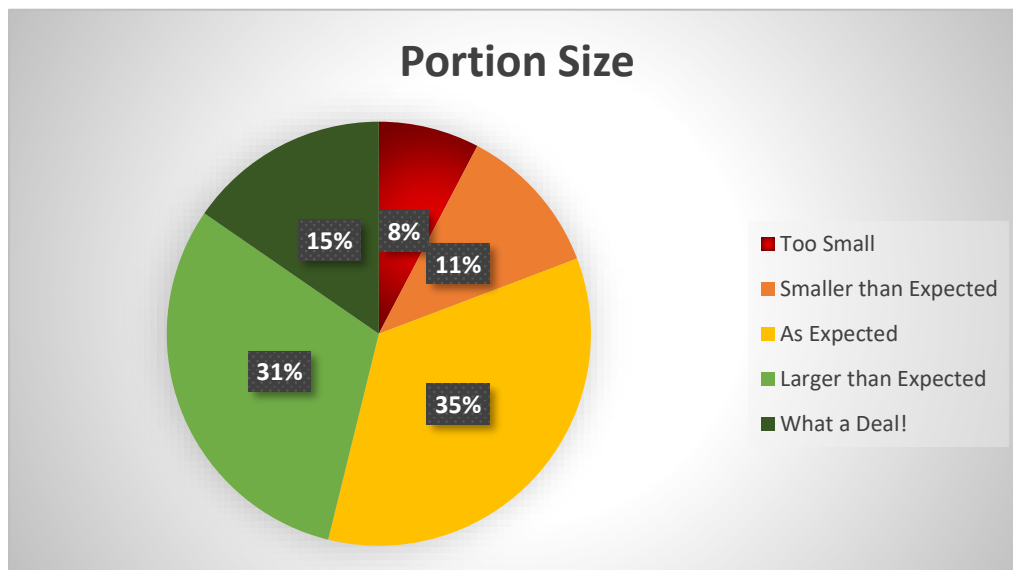
It was so good I was certain I ordered the best possible thing on the menu. The chicken came out tender, flavorful, and absolutely delicious. The container used to heat it in the oven added a layer of convenience and saved me time from having to clean dishes. I was pleasantly surprised to see the pasta included was fresh, but after following the directions precisely and cooking the pasta and broccolini as instructed, I found they both tasted bland.

Here, it would be important include salting and oiling the water for the pasta and seasoning with salt and pepper upon completion. Adding some seasoning really made all the difference, and this ended up being one of the better meals I’ve ever had from the store. In this case, a final direction to season after plating could make a large impact on flavor.

7c. Food Experience - Food Portions

For the most part, Market Meals nailed portions, with nine people finding portions to be as expected, and 12 finding portions larger than expected.

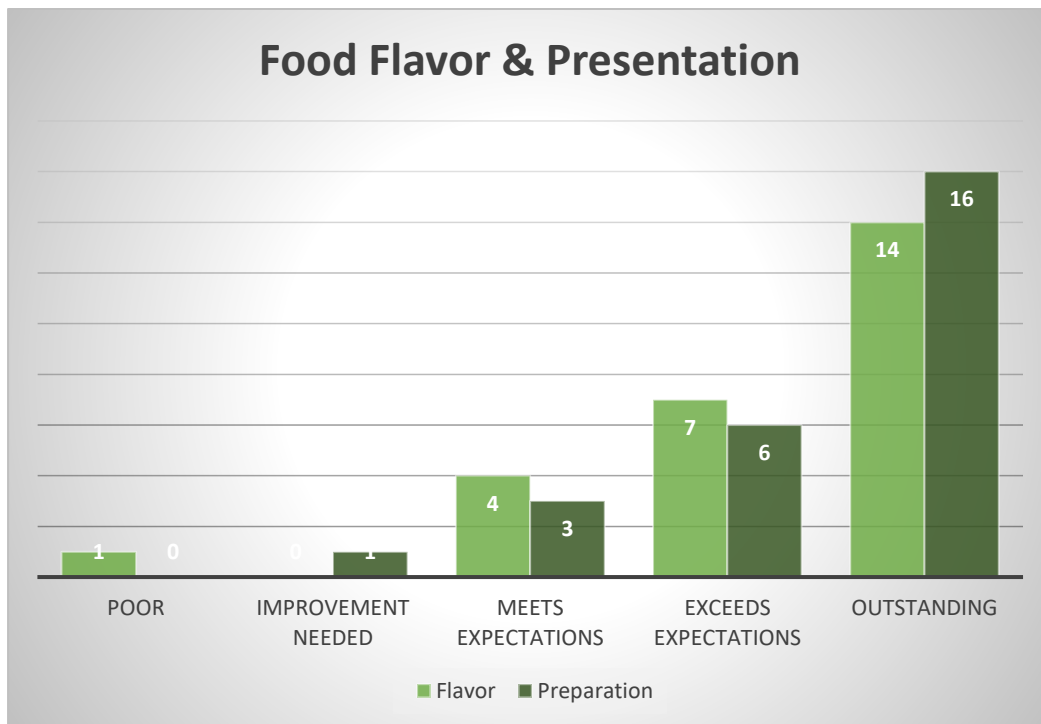
Only five people found the portion sizes underwhelming; four out of these five ordered the Stir Fry or Indian meals. Most others found the portions to be as expected, and even more found them to be abundant.



7d. Food Experience - Flavor and Preparation

Continuing the positive trend in food experience, flavor and preparation also scored high with almost all participants. One customer summed it up this way: *“It was very easy to prepare and tasted great.”* Another said the food was *“attractive, easy to prepare, and delicious.”*

One tester who ordered the Indian Meal said Market Meals helped him step out of his food comfort bubble: *“It was really nice having a flavorful meal of a type of food I wouldn’t normally make myself.”*



7e. Food Experience - Variety

Participants found the food attractive both packaged and plated. The biggest issue that arose was the limited variety of menu options. In the area of the survey where people were asked to make menu recommendations, several people requested to have more vegetarian, gluten free, and paleo options added. Additionally, during sign ups, many declined to participate because the menu did not suit their individual nutritional needs.

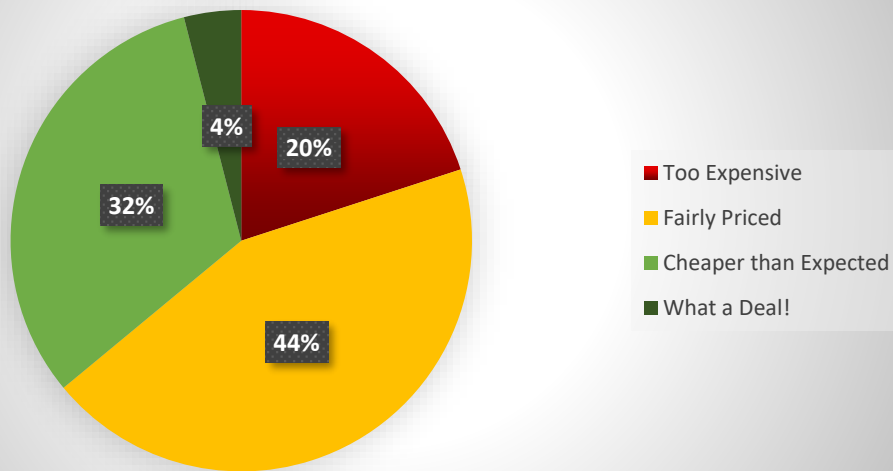
While current menu options are currently fairly limited, it may be possible to include these categories in the entrees and sides section of the website, where the ingredients won't clash with meals, since it may be hard to create entire meals to fit within these categories.

8a. Product Pricing - Market Meals

Only five customers found prices too high, with those same five later declaring price would be the largest inhibitor preventing them from making a future purchase.

Eleven customers found Market Meals to be "fairly priced," and nine found the offering to be cheaper than expected, leading one customer to say: "The price is fair, the ingredients very fresh, [and] directions [are] simple and easy to follow."

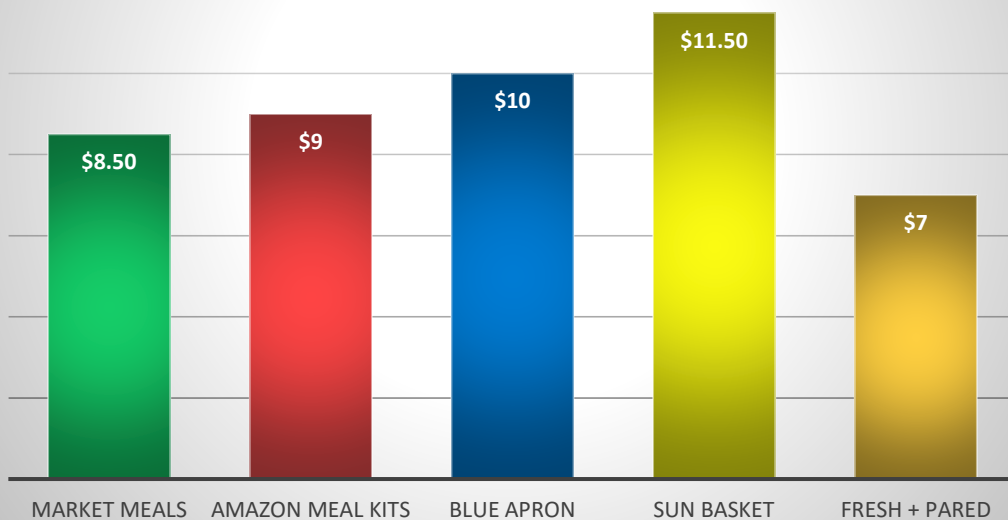
“Please rate the per-person cost/value of your food.”



8b. Product Pricing - Market Comparison

Compared with other meal kits, Market Meals is priced right where it should be. The average price per meal currently sits at about \$8.50 making it cheaper than door step delivery alternatives such as Blue Apron and Sun Basket, and a hair cheaper than Amazon's new meal kits. Kroger's Prep + Pared are by far the cheapest at \$7 per serving but are targeted to a different demographic of shopper than Market Meals.

Average Price per Serving Popular Meal Kits



9. Product Packaging

Packaging was expected to be a tricky issue. The Pacific Northwest as a whole is a highly eco-conscious group, but Bainbridge Island may hold the highest environmental standards of the entire Northwest.

After testing other meal kits, it is clear Market Meals is the more environmentally friendly option. One of our testers noticed this, too, saying: *"the only thing we'd like to be different is the amount of packaging, although it is a lot better than a mailed kit."* Another customer offered a suggestion to reduce waste, saying: *"Anything you can think of to reduce packaging would be great, [maybe we could] bring our own bags or containers...?"*

Eleven of the 15 respondents who used the packaging to heat their food rated them as "outstanding," proving the containers are highly functional. People found them easy to pop into the microwave and oven, but disposal was still a concern.

If there is any way to offer a packaging recycling option at the store, this would extinguish some of the guilt associated with the metallic trays. It also may be possible to reduce the use of these trays by packaging items that don't need to be heated into compostable containers. The pasta included in the chicken bruschetta meal for example, did not need to be cooked in one of these containers.

10. Drive Thru vs In-Store Pickup

People were legitimately shocked to hear there is a drive-thru window hidden downstairs.

Eleven people who opted out of using the drive-thru did so because they were unsure of its location, with one customer saying: *"I was confused about the drive-thru pick up option. What are you supposed to do if you select that? Directions to the drive thru would be helpful."*

Signage outside the store may help guide drivers once they are here, but there is still a large chunk of people who would like to definitively know where the drive-thru is located before leaving their house. This may be resolved by adding a simple map or graphic to the check out page, or somewhere else within the website.

Responses show people were not against using the drive-thru, in fact they would probably do so if they were confident in the location.

11. Key Takeaways

Customer Understanding - Thanks to a new website and clear marketing, customers for the most part tested Market Meals with an understanding of what was to be expected from the product. It is clear that the web design strategies and improvements made have been effective, especially when comparing customer understanding from the previous beta test.

Website Experience - The website was the highest overall scoring category in the test. Only a few users experienced any difficulty, but any issues are sure to be resolved as improvements are continuously made to the site.

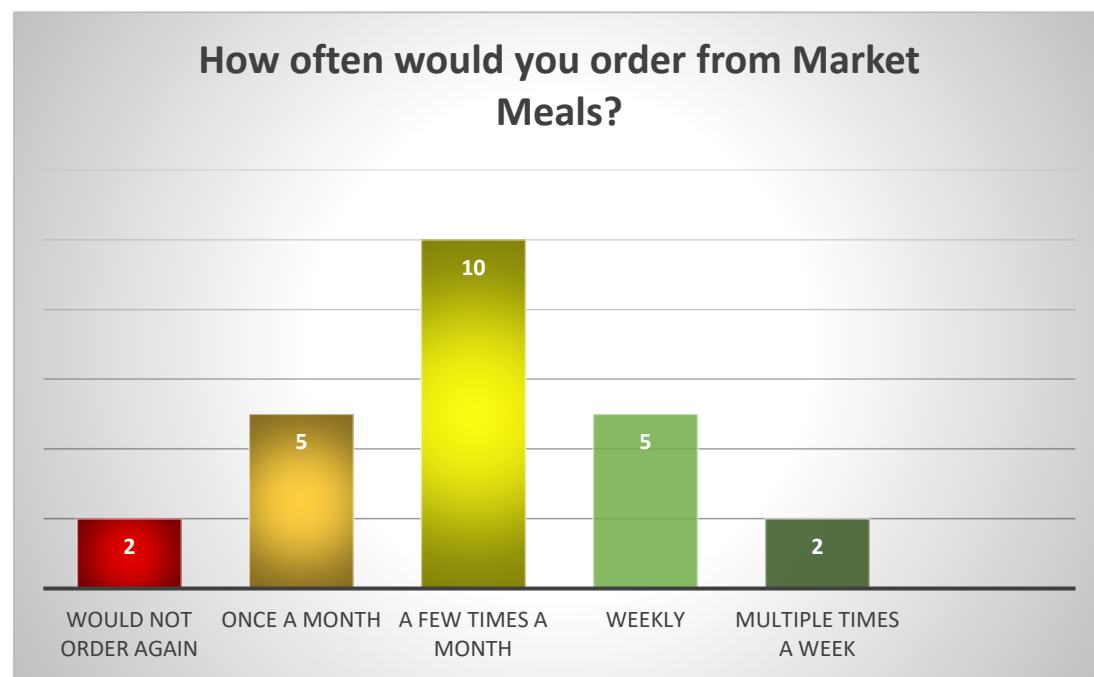
Food Experience - Some testing and tweaking may be needed regarding preparation instructions, but the reaction to the flavor, portion, and appearance of the food is overwhelmingly positive. Expect to attract more customers in the future by expanding vegetarian, gluten free, and paleo options when possible.

Product Pricing - Although customers indicated price as their largest obstacle, Market Meals is in-line with currently competing meal kits, and on average slightly cheaper.

Product Packaging - The metallic trays proved to be highly functional but waste was an issue. Options to explore reducing packaging include an in-store recycling option, or packaging items which don't require heating in metallic trays in compostable containers.

Drive-Thru vs In-Store Pickup - People would use the drive-thru if they knew where it was.

Generally Positive Feedback - Only two people out of the 26 responses indicated they would not purchase again. Overall, Market Meals was a highly satisfying option to the Town & Country shoppers who tested it.



Additional comments include:

"Thank you so much for doing this and I'm so excited for the launch!"

"Great idea for commuters who want to cook, but not to shop."

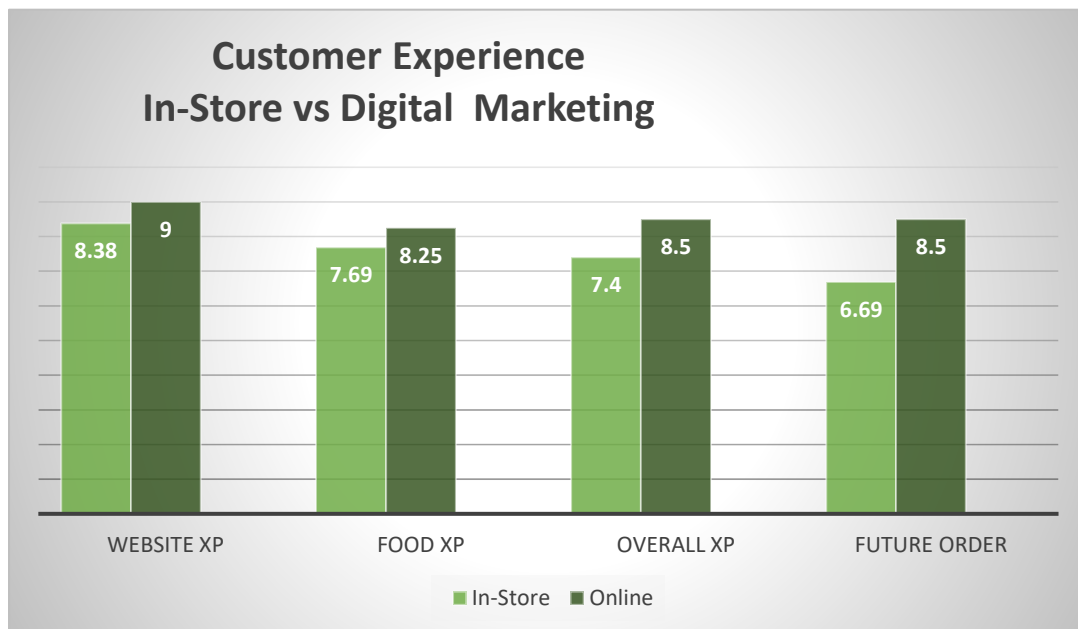
"Love this idea!"

"I think you set up the test really well - great communications - and I hope you are learning what you wanted. I'll be honest and say I appreciate the gift card but I would have tried it without the incentive. I tried Blue Apron but the cost and the volume of packaging made me drop it quickly. I really like the idea of a meal service tied to the grocery store to reduce harmful packaging. Thanks for trying this!"

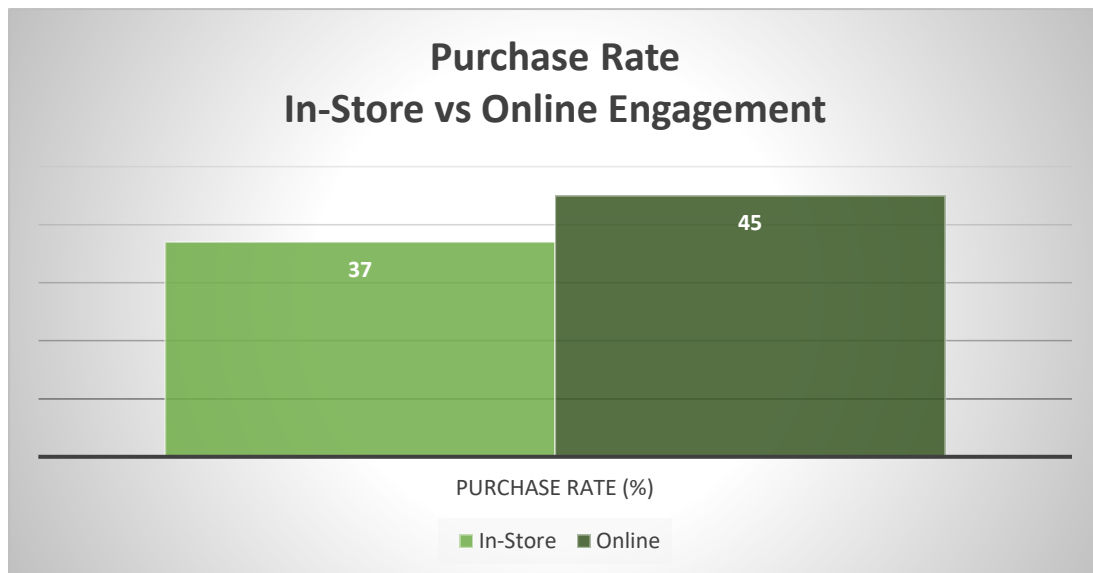
12. Concluding Thoughts

Digital vs Traditional Marketing

On the left in the light green are the scores earned by people who signed up in store and in person. On the right in the dark green are the scores earned by those who interacted digitally, via email or Facebook, to sign up.



Customers who interacted online are significantly more likely to make a future purchase than those who learned about the program in-store. The chart below shows how customers who interacted online are also more likely to follow through with a purchase after indicating interest.



We can infer that those who signed on through Facebook are younger than those who signed on in-store. The data implies this through familiarity with meal kits: 62% of those who signed on through Facebook had used one in the past, while only 30% of those who signed on in-store had.

This shows how Market Meals lends itself especially well to our new website and digital platform. Those who interact with us digitally and enter Market Meals from this relationship are more likely to quickly understand the offering and know what to expect. Their familiarity with online interactivity means they will get the most out of Market Meals and continue to shop the offering in the future.

With digital marketing, Market Meals has the potential to extend the Town & Country brand to those who have never shopped with us, while still focusing on the human side of the company, bringing people together within our stores. Furthermore, T&C will be able to track how new customers are acquired and how much money is spent to acquire each customer, establishing a foundation for more in-depth marketing analytics.

Through marketing analytics, Town & Country Markets will be able to more precisely measure the causal impact of marketing to inform and guide financially efficient and effective strategies. While the company may not have the resources for more complex methods yet, Market Meals offers a profound example of a major leap forward and a glimpse at the exciting advancements that lay ahead.

Source:



Beta Results
(1).xlsx