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LUNCH

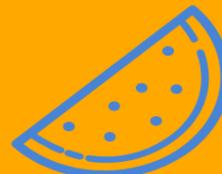
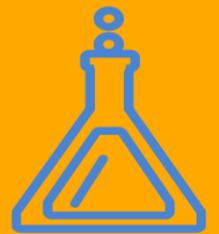


LAB



The Meal Kids Can't Wait to Make

A Deliciously-Fun Learning Experience for
Kids in the Kitchen that Parents Approve



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APEC 3551- FINAL FEASIBILITY PORTFOLIO

Executive Summary

Name: The Lunch Lab

Product Owner: Elizabeth Richmond

Concept Description

The Lunch Lab is an online resource and subscription service teaching kids how to get creative in the kitchen. The Lunch Lab eliminates a parent's hassle of planning/meal-prepping kid's lunches by providing nutritious and simple ingredients and recipes that a child can be trusted to make on their own. Whether they are bored at home or frozen pizza fatigued, this meal-kit subscription delivered right to the front door provides kids with a fun way to learn valuable kitchen skills and eat something delicious!

Opportunity

Services like Hello FRESH and Blue Apron are wildly popular right now for couples and singles, with growth of more than 300% in just one year.¹ Now more than ever since the beginning of the COVID-19 pandemic, parents are looking for unique ways to switch up the way they meal plan and get kids active during distance learning and limited activity. The Lunch Lab aims to meet the needs of those who are apt to try meal-kit services as well as those who wish to increase their child's overall health and engagement with activities in the house. Specializing a meal plan service for those families with busy lifestyles is most ideal in today's world of opportunity and accessibility to delivery services like The Lunch Lab.

Innovative Solution

With a choice of month-by-month or week-by-week subscriptions, in a few clicks' parents can have 2-4 meals per week sent to their doorstep for their children. Included inside the cooler-protected packaging will be a 2 serving meal featuring flavors from around the world and introducing new (but easy) cooking techniques kids will love. For parents, this service will eliminate the hassles of meal-prepping, grocery shopping, and children complaining and instead give their children the opportunity to have fun while learning and experimenting with cooking. Average cost per meal is comparable to a school-provided breakfast or lunch and each meal provides 2 servings—great for more than 1 child or leftovers. This service can be especially utilized now with the plethora of student's distance-learning as well as on breaks and vacations from school when students might not be eating as nutritious of meals or parents have a hard time aligning mealtimes with busy family lifestyles. If it is felt unnecessary by a parent to subscribe to the meal-kit services, there are several free-access options available on The Lunch Lab website to make meals out of ingredients found in your very own kitchen as well as basic tutorials teaching useful kitchen skills. The subscription meals can also be specified to dietary restrictions and taste preferences. There is very limited access to services like this today that specialize in the segment of food preparation for kids. With the lunch lab, consumers have the ability to test the waters as to what their children like as well as how well they can function independently in the kitchen.

Value Proposition

With the ease of ordering, delivery and preparation instructions, parents are able to easily solve stress of making meals for their children and make them take steps of responsibility and

action. Consumers who are already familiar with online meal-delivery services are most likely to be early adopters of The Lunch Lab. However, this product is likely to attract many consumers in its early stages with its beneficial aspects in regard to current routines changed due to COVID-19. With this service, parents can decide whether they find it more valuable to order these meals as an addition to the ones they prepare for themselves, either on their own or through another service or entirely separate as an opportunity-cost for their children to eat better and learn during the process.

Competitive Advantage

The most likely competitors are meal-kit delivery services that advertise for family serving sizes as well as brands such as Lunchables who sell pre-made meals packaged all together for convenience. The Lunch Lab creates value and competitive advantage by its customizability and nutritional benefits specifically for children. The meal is below the average cost of similar services targeted to adults. As an entry level service provider, adoption and consumer loyalty understandably will take time to grow but based on the strategic differences and benefits of The Lunch Lab there is definitely reason to believe that this service will be valuable upon entry compared to its competitors.

Entrepreneurial Team

Two team members that would be most important in this venture would be a professional with nutrition and food science background as well a chef that can serve as the creative mind to the project. The professional chef would play a large role in creating meals that are easily enjoyed and accepted by children, while the nutritional professional would make sure the meals incorporate enough nutrients for parent's satisfaction. Both the chef and the nutritionist/food scientist would be helpful in figuring out the logistics of where to source and buy the ingredients in order to best minimize costs and maximize flavor, preservation and nutrition. A team consisting of these professionals will greatly contribute to growing the success of The Lunch Lab in a way best fit for target consumers.

Financial Highlights/MBV Outcomes

Ideally, this concept could be viably launched in less than 1 year. The main challenge in launching right now is making sure there is a solid base for consumer adoption early on. If we were able to nail down within the year how The Lunch Lab can cut costs and maximize marginal profit, there is reason to believe The Lunch Lab could achieve its nearly 100 necessary meals per day in order to break even of our 1,000,000 goal. This daily selling requirement allows The Lunch Lab to keep a lower competitive price of \$32.95 for a 2-meal weekly subscription (2 servings/meal) and \$62.90 for a 4-meal weekly subscription. After that, growth becomes even more important in creating revenue/profit. With a large enough financial investment, and a supportive and engaged team this goal could surely achieve its goals of launching The Lunch Lab into the next best meal-kit service and online resource for kids learning to cook.

Consumer Problem

The Lunch Lab

The Meal Kids Can't Wait to Make

The simplicity of online delivery is just another invention which has made the jobs of parents easier when it comes to balancing work, errands, activities, etc. If only it could be that simple for getting your children to eat healthier. Now it is with The Lunch Lab. The Lunch Lab is an easy-to-use online recipe-guide and how-to help source that teaches kids the valuable skills for cooking in the kitchen. But not only that, it is also a meal-kit delivery service, so you no longer have to worry about last minute grocery store runs or picking meals that please your picky-eaters. With a Lunch Lab subscription, you can choose from over 50 meal options and also include any additional dietary restrictions. With stress-free ordering and delivery, The Lunch Lab will provide kids with a ready-to-go set up of a lunch that's sure to be enjoyed- bonus: most meals hide the veggies + added nutrients so all your kid's taste is delicious, but you know it's also nutritious. The Lunch Lab encourages your kids to step outside the comfort zone of cereal and PB&J and enter into a plethora of knowledge that leads them to become independent and creative in the kitchen. Fun and educational for kids, easy and budget-friendly for parents. If you wish to better your child's eating habits without the added hassle of grocery buying or meal-prepping, The Lunch Lab is perfect for you. Great for summer-breaks, distance-learning/WFH, and weekend or weeknight activities for the kids!

2 recipes/week (includes 2 servings/meal) subscription \$32.95

4 recipes/week (includes 2 servings/meal) subscription \$62.90

The lives of parents to one or more child can feel chaotic quickly. Many parents will admit to slacking when it comes to making creative or healthy lunches for their kids. With more children than ever staying at home daily because of the COVID-19 pandemic, lunches are becoming a more prominent meal for parents to figure out. Just like large meal-kit delivery services such as Blue Apron or Hello Fresh, The Lunch Lab is taking out some of the steps for meal prepping routine.

The consumer of The Lunch Lab is a parent who aims to provide their children with the best nutrition and food possible. The early adopter and solution seeker parents would love for their kids to eat the same lunches and meals as them, but truth-be-told kids just don't generally love the meals every time. Although the parents may find current meal-kit services suitable to them, the services are not covering all needs for their children. The Lunch Lab is an effortless ordering service where a parent can login, choose the number of and kinds of meals, add in any additional needs of their kids; and come delivery day, kids have a fun meal to make that takes less than 30 minutes and doesn't require parent supervision (unless noted otherwise on website by parents).

The targeted consumer of The Lunch Lab is already accustomed to doing much of their grocery and essential shopping online, and/or has tried a meal-kit delivery service for themselves. The consumer appreciates any help in easing their busy lifestyles and making meal-

planning simpler. Consumers especially benefit from the service being educational to their younger children and introducing them to various skills within the kitchen.

The infographic on the left notes some of consumer habits when it comes to meal-kit delivery services and children's habits. The map on the right displays the main consumer persona, Mary.

CONSUMER IMPACT ON THE MEAL-KIT SERVICE INDUSTRY



Adults **25-44** years old are **2 times** more likely to use a meal-kit delivery service.



Exponential Growth
As of 2019, the industry was estimated to be worth **\$5 Billion**, by 2022 it is estimated to be **\$11.6 Billion**.



Grocery Store Growth
As of 2019, **grocery stores** have accounted for **60%** of the growth in the meal-kit delivery service industry.



One-Third of parents believe they **do a good job** of getting their children to eat healthy. Many claim it's because of **busy schedules** and **inconvenience**.



COVID-19 & Food Safety

Meal-delivery services have taken vast action since the beginning of the COVID-19 Pandemic to make their services accessible to more people in all demographics and is a widely expanding marketplace.

For more statistics, check out
<https://2ndkitchen.com/restaurants/meal-kit-statistics/>
and
<https://www.sciencedaily.com/releases/2017/02/170220084213.htm>

MARY, MOM OF 2

Personal Background

- 37 years old
- Kids ages 8 and 11
- Nurse Practitioner
- Lives in Suburbs near Urban city

Lifestyle

- Enjoys biking and hiking
- Kids have been distance-learning 3/5 days per week since pandemic began
- WFH 1 weekday/week

Buying Behavior

- Spends approx. \$250 on groceries/month
- Orders take out 5-8 times/month since pandemic began
- Has tried several meal-kit services

Obstacles

- Getting her children motivated to do activities when home all the time.
- Struggling to find her work:life balance through a pandemic

Information Seeking

- Internet marketing/Social media
- Word-of-Mouth from friends and patients.

Product Problem

To solve the consumer problem of parents struggling to provide nutritious meals for their kids while they are not with them, and the product problem of not having meal-kits that kids enjoy, we have introduced The Lunch Lab. The Lunch Lab is an online learning tool for cooking skills and recipe building, as well as a subscription delivery service that provides pre-planned packaged meals for kids with simple instructions for making the meal themselves.

The market segment of meal-kit delivery services continues to grow exponentially; yet there is not a segment specifically targeted to appeal to children and more specifically to parents with children. Although some of the largest companies such as Hello Fresh and Blue Apron advertise meals that can feed an entire family, there is no option to exchange certain meals to appeal to the needs and wants of children's food preferences. These companies are some of the highest earning in the meal-kit delivery segment and therefore were model to The Lunch Lab when creating a meal-kit service specialized to kids.

By specializing meal-kits and online services for kids, it is important to keep the ideas minimal and as simple as possible. This way, there is less hesitation for parents when deciding whether The Lunch Lab services will truly provide the value they are searching to obtain in their routine lifestyles. With the help of several online How-To videos (available to non-subscribers too), kids can learn skills as simple as boiling water, measuring ingredients and preheating an oven to more complex things such as knife-safe chopping techniques, pan-searing, and hard-boiling eggs. All of these skills will help children learn to be independent in the kitchen while assuring parents that the experimentation does not become dangerous or wasteful.

The idea behind the non-subscriber use is to engage consumers such as the persona on page 4 of Mary, to gain initial interest in engaging kids to cook on their own or under minimal parent supervision. This tool can also be helpful to kids who may already have a decent background in kitchen skills, but could use some help in creating well-rounded, nutritious meals out of ingredients that are already on-hand in their home.

For consumers such as Mary who wish to engage their children more or feel they are not properly skilled in basic kitchen knowledge, the meal-kit delivery service provides hassle free learning and meal preparations for kids. These meals, similar to Hello Fresh, come with pre-cooked and packaged ingredients so that all a consumer must do is follow the instructions given in the recipe and 'voila!' a delicious and nutritious meal prepared in under 30 minutes and without any planning, trips to the grocery store, etc.

Kids will enjoy these meals more than current services in the market because they are focused on their needs and desires in lunches that taste good and are fun to make. It is assumed that most kids would be okay eating chicken nuggets, PB&J, and cereal for most meals, but by giving them the opportunity to discover new foods there is an enhanced relationship between eating healthier without sacrificing taste.

For less than the price of current subscription services, boxes will meet the needs of children suggested serving sizes and caloric amounts as well as parents' budgets and needs when it comes to ensuring their children are eating right and being safe while making food in their kitchen.

The products provided in each delivery box will be delivered in cooler technology boxes enabling kids to make the meal right upon delivery, or store in the fridge/freezer until ready to prepare. Standard delivery charges and times will apply, so it is suggested that parents plan ahead so they know the box will be delivered in the time desired.

Below is a Benefit Map created to display some of the main features and benefits that go along with The Lunch Lab subscription meal-kit delivery service. The stylistic features of the map obtain a concept related to The Lunch Lab service, the features which play part in that specific concept, and what the perceived customer feasibility, desirability and overt benefit to them will be. Also provided is a sample product and package design. Further along in the report will also include specific recipes, nutritional information and website proposals.

Benefit map

App/Website Service	50+ Meal Menu	Packaging	Educational Elements	Delivery Service
1. Order form	1. Vegan, Vegetarian, Gluten	1. Safety Regulated	1. Cultural Immersion	1. Standard Fees
2. Payment Option	2. Allergen Aware/Adaptable	2. Thermal Control Packs	2. Cooking Instruction	2. Accountability Dates
3. Kid's instructions	3. Experience Driving	3. Fun	3. Nutritional Value	3. Discount System for Returns
4. QR Code Scanning	4. Rating Service	4. Reusable	4. Problem Solving	4. Option to Deliver Individually
5. Parental overview/controls	5. Optional Exploration	5. Travel Safe	5. Innovative Opportunities	5. Routine Calendar Schedules
Parents have control over account, but have ability to set up joint monitoring system for child account. This allows the parent customer to overlook the logistics as well as child's independent elements. All services provided through app and website making it desirable for parents to use whichever format they are most comfortable with.	The wide variety is intended to keep children intrigued making this service a long-term, worthy investment. Select recipes available with no subscription necessary to try before they buy. Customers left with comfort of control and preferences as well as the unmatched service and refreshability to the weekly meal.	Code packaging and temperature conscious coolers will assure no food goes bad from time of order to delivery to consumption. Select food packs and coolers will be reusable and are travel protected. Parents will love the sleek design and no-frill features making it easy to store and attainable for child to handle on their own or under little supervision.	Online immersion gets kids interested in cultures around the world of the food they are preparing. Parent-customers verify each recipe's nutritional and educational standard in order to teach value of healthy eating to kids--something not often done in kids meals, and match instruction to level of efficiency. Also teaches independence and problem solving outside of cooking.	Shipping discounts made available to returning customers and various options to sporadically or strictly schedule deliveries. Planning 1 month- 3 days in advance, making it great for well-planned and last minute scheduling conflicts. Easy to plan and less effort than regular meal preparation. Service is standard to other meal-kit delivery services making the learning curve little to none.

Market Problem

Current Market Segment

The meal-kit industry as a whole is estimated to be worth around \$5 billion, with growth expected to nearly double by 2022.¹ Since the beginning of the COVID-19 pandemic through now, there has been major rises in consumers cooking at home rather than eating out or ordering food to take home.² This rise is especially significant to the current market segment because for those consumers whose routines changed significantly since the start of the pandemic, it can be assumed their adjustment to cooking more at home has become more challenging. Whether it be more challenging due to space for cooking, meal-planning, etc. the meal-kit industry is one that has clearly benefitted from changes caused by COVID-19.

Another exciting statistic from the current industry for meal-kit services is that many consumers (81%) believe eating a home delivered meal-kit is healthier than eating at a restaurant.¹ Because the Lunch Lab is already preparing to market this concept, the main adoption is in making sure consumers reason to believe this is also met with the same reason to believe a meal-kit specially designed for children to learn how to cook and enjoy healthy eating adds value to a family's dynamic.

Overall, this tells industry professionals and business venturers that the market segment is a strong one to enter, and the right time is now. To have The Lunch Lab enter as the first meal-kit service targeted specifically to children would largely impact the initial growth and revenue that is achievable in the first years after launching.

Future Market Segment

As consumers have adjusted to eating at home, especially for lunch and dinner time meals, many say they expect they will lessen their eating-out habits once COVID-19 is over. The exact values were approximately 33% expecting to eat out less or not at all for lunch and 22% anticipating they also will lessen their dinner time dining out or eliminate doing so altogether.³ This presents positive growth for cooking at home during lunch time.

Another important factor in the future of this market depends on the people being at home during these times. COVID-19 has prevailed to many corporate businesses and employees that it is not always necessary to be in the office to do a day's worth of work. In fact, "75% of workers say they have been able to maintain or improve productivity on individual tasks".⁴ This effect will strongly influence the number of workers that choose to go back into the office full-time once COVID-19 calms down enough to do so. Inadvertently, the employees who choose to work from home more often may also have similar effect on people who choose to send their students to day-care and after-school programs, also impacting the potential growth of the meal-kit industry such as the segment that The Lunch Lab pertains to.

Opportunity

According to a survey conducted through Money magazine, the main users of meal-kits are consumers earning over \$100,000 annually. This generally is a combined total, thus between a couple (usually married), and an average of 40% of all married couples have children. By reaching this segment of consumers, there is potential to lock in regular subscribers quicker because they are early adopters and overall, more familiar with the format of meal-kit services. Also, because this service is a lower cost for consumers than its competitors there is likelihood for non-current meal-kit users and those earning in the \$60-90 thousand income range to also engage with The Lunch Lab. Later on, more financial logistics will be shared.

Areas for Success/Growth

In order to grow this service after the initial launch, it will be of high importance to take a competitive edge on the competition. For instance, one idea might be to offer slightly less expensive meal-kits that resemble a school-lunch tray, or better yet—a Lunchable. If The Lunch Lab is able to offer a much healthier alternative to this product while keeping the cost to consumers relatively close, the jump of consumers could be greater than if just solely targeting the wealthier and well researched consumers.

In current comparison, The Lunch Lab will be more successful in its advertisement pull for children. Getting as many children to jump at the opportunity to learn to cook as well as teaching them the values of eating healthy will surely grab parents who are willing to try anything if it means their child will eat something other than chicken nuggets and frozen cheese pizza.

Although this report has been referencing the industry leaders as competitors, the more literal size of the market focus should be comparable within a year or so from launching to under-dog meal-kit services such as Marley Spoon and Purple Carrot. Both of these companies have shown strengths in the industry and continued to gain a competitive edge themselves

against top sellers like Hello Fresh. The consumers of the smaller delivery services will also be strongly focused on because there is more flexibility in consumer loyalty when it comes to lesser-known brands that are generally used for consumers to dip their toes into the service or product being introduced. If The Lunch Lab can entice enough consumers to try watching the instructional cooking tutorials, the headway to gaining subscribing consumers is greater and more specifically targeted to values and needs.

Feature/Benefit Comparison

In this table, The Lunch Lab is compared to what are assumed as some of the leading competitors in which would need to be targeted. Hello Fresh and Marley Spoon, both meal-kit delivery services targeted to parents and couples. These services are relatively the same in that they are providing higher quality meals and have a large market reach in the industry. However, per meal pricing and subscription pricing differs a little, though both are on the relatively high expense end. For a similar subscription package to The Lunch Lab's \$8.25 per meal, Hello Fresh charges \$8.99 per meal + shipping, and Marley Spoon charges \$10.25 per meal + shipping. Lunchables on the other hand, is a lower quality nutritional meal for kids found in grocery stores all over the country. These meals average at about \$1.99 per meal. However, Lunchables does have a strong competitive advantage currently in that there are less similar products next to them on shelves. As the shift to online shopping and grocery delivery increases, the differentiation and availability to have meals specifically for kids will gain success in The Lunch Lab venture.

	Nutritional Value	Pricing	Accessibility	Differentiation
The Lunch Lab	High	Medium	Medium	High
Hello Fresh	High	Medium	Medium	Medium-Low
Marley Spoon	High	High	Medium	Medium-Low
Lunchables	Medium-Low	Low	High	High-Medium

Business Model Problem

5 Laws of Opportunity

1. **Overt Benefit:** For parents, the benefit of The Lunch Lab's meal-kit delivery service is in eliminating time spent buying groceries, planning meals, and preparing them. By eliminating this time-consuming aspect of a parent's role, they are able to spend more time being present with their children and enjoying the gathering of meals rather than preparing them. Parents can also take comfort in knowing that this activity for children is highly educational and valuable in their development of cooking and other various developmental skills. For kids, this service allows them to feel independent as they cook and eat the meal specially designed to fit their needs for fun and deliciousness.
2. **Reason to Believe:** The nutritional ingredients provided in each meal-kit is approved by a nutrition professional, and the time-saving elements of a meal-kit delivery service have been proven through data research done by other industry professionals related to The Lunch Lab's competitive marketplace.
3. **Dramatic Difference:** This meal-kit is unlike any other because it is designed to be consumed by kids but valued and bought by parents. Having this primary and secondary

consumer segment makes this product differentiated from others in the meal-kit service industry which generally only target adults.

4. **Adoption Hurdles:** The largest obstacle in the consumer decision for this product comes from the parent-consumer perspective. The hurdle being, why should parents pay a premium price on a meal-kit designed to be made and eaten only by their kids? The adoption process comes to life as a realization between the enjoyment kids receive from this service and the hassle-free set-up it requires from parents.
5. **Social Sufficiency:** Meal-kits are becoming wildly popular amidst the COVID-19 pandemic and have been exponentially growing for about 4 years. The first step in deciding upon this service requires no monetary exchange. Simply have your child try making one of the recipes featured online with the ingredients you already have around the house and see how comfortable they are with the idea. Once a parent realizes how engaged their child can get when it comes to making themselves a meal, the meal-kit subscription service eases the work needed to be done by parents from hours of planning and preparation down to a few simple clicks.

Consumer Decision

Whether the consumer learns about The Lunch Lab through their child or through their own informational search, it is important to understand the process in which they will make the decision to use the services provided. From the beginning, the consumer (a parent) must determine that they have a problem with either getting their child to eat healthier and/or struggle to plan and prepare daily meals for their children amidst their busy life. From this problem recognition, the parent/consumer can take the easiest (and free) step and try using The Lunch Lab resources to find new recipes and nutrition data that can improve the meals they make at home. However, if that is not enough, or causes more time to be drawn away from other activities, a parent/consumer can subscribe to try a weekly subscription meal-kit that gets delivered to their door. The website and app are fully forced to complete the transaction and meal-picking of the service, making it a simple task for any busy parent. The meal kit contains all necessary ingredients (even seasonings) and recipe guidance for their child to make the meal without required parental supervision. Once their child makes the meal and experiences all the fun ways in which they can build knowledge and cooking skills, parents/consumers will experience their own benefit—allowing them to relax more and worry less about what is planned for lunch.

The investment estimation for the ERP system is \$30,000. It is believed that this amount will fully launch a seamless program for the producers, distributors, manufacturers, and consumers to use.

Going further into financial expenses and estimations, the burn and volume estimations which were calculated through an MBV analysis (listed in the Concept Portfolio) are produced to connect the cost of selling for the set price of the subscription boxes. Important values to note in the functions that produce the burn and volume rates are gross profit, total direct costs, and monthly burn rate which is total of all monthly operation costs. For The Lunch Lab gross profit per unit, the total comes to \$23.35, approximately 70% of the gross contribution margin. This is a satisfactory level, especially for a newly developing company. However, with the necessary operation fees required to run the service being so high, there is a high necessary volume requirement to reach a breakeven point. That number is 99 units per day, meaning from launch date The Lunch Lab must reach over 40,000 customers (100 per day) by the end of the year to

make the revenue non-negative. The upside in this otherwise seemingly harsh scenario is, this daily selling requirement allows The Lunch Lab to keep a lower competitive price of \$32.95 for a 2-meal weekly subscription (2 servings/meal) and \$62.90 for a 4-meal weekly subscription. Because of that, The Lunch Lab is able to look more feasible and financially attractive to interested consumers. If the buyer presents any type of comparison behavior in their information search, this lower competitive price will surely stand out and attract the consumer base being targeted (busy parents with young children).

After that, growth becomes even more important in creating revenue/profit. With a large enough financial investment, and a supportive and engaged consumer base, this goal could surely achieve its \$1,000,000 revenue by the third year past launch. Altogether, turning The Lunch Lab into a profitable and successful consumer service.

Operations/Commercialization Problem

Product Decision

Once The Lunch Lab concept has been nailed down, the next step is bringing the idea to life. To bring The Lunch Lab through to fruition and financial success, all elements of the concept must be strategic. Starting with needs of the main consumers, kids, The Lunch Lab needs a menu full of variety and fun opportunities to spark creative immersion in consuming. Select menu options will include options for Gluten Free, Vegan/Vegetarian, Nut/Soy Allergen, etc (image reference in Concept Portfolio). Before the menus are finalized, they must also pass the inspection of the team's nutritionist professional in that each meal contains proper nourishing ingredients for kids growing bodies. This aspect is also one that adds value in the minds of the secondary consumers, parents.

Another important decision to be made once the menu items are created and ingredients are sourced, is to figure out proper packaging. The packaging for shipping and delivering the meals must be low cost, low maintenance and high-quality. In order to keep costs low, buying coolers such as the "Uline Insulated Foam Shipping Kit" in bulk. Buying in bulk will lower overall price of the cooling/packaging system to roughly \$3.80/box. That's not all though, by also running a discount reward for customers to leave their empty box when their new week's shipment is delivered, they will automatically earn a 10% rebate on shipping for the next time. Overall, this is a very important operational aspect of The Lunch Lab because it is what ensures customers receive their food in the freshest quality possible, and also does so by keeping the cost as low as possible for the manufacturers.

Lastly, to ensure this product design is financially feasible, the lunch lab will invest in a full enterprise and resource planning management system (ERP). An ERP system and additional software provides The Lunch Lab with a fully functioning website and app as well as more technical elements like direct connections to the supply chain resources and to customer relationships. With less time than a far less complex planning system, The Lunch Lab's ERP will help bring down costs of meals to in turn raise revenue as well as gain higher consumer engagement soon after launching.

Product Roadmap

In order to bring the meal-kit subscription together, there are many resources in which to plan out. The current plan is to outsource production of food items through large distributing companies like Sysco. These companies allow The Lunch Lab to buy its meal ingredients in bulk and also at a lower wholesale price. This helps bring down costs of production since it would

require much more financial resources if the business were to produce and distribute all ingredients themselves.

Once the ingredients are brought by the food distributor, it is time to pack. Packaging will vary by meal and subscription size, but overall, most frozen items will stay stored in their sealed bags, and extra ingredients such as fresh produce and seasonings will be added to air-tight plastic containers. Typically, the cost of total inner box packaging should be no more than \$0.50 per box.

As stated above, the plan is to use the “Uline Insulated Foam Shipping Kit” to send the meal-kits to customers. The bulk-wholesale price per unit for the boxes which will carry the 2-meal subscription is roughly \$3.80 and the price for the larger boxes used for the 4-meal subscriptions are approximately \$6.10 per unit.⁵

Due to the total costs accumulated through these shipment necessities, to keep the price of The Lunch Lab subscriptions lower than competitors, the ask is that customers also pay for shipping fees. As of launch, The Lunch Lab will only be running through the Midwest; therefore, the average fees for 2-day shipping should cost no more than \$8.99 and no more than \$4.99 for standard shipping.

Further costs related to the product sold are indirect to the product received by consumer. These costs include wages for packaging employees and other input employees. Since this service will be launching through Minnesota, it was important to reference the Minnesota average wage estimator for food manufacturing companies.⁶

Resource Problem

The Lunch Lab concept is almost to its full potential. With the additional information of select-important resources, The Lunch Lab carries great potential to enter the meal-kit industry once it has the financial investments and stability to do so. With much to be accomplished before then, here are some indefinite ideas of which would take this service to the next level.

The first realization in the consumer concept is that parents are not required to instruct their children in making the meals provided in the meal-kits. To make this realistic, parents must be given full reason-to-believe that their child is safe and responsible enough to cook a meal on their own. Certain elements which could help in making parents believe that is true is approval-necessary recipes in which the parent must sign-off on the recipe agreeing that they trust their child to safely make this recipe on their own. Another way it can be ensured that the child makes this recipe as followed by the directions is through video instruction. If a child’s reading skills are not the strongest yet, this feature is especially helpful in making the meal-kit accessible to them. One way that is suggested to provide these videos *within* the meal-kit, is by creating a QR code on the back of each recipe card so that all the child must do is scan the code and the exact recipe video instructions will pop-up to guide the child through the meal preparation.

Another technical feature that would go along nicely with the above is a dual-account service through the website and app. Meaning, the parent will hold the main account information necessary for picking recipes, meal subscriptions, and payment information, while the child is able to have a connecting account that is under control of the parent. On the children’s account, there will be learning and immersion videos available, as well as interactive ways to share with the parents what they are making and learning through The Lunch Lab.

Another resource which is necessary in bringing The Lunch Lab concept together, is nutrient rich products. One main draw to consumer decision making by the parent is how the service will boost their child’s healthy eating. By filling many of the recipes with attractive

healthy ingredients such as organic produce, lean proteins, and low-sodium, low-sugar foods, consumers will be more open to seeing the value in which they do not currently best-provide in the meals they make their child at home. The bonus to gathering these nutritionally rich items in a meal-kit is that they appear to a consumer as a value-added cost. Clearly, meal options at home can be made for cheaper than \$8 for one child. However, to purchase organic ingredients and other health-crazed items at the grocery store, the price racks up quickly. Not to mention that many organic ingredients have a shorter shelf-life and often end up getting wasted because consumers do not use them up in the time they spend sitting in the fridge or pantry.

Speaking of items going bad. One hugely important part of succeeding in the meal-kit industry is by having fresh food that looks as though it was bought at the store that same day. Typically, this will not be the case, but looking as though it does is almost as important. In order to keep up with this high-quality standard, cooling system packages are a must. They are also the thing most commonly complained about for other meal-kit delivery services. Each competitor has their own way of packing the meals for shipment and delivery, but it seems as though none have come up with the be-all, end-all for best meal-kit packaging. Boxes filled with the ingredients and kept cool by ice packs have to be delivered in a very timely and temperature-controlled environment. Cooler systems like bags and insulated boxes are nice, but require a pretty penny compared to ice pack method. There also is limited packaging out there that is 100% or majority recycled materials. In today's world, it means a lot to many consumers if a package is sustainably packaged. Working towards less plastic and space-saving packages will definitely create an edge not yet sustained by one specific industry competitor.

To combat the packaging and product problems in a less complex manner, it helps that The Lunch Lab plans to launch only throughout the Midwest at first. Logistically, this will help with efficiency of distribution, sourcing, and delivery. Including the states North Dakota, South Dakota, Minnesota, Iowa, Wisconsin, and Illinois, The Lunch Lab can zone in on the consumer needs which should be targeted across this region. To launch nationally is an eventual goal, but not one which seems feasible with a limited marginal revenue and burn rate to be maintained steadily in the beginning. By starting with a smaller region and working up, The Lunch Lab team can better gauge consumer decisions and values which draw them to and from the service.

One relationship that follows in gaging consumer decisions is marketing roles. The MBV analysis of The Lunch Lab specifically lists sales and marketing assistance as a key feature of the businesses monthly burn rate (Concept Portfolio). The rate listed suggests a high cost towards sales and marketing of \$7,000. This budget is likely to be used across both consumer concepts accounting for the attraction for both parents and kids. For parents, advertisements on Pinterest and Facebook might help in gaining attraction to The Lunch Lab. For kids' consumption, video previews on YouTube or within the advertisements for games such as "Cooking Mama" seem fit for attracting its targeted audience of kids who would be engaged with an idea such as The Lunch Lab and ask their parents to pay for a meal-kit.

Overall, these assets and ideas are all to adverse risk within The Lunch Lab's financial and consumer success. By breaking the risks and assumptions down by people, product, packaging, and logistics, it opens the doors to creating new ideas and aspects which are necessary to bring The Lunch Lab to life. As realistic as all new resources were, once these are solved, there will surely be new details which require attention and answers before launching the service. However, this is a strong starting ground for such a unique and experiential service such as The Lunch Lab.

Recommendation

To take the worthy steps in launching, there are a few recommendations in which can be honestly submitted as necessary revisions and detailing before the official go-ahead is given. These resources will help better project the risks and rewards in which the business is up against, as well as financially stabilize the business model to live up to full potential in the marketplace.

As a meal-kit delivery services geared towards children engagement and targeted towards parents purchasing, it is emphasized throughout this report the importance's of both consumers to find value. In the case of parents, the meal-kit is seen to provide time-value and quality product which can add to time to their daily lives and healthy habits to their children's lives. For the kids, the most valuable aspect of the meal-kit is the learning and enjoyment experienced. After all the name The Lunch Lab practically calls out for excitement such as those that happen in science. Only difference is The Lunch Lab focuses on food science.

In the role of devil's advocate—which every entrepreneurship venture should have to some extent—The Lunch Lab faces the potential for a competitor to follow suit with the meal-kit for kid's idea. This runs as a risk for The Lunch Lab since this is currently the only market segment in which they are aiming to create and therefore control. For a strong competitor who may already be in the meal-kit business, which is targeting adults, they have the potential to grasp new consumers quicker. The possibility of this is likely unknown until launch, but definitely one to consider cushioning the concept for.

Without getting too caught up in the “what-ifs”, here are a few notable “what now's”. Right now, the important aspects in bringing this concept through to a strong launch are in the system management software, consumer research and targeting, and sourcing of all inputs for the meal-kit.

The ERP and IT software which were mentioned in the Business Model Problem are crucial in creating an entirely remote business operation in which no face-to-face contact or in person exchange is necessary. The consumer needs to be able to use the website not only as a free guide in exploring The Lunch Lab's full idea for kid's consumption, but also as a source for relaying information, finding necessary learning tools, and paying for each subscription. Features which can also include the website and apps ability to connect with the food distributors and delivery persons will resolve many gaps which can happen throughout the supply chain.

Consumer research and any data which can be gathered through engagement with the website and app would be helpful in further marketing and sales tactics which are employed. Not only does this help in using all marketing-budget money wisely, but it also creates value to consumer interaction with the business. Gaining consumer loyalty with The Lunch Lab is a significant goal which would be greatly achieved with enough supporting consumer data. This applies to the entire meal-kit industry as well in pertaining to information and data analytics which can improve a competitor's differentiation to the rest.

Lastly, by recommendation to outsource ingredients and shipping inputs, The Lunch Lab is able to maintain its force as a go-ahead plan. This capability allows for lower direct costs initially while the company works to grow past the breakeven point for revenue exchanged. Outsourcing is also beneficial when comparing to competitors pricing strategies. For The Lunch Lab, outsourcing allows for a lower price to be set for customers, while still being able to maintain a <70% gross margin contribution. This is due to both the lower cost of inputs and the added price of shipping that is paid by customer aside from the subscription cost listed by The Lunch Lab.

The entire entrepreneurial process has shed light on every aspect which can be related to creating a service such as The Lunch Lab. Through this businesses construction and concluding with the eventual purchases of consumers, The Lunch Lab aims to see success in creating a meal-kit delivery service that teaches kids the fun of cooking and the importance of eating right while eliminating parent stress in regard to meal planning and preparation.

Concept Portfolio (Appendices)

Opportunity Identification (The 6 C's)

1. **Circumstance:** Current consumers of subscription meal-kits are not pleased with the options made directly for the benefit of children. Therefore, seekers find there is a problem in current pre-made meals for kids in that they are either A) unhealthy or B) disliked by the child and therefore not eaten. This results in the consumer feeling as though their child is lacking nutritional value in their meals and/or the consumer is wasting money on a meal the child would rather not eat.
2. **Context:** With the changes that have come as a result of COVID-19, a consumer such as Mary given earlier on, may discover that their child's nutrition and activity levels have significantly decreased as a result to distance-learning and other affected aspects. If her children were typically getting the lunches provided at school and no longer can/are, it is assumed this may be a leading reason to their decrease in health or activity.
3. **Constraints:** The main barriers to using The Lunch Lab are that it is an investment in both knowledge and in a meal your kids would likely not get otherwise. Consumers such as Mary must truly see the context of either their child lacking a nutritious lunch, not knowing how to cook independently, or the consumer themselves would rather not plan and make lunches ahead of time for their children and The Lunch Lab creates an easy out to doing that.
4. **Compensating Behaviors:** Is The Lunch Lab valuable enough to give up a current subscription to something such as Hello Fresh? Well, that depends on whether or not the parent feels they are receiving enough benefits to themselves by making a pre-arranged meal. The Lunch Lab is focused highly on the lifestyles of kids and parents who would like to have less personal responsibility in preparing their meals. So, if this was also the thought to their own circumstance, they may still want to keep their current subscription but add on to it, so they can lessen the number of meals planned by themselves even more.
5. **Criteria:** The Lunch Lab is seen as a functional service that can be used to help teach kids lessons in the kitchen without a subscription, and it also can deliver meals and function as a replacement to another food planning source. Using The Lunch Lab will ease tensions between kids and parents over what to eat, causing more happiness overall in family affairs. Lastly, The Lunch Lab is largely a learning tool and therefore can be seen in the consumer perspective as a source to improve their child's knowledge base and skillset setting them up to succeed in further aspects of life.
6. **Consequence:** Customers expect The Lunch Lab to eliminate stress caused by meal planning and allow them to experience more relaxation and quality time rather than time spent previously running errands or preparing meals alone in the kitchen. The Lunch Lab creates a space for togetherness while also teaching kids values of cooking skills and healthy eating.

Margin, Burn, Volume Analysis

As seen from the spreadsheet below, if charging \$32.95 for the 2-meal subscription box while keeping direct costs under 9.60 per box (consumer pays standard shipping fee), as well as inquiring for total monthly burn rate accounted through payment on facilities, management, sales, marketing, staffing, IT, and accounting/legal, the baseline for breaking even of the \$1,000,000 is through selling nearly 100 subscriptions per day.

From there assessments can be made as to how the company will go forth from breaking even, to making a revenue of \$1,000,000. This seems far-fetched in a way, but honestly for the financial perspective of a food business, the goal is attainably there. By making approximately 100 sales for subscriptions in a day (not accounting for 4-meal subscriptions too) the company will stay in the profitable gross margin segment. This allows hope that once the company is off the ground, capabilities for things such as lowering costs, managing burn rate, and potentially even raising/attaining a higher competitive price will all make this business investment one with significant return and reward.

BASELINE 1:	<i>If We Charge This:</i>	\$32.95	\$0.00	THE LUNCH LAB		
BASELINE 2:	<i>And Our Costs Are:</i>	\$0.90	LABOR + COMMISSIONS + ROYALTIES			
		\$8.70	MATERIALS + DIRECT MFG COSTS			
		\$9.60	TOTAL DIRECT COSTS			
BASELINE 3:	<i>Gross Profit per unit:</i>	\$23.35	70.9% Gross Contribution Margin			
BASELINE 4:	<i>Monthly Burn Rate is:</i>	\$23,350				
BASELINE 5:	<i>Break-even at:</i>	36,000	3,000	1,000	692	99
		<i>Per:</i> YEAR	QTR	MONTH	WEEK	DAY

		MONTHLY OPERATION				
Facilities All-in:		\$6,500	rent			
Management:		\$4,500				
Sales-Marketing:		\$7,000				
Support Staff:		\$2,000				
All IT-Telecom:		\$850				
Acct/Legal/Consult:		\$2,500				

Kids Consumer Concept

The Lunch Lab

Be the Next Top Chef Kid

Do you like playing Cooking Mama? How about watching Kids Cookoff and Kids Baking Championship? Well now that can be you, minus the TV and virtual reality part. With a delivery box from The Lunch Lab, you can create your own cooking competition/show right in your very own house 2-4 times per week. As long as your parent places an order with The Lunch Lab and approves the meal plan- you have the freedom to learn to cook. Not sure how to do something? Just scan the QR code on the box or look up the meal you are trying to make for an easy how-to video with step-by-step instructions by our very own top chefs. What’s even better than learning how to make your favorite Chinese take-out meal? Learning how to get the full effect of the meal as if you were in Hong Kong, China eating it! Ask your parents to try The Lunch Lab and try the most delicious food you made all on your own. Don’t forget to mention to them that it’s healthy and reasonably priced!

Less than \$8.25 per meal serving
2-meal subscription just \$32.95 + Shipping

On the left is a Nutritional Label for “Egg Roll in a Bowl” & right is an example Menu for Online Website.

Nutrition Facts	
2 servings per container	
Serving size	(330g)
Amount Per Serving	
Calories	140
<small>% Daily Value*</small>	
Total Fat 10g	13%
Saturated Fat 1.5g	8%
Trans Fat 0g	
Polyunsaturated Fat 0g	
Cholesterol 0mg	0%
Sodium 550mg	24%
Total Carbohydrate 25g	9%
Dietary Fiber 5g	18%
Total Sugars 18g	
Includes 10g Added Sugars	20%
Protein 5g	10%
Vitamin D 0mcg	0%
Calcium 65mg	4%
Iron 1.98mg	10%
Potassium 0mg	0%

*The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Menu Options

Gluten Free Menu →

Pick from a variety of ethnic inspired menu items and classic kid favorites. Also look for the GF symbol across all menu items



Italian Inspired Dishes →

From pasta dishes to flatbread pizzas, these meals add a fun twist to Italian meal classics



Asian Inspired Dishes →

Explore regions of Asia, India and the Middle East with these fun recipes



Images found via foodnetwork.com

The top image is reference to pricing and availability. Below is recipe card examples.

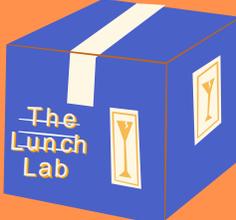


1. Choose your Subscription

weekly subscription:

>2 recipes; 2 servings
per meal: \$32.95

>4 recipes; 2 servings
per meal: \$62.90





2. Choose your Recipes

recipes:

>choose from over 50 different recipes & include any dietary restrictions



3. Ship to your Doorstep



Bowtie Pasta with Chicken Meatballs

Cook Time: 11 minutes Prep Time: 4 minutes **Total ⌚: 15 minutes**

- 1 Pack Bowtie Pasta
- 4 Cups Warm Water
- 2 tbsp Salt
- 5 Chicken Meatballs
- 1/2 Cup Pasta Sauce
- 1/4 Cup Parmesan Cheese

For video help, open The Lunch Lab App and search "Bowtie Pasta with Chicken Meatballs"

1. Boil 4 Cups of Warm Water in pot with Salt
2. Once boiling, add Bowtie Pasta and cook for 8 minutes. Stir occasionally
3. While pasta cooks, heat up Meatballs in Microwave for 3 to 4 minutes
4. Strain pasta using collander- BE CAREFUL IT WILL BE HOT!
5. Combine Pasta, Meatballs, and Pasta Sauce
6. Top with Parmesan Cheese
7. ENJOY!



Egg Roll in a Bowl

Cook Time: 20 minutes Prep Time: 5 minutes **Total ⌚: 25 minutes**

- 1/2 lb. Ground Turkey
- 1 Bag Egg Roll Slaw
- 2 tbsp Soy Sauce
- 1 Tbsp. Ginger
- 1 packet Chow Main Noodles
- (Optional) Sweet & Sour Sauce

For video help, open The Lunch Lab App and search "Egg Roll in a Bowl"

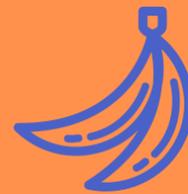
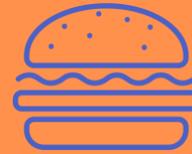
1. Heat a large pan on medium heat for 3-5 minutes
2. Once hot, add ground turkey and cook for 15 minutes stirring occasionally
3. Once the turkey is done cooking, switch to low heat and add slaw mix, soy sauce, and ginger. Mix this around for about 3-5 minutes
4. Once mixed, add to a bowl and top with chow main noodles and sweet and sour sauce.
5. Remember to turn the stove off & ENJOY!

Resources

1. <https://2ndkitchen.com/restaurants/meal-kit-statistics/.com/restaurants/meal-kit-statistics/>
2. <https://www.supermarketnews.com/consumer-trends/pandemic-swaps-most-americans-eat-home-more-often>
3. <https://www.grandviewresearch.com/industry-analysis/meal-kit-delivery-services-market>
4. <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/work-from-home-productivity-gains-seen-evaporating-as-pandemic-grinds-on-60119373>
5. https://www.uline.com/BL_2157/Insulated-Shipping-Kits
6. <https://mn.gov/deed/newscenter/publications/trends/june-2018/sw-food-manufacturing.jsp>
7. <https://www.dailykit.org/operation-management-platform-for-restaurants-grocers-ghost-kitchens>
8. <https://www.eurosolve.com.my/product/ebi-erp-solutions/>

Presentation slides

THE LUNCH LAB



A MEAL-KIT DELIVERY SERVICE THAT TEACHES KIDS HOW TO COOK HEALTHY MEALS WITHOUT ADDING STRESS TO THE BUSY LIVES OF PARENTS

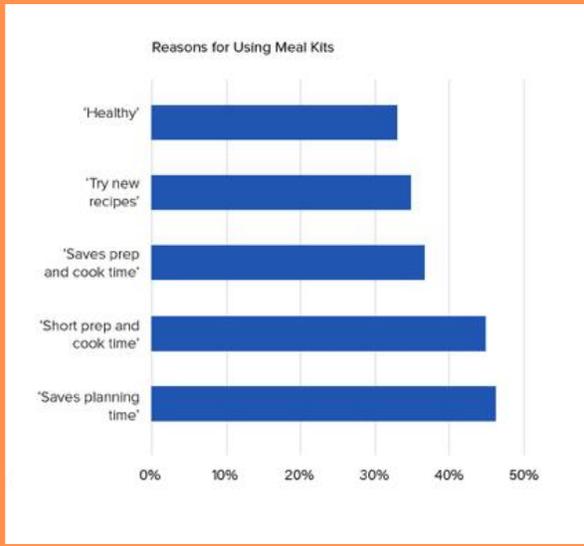
Slide 1

Step 1: Understanding the Problem

- Kids aren't getting equal nutrition at home
- Parents find it hard to grocery shop for kids
- Kids can't often engage in cooking on their own
- During COVID-19, there is less opportunity to eat out

Slide 2

Step 2: Identifying a Solution



- Kids rely on parents to make meals for them
- Parents enjoy the ease of delivery services
- No meal prep necessary in a meal-kit
- Specialized meals to fit the needs of childrens nutritional standard

Slide 3

Step 3: Elements for Making it Work

Menu Options

Gluten Free Menu →
Pick from a variety of ethnic inspired menu items and classic kid favorites. Also look for the GF symbol across all menu items



Italian Inspired Dishes →
From pasta dishes to flatbread pizzas, these meals add a fun twist to Italian meal classics



Asian Inspired Dishes →
Explore regions of Asia, India and the Middle East with these fun recipes



Slide 4

Next Steps



If We Charge This:	\$32.95	\$0.00	THE LUNCH LAB		
And Our Costs Are:	\$0.90	LABOR + COMMISSIONS + ROYALTIES			
	\$8.70	MATERIALS + DIRECT MFG COSTS			
	\$9.60	TOTAL DIRECT COSTS			
Gross Profit per unit:	\$23.35	70.9% Gross Contribution Margin			
Monthly Burn Rate is:	\$23,350				
Breakeven at:	36,000	3,000	1,000	692	99
	Per: YEAR	QTR	MONTH	WEEK	DAY

1. Transact



2. Deliver



3. Satisfy and Repeat



Slide 5