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Blue Apron: DISRUPTION IN THE U.S. FOOD INDUSTRY?[[1]](#endnote-1)

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In December 2017, Brad Dickerson, former chief financial officer of Blue Apron Inc. (Blue Apron), had been the chief executive officer (CEO) of the company for one month. Dickerson had replaced the co-founder and CEO Matt Salzberg, after Blue Apron’s deteriorating financial performance, wherein its losses kept growing in proportion to its revenues, with no signs of breaking even (see Exhibit 1). The company went public in June 2017 and was trading at US$10.01[[2]](#endnote-2) per share; however, by November 2017, it had lost approximately 68 per cent of its market value, with share prices falling to $3.17 per unit. Blue Apron had become the year’s worst-performing major initial public offerings (IPOs), with its market valuation decreasing from $1.89 billion in June 2017, when its IPO launched, to $600 million in November 2017.[[3]](#endnote-3)

Blue Apron, founded in 2012 in New York City, provided subscription-based food meal kits, targeted at consumers who wanted good, healthy food at home but found grocery shopping to be cumbersome, expensive, and time-consuming.[[4]](#endnote-4) It has been said that the founders of the company disrupted the food industry by offering affordable and fresh food in the form of a meal kit delivery service.[[5]](#endnote-5) The meal kit included preportioned ingredients that were ready to cook, along with innovative recipes. Between 2015 and 2016, Blue Apron’s orders grew at an exponential rate of 133 per cent (see Exhibit 2). In 2015, the company was valued at approximately $2 billion, and by March of 2017, Blue Apron had sold 159 million meals to U.S. households, amounting to 25 million paid orders.[[6]](#endnote-6) Blue Apron also became the first major food subscription delivery service provider to be listed on the New York Stock Exchange.

However, Blue Apron faced several growth challenges, and its efforts to resolve those issues gave rise to further problems. For instance, to cope with worker scarcity due to the growth of operations, Blue Apron hastily hired additional employees. More specifically, it had hired incompetent people, some of whom perpetrated gun-firing incidents on factory premises. The company also shifted toward a completely automated warehouse to keep an accurate count of its inventory and by August 2017, started focusing more on supply chain efficiency rather than marketing. However, this shift resulted in further delays and inaccuracies in fulfilling customer orders.[[7]](#endnote-7)

Blue Apron was also closely followed by competitors such as HelloFresh SE, Home Chef, and Sun Basket, that had market shares of 28.4 per cent, 10.5 per cent, and 7.9 per cent, respectively. As a consequence, Blue Apron’s market share fell from a high of 57 per cent in September 2016 to 40.3 per cent by the end of 2017. Blue Apron’s losses from the first quarter of 2017 were equivalent to its total losses of 2016, amounting to $52.2 million.[[8]](#endnote-8)

According to analysts, although the founders of Blue Apron wanted to disrupt the food industry by simultaneously targeting both grocery stores and restaurants, the company’s poor business model impeded Blue Apron’s success.[[9]](#endnote-9) Others commented that a major challenge to Blue Apron in the long run was likely to be competition from other giant players, such as Amazon Inc. (Amazon), which intended to launch a similar subscription-based meal kit serviceand had the deep pockets to be able to offer lower prices.[[10]](#endnote-10) Could Dickerson enable Blue Apron to disrupt the U.S. food industry? How could Dickerson create a profitable business model for Blue Apron? Would Blue Apron be able to rebound profitably or should it exit the subscription-based meal market?

THE BEGINNING

Blue Apron was founded in 2012 by three co-founders: Matt Salzberg (CEO until November 2017), Ilia Papas (chief technology officer), and Matthew Wadiak (chief operating officer until November 2017). Wadiak was a chef trained at the Culinary Institute of America, Salzberg was a venture capitalist with an MBA degree from Harvard University, and Papas was an engineer by training who had worked as a consultant for Walmart Inc. (Walmart).[[11]](#endnote-11)

The founders named the company Blue Apron as homage to chefs around the world who wore a blue apron while learning to cook. Cooking healthy food at home could be inconvenient, time-consuming, and tiring because it involved a great deal of grocery shopping and menu planning.[[12]](#endnote-12) Through Blue Apron, the founders developed their mission to make healthy home cooking accessible to everyone. They reimagined the way food was produced, distributed, and consumed by developing a better and more healthy food system, which benefited both consumers and producers—the farmers.[[13]](#endnote-13)

The founders had started their business in a 150 square foot[[14]](#endnote-14) cooler in a rented kitchen. On the first day, they packed 30 boxes themselves, and thoroughly checked these boxes because they wanted to win the trust of their customers.[[15]](#endnote-15) Blue Apron started its services with three recipes: seared hanger steak, barbecued Cornish game hen, and lemongrass shrimp with soba noodles. All the ingredients required to cook these dishes were preportioned, and a menu template for future meals was also developed. Since then, the business scaled up. For the first two years, the entire management of business operations was manual. For instance, during the tracking of delivery progress and the packaging of ingredients, all the related information was maintained on a whiteboard, and if anyone accidently wiped the board, all this information was lost.

BLUE APRON’S REVENUE MODEL

Blue Apron’s meal plan included two varieties. The first meal plan was meant for two people, with a maximum of three recipes per week at a cost of $65.94. The second plan was for a family of four, with options for two to four recipes per week, and it was priced between $79.92 and $143.84.[[16]](#endnote-16) Options were available for both vegetarians and non-vegetarians, and delivery was mostly free. Apart from the meal plan, customers were also advised regarding which wines would complement the food. For instance, with shiitake mushroom burgers, Blue Apron’s menu recommended Santa Barbara Highlands Vineyard Grenache wine.[[17]](#endnote-17) Blue Apron was also committed to providing fresh ingredients to its customers. If a customer received an order that was missing ingredients or the level of freshness was unacceptable, the customer had the option of complaining, preferably within seven days and with a photo of the order. Blue Apron quickly resolved such issues.

In 2017, the two-person plan and the family plan generated 79 per cent and 21 per cent of total revenue, respectively.[[18]](#endnote-18) The company further expanded into complementary areas, including a wine service and kitchen tools and accessories that were sold through its e-commerce platform. More than 90 per cent of Blue Apron’s orders were from repeat customers. Nevertheless, the average number of orders and the average revenue per customer—which were 4.5 and $265, respectively, in the first quarter of 2016—declined to 4.1 and $236 in the first quarter of 2017.[[19]](#endnote-19)

**BLUE APRON’S CUSTOMER PROFILE AND CUSTOMER ACQUISITION COST**

Blue Apron’s meal plans were popular with customers of various age groups. A customer email survey conducted by Blue Apron in November 2017 revealed that 25 per cent of orders came from the 25-34 age group, which was closely followed by the 35–44 and 45–54 age groups, from which Blue Apron received 23 per cent and 20 per cent of orders, respectively.[[20]](#endnote-20) Blue Apron mainly targeted young professionals and families with working parents because people matching these demographics had less time to shop for groceries and, at the same time, many were interested in maintaining good health. Furthermore, people in these demographics had enough disposable income to afford meal subscription services.[[21]](#endnote-21) Studies conducted in the United States also indicated a trend of consuming food away from home and relying more heavily on ready-to-eat convenience meals because consumers were time-constrained, and this trend was likely to continue.[[22]](#endnote-22) Blue Apron met the needs of this segment of consumers by providing garden-fresh, preportioned, and packaged food items in the form of meal kits, along with a suggested recipe, which distinguished the company from providers of traditional meal delivery services.[[23]](#endnote-23) In fact BSR (Business for Social Responsibility), a non-profit organization, conducted a research study that found 62 per cent less food waste when meals were cooked by Blue Apron consumers than when the same meals were cooked with ingredients from grocery stores.[[24]](#endnote-24)

To further enhance the cooking experience, Blue Apron also offered a mobile app for Apple phone users, which enabled users to watch cooking videos and tips, and to read about specialty ingredients. Blue Apron also interacted with customers through social media networks such as Facebook, Twitter, and Instagram to gather suggestions and feedback. Customers were also provided a range of support resources via the company’s help centre, which includes frequently asked questions and guides.

Blue Apron considered itself an affordable service provider. Its research indicated that a consumer might spend 60 per cent more money to cook the same dish, because a typical grocery store would be likely to provide only 75 per cent of the required items,[[25]](#endnote-25) causing the consumer to visit a different store and pay extra for a particular ingredient. For instance, Blue Apron’s recipe for seared cod required *piment d’espelette* (a chili pepper variety cultivated exclusively in France), which was unavailable at a typical grocery store. However, according to analysts, asking consumers to pay $240–$560 per month for a meal service was an expensive proposition, even if it saved time on grocery shopping and cooking.[[26]](#endnote-26)

Blue Apron conducted its marketing through not only online and traditional media channels but also referral programs, which allowed new customers to try their first meal free of charge. These referrals accounted for about 24 per cent of total marketing expenses in 2016 (see Exhibit 3). In 2017, 42 per cent of the customers who made their first paid order had first participated in the referral program. However, taking all costs into consideration, by June 2017, Blue Apron was spending $94 to acquire every new customer, yet the average order value per customer was only $59. The high costs of customer acquisition encouraged the co-founders to launch an IPO in June 2017. [[27]](#endnote-27)

**SUPPLY CHAIN MANAGEMENT**

The supply chain was the most critical part of Blue Apron’s business model. Blue Apron’s menu changed completely every week. Thus, it was vital for the company to invest in relationship management with farmers to coordinate the meal planning and menus with crop rotation and harvests. Salzberg explained that it was mutually beneficial to obtain a reliable supply of produce and help farmers reduce their waste. He specifically mentioned that, “One of the hardest parts of being a farmer is having the reliability of demand for your product. Since we have subscription-based relationships, we can forecast our demand quite well and be good counter-parties to these farmers.” He further added, “By planning farther ahead, we can drive costs down for both us and the farmers—and ultimately our customers. Going deeper and deeper into our supply chain allows us to reduce waste at every stage.” To streamline operations, Blue Apron hired a team of data analysts and scientists who managed forecasting, inventory, and shipping, and closely observed consumer buying behaviour. Blue Apron created its new menu based on consumers’ preferences and farmers’ current production. As Salzberg explained, “It allows us to be hyper seasonal when planning meals. We can also source locally to our fulfillment centers so that customers receive produce that is local to their region.” [[28]](#endnote-28)

**OPERATIONAL AND GROWTH CHALLENGES**

Managing operations brought its own challenges for Blue Apron. For example, Blue Apron’s quality assurance team sometimes rejected an entire shipment of meat or vegetables because it did not pass the quality test. As the procurement team rushed to source replacement ingredients, this delay increased last-minute delivery costs for Blue Apron, which was always in a rush to make timely deliveries to customers because customer satisfaction was of utmost importance.[[29]](#endnote-29) Furthermore, to ensure 99 per cent coverage of the U.S. market, a lot of of ice packing and insulation material was used to ensure that the food remained fresh, even after long-distance transportation. Blue Apron was working on a more sustainable packaging solution; however, it was not considered to be a top priority.[[30]](#endnote-30)

As the company grew, interdepartmental co-operation also became challenging. Rita Child, who worked for Blue Apron in the assembly line from 2014 to 2015, mentioned that several times, the inventory was displayed incorrectly. A former team lead also mentioned that, “There were plenty of times where the kitchen would say we had 2,000 celery, but we actually had zero . . . so we’d run around like chickens with our heads cut off looking for celery.”[[31]](#endnote-31)

Blue Apron considered the freshness of its food and ingredients to be a major selling point. Nevertheless, for workers in the company’s fulfillment centres, ensuring food freshness necessitated working in very cold conditions to preserve ingredients’ nutritional value and freshness. Of Blue Apron’s 3,938 full-time employees, almost 85 per cent were employed at its fulfillment centres. Each employee had to stand and work an eight-hour shift with two 30-minute breaks. For working under such strenuous conditions, they were paid an hourly wage rate of $11.00–13.50, depending on the location of the facility.[[32]](#endnote-32) The temperature of the warehouse was maintained below 40 degrees Fahrenheit (4.5 degrees Celsius); to combat the cold temperatures, Blue Apron provided its employees with jackets, hats, thermals, and neck warmers. Still, some employees found the extra clothing insufficient. Andrew Driskell, a former team leader at the warehouse, said, “Your fingers would start to get numb and start to hurt.”[[33]](#endnote-33) Commenting on pay and working conditions, Child stated, “They’re just trying to crank out as much work as possible by any means. Cranking out more and more boxes was all they cared about.”[[34]](#endnote-34)

To keep pace with demand, Blue Apron also started cutting corners on recruitment and training practices. To manage growth, the company hastily employed people without conducting proper interviews and verification checks. Consequently, much of the hiring was inappropriate, and at times, the company employed parolees, ex-convicts, and gang members.[[35]](#endnote-35) The company, in fact, admitted that it faced several staffing-related challenges, such as hiring workers who did not share the same values as Blue Apron and hiring workers without having conducted proper background checks.[[36]](#endnote-36) Consequently, the company reported some violence and code-violation problems at its warehouse in Richmond, California, which was one of its largest packaging facility plants. In fact, police visited the plant several times because of bomb threats within the facility and employees who threatened to bring guns to the workplace.[[37]](#endnote-37) The Richmond police also reported incidents of fires within the workplace. After these incidents, Blue Apron enhanced its security measures by installing surveillance cameras, metal detectors, and adding more security in the building.[[38]](#endnote-38) Such safety violations at the workplace were, however, reported only at Blue Apron’s warehouse. They were uncommon in other U.S. food packaging companies.[[39]](#endnote-39)

Furthermore, turnover among workers was high. Seeing someone quit on the first day was not uncommon at Blue Apron.[[40]](#endnote-40) Several times, employees left early or remained absent from work. Not only were some employees problematic but problems were also reported with members of Blue Apron’s management.[[41]](#endnote-41) Some of the employees called Wadiak’s leadership style abrasive and said he had little knowledge of warehouse management. Driskell mentioned that Wadiak was a good cook and chef, given his culinary degree, but did not know how to manage a warehouse. Wadiak was further described by Driskell as a person who yelled a lot.[[42]](#endnote-42)

These inventory, human resources, and warehouse problems resulted in the late delivery of meal kits to customers, as well as food service quality issues.[[43]](#endnote-43) Incomplete or even wrong meal kits were sometimes delivered to customers. For instance, one consumer mentioned that, “We received 2 free meals, which was awesome . . . until we tried to prepare meal one. It was missing the ‘knick-knacks’ bag to complete the meal. Total waste.”[[44]](#endnote-44) Such issues led to a decline in Blue Apron’s overall consumer rating in consumer satisfaction forums such as consumeraffairs.com, where its rating fell to two stars by 2017.[[45]](#endnote-45)

**RESOLVING GROWTH CHALLENGES**

Although Blue Apron attempted to resolve its growth challenges, further problems arose. To fund its initial growth and resolve the challenges associated with growth, Blue Apron relied on venture capitalists. Between 2012 and 2017, Blue Apron received six rounds of funding from venture capitalists totalling $199.4 million.[[46]](#endnote-46) However, the company soon realized that its valuation in the stock market would be 50 per cent higher than the $2 billion that venture capitalists had valued it at.[[47]](#endnote-47) To support further growth, Blue Apron decided to go public with a launch price of $15–$17 per share.

In June 2017, two weeks before Blue Apron’s IPO launch, Amazon made two announcements: the acquisition of the food brand Whole Foods Inc. and the intention to enter the meal subscription delivery service business. These announcements proved to be a major setback for Blue Apron, reducing its IPO opening price to $10 per share. At the time of the IPO filing, Blue Apron also openly acknowledged the challenges associated with the industry. The company specifically mentioned, “Business combinations and consolidation in and across the industries in which we compete could further increase the competition we face and result in competitors with significantly greater resources and customer bases than us.”[[48]](#endnote-48)

Blue Apron decided to strengthen its supply chain before investing heavily in acquiring new customers. Therefore, instead of focusing on marketing efforts, Blue Apron divested resources toward opening a new fulfillment centre in Linden, New Jersey. The new location was designed to be fully automatic, thereby enhancing efficiency and the capacity to meet consumer demand without any errors or quality issues. Apart from state-of-the-art-technology, the new facility also provided better amenities to employees.[[49]](#endnote-49) Blue Apron also had two other fulfillment centres: one in Richmond (California), and the other in Arlington (Texas). However, as the company reduced its marketing spend by 43 per cent, its customer numbers also dropped by 9 per cent,[[50]](#endnote-50) which provided competitors such as HelloFresh, Home Chef, and others an opportunity to expand. As Ross Sandler of Barclays Bank PLC mentioned, “HelloFresh seems to be filling the void left behind from Blue Apron’s marketing reductions” because HelloFresh’s market share rose by 2.43 per cent during this period.[[51]](#endnote-51)

Concerns regarding appropriate leadership, specifically in response to management issues as raised by employees, forced Wadiak to resign from his position in November 2017 and assume a senior advisory position within the company. Salzberg was also replaced. Blue Apron’s chief financial officer, Brad Dickerson, was given the responsibility of managing the day-to-day business at Blue Apron, whereas Salzberg, in his new role, was responsible for strategic and long-term growth planning.[[52]](#endnote-52)

**COMPETITIVE DYNAMICS**

The meal kit delivery service was expected to reach a value of $10 billion by 2020.[[53]](#endnote-53) In 2016, one of every four U.S. consumers was reported to have used a subscription-based meal delivery service. The subscription-based food meal kit services sector’s low barrier to entry and Blue Apron’s success had led other start-ups to enter the market, including Plated, Home Chef, and HelloFresh.[[54]](#endnote-54) The various services offered little differentiation; however, Purple Carrot offered only plant-based recipes (see Exhibit 4), whereas Chef’d required no subscription. Also, Blue Apron had an average customer retention rate of 15 per cent, whereas some competitors such as Gobble Inc. and Sun Basket retained 22 and 20 per cent of customers, respectively.[[55]](#endnote-55) Although little differentiation presented one challenge, competing against giants such as Walmart and Amazon. Industry experts predicted that retailers such as Walmart would soon put such kits on their shelves and have them available for pickup. Amazon had already connected with Tyson Foods, Inc. to sell their meal kits (Tyson Tastemakers), and was offering Marley Spoon Inc. meal kits, (Martha and Marley Spoon). Amazon was also well known for forsaking its short-term profits in an attempt to gain market share, and thus, it had the ability to wipe out all small players in meal kit delivery services by offering extremely low prices.

**THE ROAD AHEAD**

Blue Apron aimed to simultaneously disrupt both the grocery chains and resturant service providers by offering fresh, ready-to-cook ingredients from farms, and healthy, innovative recipes. As Salzberg commented, “Our vision for the future is ambitious: to build a better food system.”[[56]](#endnote-56) However, in 2017, Blue Apron’s total losses were $210 million, compared with $55 million in 2016 (see Exhibit 1). Furthermore, HelloFresh had clearly laid out its intent to be a market leader among American subscription-based meal kit delivery services by the end of 2018, expecting to break even by April 2019. In its IPO presentation in October 2017, the HelloFresh team commented on the competition, noting, “We have out-executed Blue Apron across all dimensions.”[[57]](#endnote-57) HelloFresh had also connected with The Quaker Oats Company to provide healthy breakfast options, unlike Blue Apron, which provided only dinner options.[[58]](#endnote-58)

Analysts believed that although Blue Apron had disrupted the food industry the in United States, the company was itself disrupted by giants such as Amazon and Walmart.[[59]](#endnote-59) For instance, in late 2017, Walmart began a meal kit service, which was available in its stores. For two persons, the meal kit price varied from $8 to $15, depending on the menu. Walmart aimed to make these kits available in more than 50 per cent of its U.S. stores. Amazon also started a meal kit delivery service. However, according to media reports, although the Amazon meal kit was easier to cook than the Blue Apron option, Blue Apron’s meal kit was more nutritious and tastier.[[60]](#endnote-60) Furthermore, consumers used Blue Apron not only for meal kit delivery service but also for the recipes. Innovation in recipes was crucial because, according to Vincent Shen, an analyst, once consumers learned a new recipe, they could buy the grocery ingredients and cook for themselves.[[61]](#endnote-61) However, according to analysts, despite certain advantages, Blue Apron’s challenge was developing a sustainable business model that could allow it to scale quickly without burning too much cash.[[62]](#endnote-62) Critics thus questioned Blue Apron’s strategy of maintaining a focus on supply chain efficiency rather than growth through expansion and marketing, which would have allowed it to scale up.

On the other hand, a trend toward mergers and acquisitions in the meal kit industry also began. The U.S. grocery chain Albertsons paid $200 million to the meal kit delivery start-up Plated.[[63]](#endnote-63) Commenting on the chances of Blue Apron being acquired, Salzberg mentioned that the company was not focused on that. Mentioning the positive growth perspective of the company, Dickerson commented, “We still have the ability to drive much more efficient margins going forward, and that gives us more ability to spend more money on things like marketing.”[[64]](#endnote-64) However, analyst Matthew Trusz, from Gabelli & Company Investment Advisors Inc., suggested that Blue Apron could be a good acquisition target for Walmart, given its recent entry into meal kit services. After this news, Walmart’s shares were up by 0.5 per cent.[[65]](#endnote-65)

Still another group of industry experts believed that the meal kit product category was a fad and would soon die. Brendan Witcher, an analyst for Forrester, a U.S. marketing research firm, stated:

Once the novelty wears off, most people will ask if meal kits fit conveniently into their life. People like the option to make what they want, when they want. Managing a subscription service can become more complicated than going to the grocery every week, especially for families or people who simply enjoy going to their neighbourhood market.[[66]](#endnote-66)

Did Blue Apron bring real disruption to the U.S. food industry? Was Blue Apron right in attempting to make its business model profitable by focusing on supply chain efficiency, rather than market expansion through marketing? Was Blue Apron likely to be acquired, remain alone, or exit the subscription-based meal kit market?

**EXHIBIT 1: BLUE APRON INC.’S FINANCIAL PERFORMANCE, 2014–2017 (IN US$ MILLIONS)**

Source: Developed by the authors based on information available at “Blue Apron: Investors Relations- 10-K Annual Report,” Investis, February 22, 2018, accessed February 26, 2018, https://otp.tools.investis.com/clients/us/blue\_apron/SEC/sec-outline.aspx?FilingId=12572692&Cik=0001701114&PaperOnly=0&HasOriginal=1; “US SEC Form 8-K: Blue Apron Holdings, Inc.,” Investis, August 10, 2017, accessed December 14, 2017, https://otp.tools.investis.com/clients/us/blue\_apron/SEC/sec-show.aspx?FilingId=12223513&Cik=0001701114&Type=PDF&hasPdf=1.

**EXHIBIT 2: BLUE APRON INC.’S ORDERS, CUSTOMERS, AND AVERAGE REVENUE PER CUSTOMER (2015–2017)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| Total Orders (in Millions) | 5.82 | 13.57 | 15.11 |
| Annual Growth Rate in Orders (%) |  | 133.17 | 11.30 |
| Total Customers (in Millions) | 1.36 | 3.20 | 3.58 |
| Annual Growth Rate in Customers (%) |  | 135.54 | 11.87 |
| Average Order Value ($) | 58 | 59 | 58 |
| Orders per Customer | 4 | 4 | 4 |
| Average Revenue per Customer ($) | 247 | 251 | 245 |

Source: Developed by the authors based on information available at “Blue Apron: Investors Relations- 10-K Annual Report,” Investis, February 22, 2018, accessed February 26, 2018, https://otp.tools.investis.com/clients/us/blue\_apron/SEC/sec-outline.aspx?FilingId=12572692&Cik=0001701114&PaperOnly=0&HasOriginal=1; “US SEC Form 8-K: Blue Apron Holdings, Inc.,” Investis, August 10, 2017, accessed December 14, 2017, https://otp.tools.investis.com/clients/us/blue\_apron/SEC/sec-show.aspx?FilingId=12223513&Cik=0001701114&Type=PDF&hasPdf=1.

EXHIBIT 3: BLUE APRON INC.’S ALLOCATION OF TOTAL MARKETING EXPENSES, BY MARKETING PROGRAM (2014–2016)

Source: Developed by the authors based on information available at “SEC Form S-1/A Filing: Blue Apron Holdings Inc.” U.S. Securities and Exchange Commission, June 1, 2017, accessed December 10, 2017, https://www.sec.gov/Archives/edgar/

data/1701114/000104746917003765/a2232259zs-1.htm.

**EXHIBIT 4: COMPARISON OF THREE SUBSCRIPTION-BASED MEAL KIT DELIVERY SERVICES IN THE U.S. MARKET**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Blue Apron** | **HelloFresh** | **Purple Carrot** |
| Price per Meal | $8.99–$10.99 | $8.74–$9.99 | $12–$13 |
| Plan Types | Two-Person Plan, Family Plan  (2–4 person) | Classic Plan,  Family Plan  (2–4 persons) | Purple Carrot,  Performance Meals  (1–2 persons) |
| Vegetarian Option | Yes | Yes | Yes |
| Delivery Cost | $7.99 or Free | Free | Free |
| Promotion | $40 off on the first two boxes | $30–$40 off on first order | $20 off on first order |

Source: Develop by the authors based on information available at “Home Page,” Blue Apron, accessed February 27, 2018, https://www.blueapron.com/; “Home Page,” HelloFresh, accessed February 27, 2018, https://www.hellofresh.com/; “Home Page,” Purple Carrot, accessed February 27, 2018, https://www.purplecarrot.com/.

**ENDNOTES**

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Blue Apron Inc. or any of its employees. [↑](#endnote-ref-1)
2. All currency amounts are in US$ unless otherwise specified. [↑](#endnote-ref-2)
3. Rani Molla, “Blue Apron Is the Worst-Performing Major U.S. IPO This Year,” recode, November 13, 2017, accessed December 7, 2017, www.recode.net/2017/11/13/16630074/blue-apron-worst-performing-ipo-2017. [↑](#endnote-ref-3)
4. “Understanding Blue Apron: Feast or Famine,” Goodwater, June 27, 2017, accessed December 5, 2017, www.goodwatercap.com/thesis/understanding-blue-apron. [↑](#endnote-ref-4)
5. Sintia Radu, “Blue Apron Promised to Bring Disruption to the Food Business. Then It Got Disrupted,” *Washington Post*, June 21, 2017, accessed December 6, 2017, www.washingtonpost.com/news/innovations/wp/2017/06/21/blue-apron-promised-to-bring-disruption-to-the-food-business-then-it-got-disrupted/?utm\_term=.f2e2c9c97241. [↑](#endnote-ref-5)
6. Asit Sharma, “Blue Apron Becomes the Latest Unicorn to Pursue an IPO,” *Motley Fool*, June 8, 2017, accessed December 6, 2017, www.fool.com/investing/2017/06/08/blue-apron-becomes-the-latest-unicorn-to-pursue-an.aspx. [↑](#endnote-ref-6)
7. Caroline O’Donovan, “The Not-So-Wholesome Reality behind the Making of Your Meal Kit,” BuzzFeed News, October 2, 2016, accessed December 22, 2017, www.buzzfeed.com/carolineodonovan/the-not-so-wholesome-reality-behind-the-making-of-your-meal?utm\_term=.gn4w0rxp1#.ku8xkojN6. [↑](#endnote-ref-7)
8. Jennifer McKevitt, “Blue Apron Alleviates Supply Chain Angst with Move to Automation,” Supply Chain Dive, August 8, 2017, accessed December 6, 2017, www.supplychaindive.com/news/blue-apron-jersey-city-linden-losses-public-offering/448800/. [↑](#endnote-ref-8)
9. Radu, op. cit. [↑](#endnote-ref-9)
10. Matt Egan, “Blue Apron Stock Gets Toasted as Amazon Cooks Up Rival Service,” Money, July 17, 2017, accessed December 8, 2017, http://money.cnn.com/2017/07/17/investing/amazon-blue-apron-stock-meal-kit/index.html. [↑](#endnote-ref-10)
11. “Meet the 2017 CNBC Disruptor 50 Companies: #42 Blue Apron: What’s for Dinner,” CNBC, May 16, 2017, accessed December 8, 2017, www.cnbc.com/2017/05/16/blue-apron-2017-disruptor-50.html. [↑](#endnote-ref-11)
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