What’s For Dinner?:
Behaviors, Products, and Services Creating the New Future of Food

Insights from Silicon Valley's Resident Food Development Experts

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Outline

• Mattson – What We Do

• Seismic Shifts for How Consumers Will Source Meals
  ➢ 4 Mega-Trends Driving This

• Q & A
What We Do
What we do . . .

We Make Food Happen.
What we do.

We fill pipelines with new concepts and products.
What we do.

We help brands move into new categories.
We evolve commodities into value-added products.
What we do.

We shepherd companies into new channels.
What we do.

We create memorable new brands.
We build whole new menu categories.
Our approach is **holistic**

- Culinary & Technology
- Strategy & Innovation
- Insights
- Brand & Design
Our track record

39 years of strategic & business success

2,000 individual food products invented

Over 300 product lines created

Packaged Goods

Restaurant Operators

Foodservice

Retailers

Ingredient Suppliers
We’re at the Cross-Roads of the Silicon Valley Tech & San Francisco/North Bay Food Cultures

**BERKELEY’S HISTORY OF FOOD ACTIVISM**

**SAN FRANCISCO’S VIBRANT CULINARY SCENE**

**SILICON VALLEY’S SPIRIT OF INNOVATION**

**CALIFORNIA WINE COUNTRY’S FOOD AND BEVERAGE CULTURE**
Seismic Shifts in How Consumers Will Source Meals in the Future
“What’s for Dinner?”
used to mean two things:
Prepare Food that was Previously Purchased at the Grocery Store (Mom)

Serve Food from a Restaurant (Pizza/Take Out)
But today, innovative food businesses and service offerings are emerging by reframing the system to meet consumer needs in new ways.
This reframing presents new opportunities for these channels and new alternatives.
4 mega-trends that are disrupting the food landscape:

- Set It & Forget It Food
- The New Scratch Cooking
- Food On Demand: Prepared Food
- Food On Demand: Groceries
4 mega-trends that are disrupting the food landscape:

- **Set It & Forget It Food**
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Gevalia Coffee – The first food subscription service?
Starbucks Roastery – The modern equivalent?
Curated Snacks – A month’s worth of snacks, delivered
Curated Subscription Snacks
Curated Subscription Snacks
Curated Subscription Everything: Conscious Box
Curated Subscription Everything: Birch Box

Join Birchbox and every month we’ll send you 4–5 personalized beauty and lifestyle samples that have been tailored to your profile. You’ll get to try products from niche brands, up-and-coming lines, and everything in between.

SUBSCRIBE MONTHLY
$10/month

SUBSCRIBE YEARLY
$110/year

Already a member? Log in
Curated Subscription Everything: Bro Box
- Recurring deliveries of groceries & common items
- 15% off for 5+ items
- No fees
- Once set up, totally transparent to consumer
Subscription Meals
Subscription Meals

**One Time Order**

- **Price:** $24.99 / meal kit
- **Serving Price:** $6.25 / serving
- **Select your delivery date**

**Cuisine Rewards Club**

- **Monthly Subscription:** $19.99 / meal kit
- **Serving Price:** $4.99 / serving
- **Select your delivery date**

**Gift:**

- 4 Qt. Smart-Pot® Digital Slow Cooker!
And then there are **Subscription “Meals”**...
Soylent Meal Replacement went from Kickstarter to...
Your Refrigerator on Soylent . . .

At Thanksgiving
What does this mean for us?

This is a big opportunity for “set it and forget it” volumes and revenues and shouldn’t only be for entrepreneurs . . .

So, what’s your Subscription . . .

Service,
Strategy,
+/or
Product Offering?
4 mega-trends that are disrupting the food landscape:

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Scratch cooking is not just about the food you eat, it’s about the total *experience*.
Subscription Meal Kits (direct-to-consumer!)

Heard of them?
Selling A Basket of Groceries... in a new way
New Services Coming On-Line All the Time . . .

What’s in common:

• Fresh ingredients delivered directly to your home

• Everything you need to make a recipe

• Meal kits come with a recipe card

• Everything is portioned for the recipe; prep is simple or complex

• Once-a-week or more delivery of meals
Fresh Realm – Shipping Container & Tech Platform that Cuts out the Middle Man
Fresh Realm Vessel

No styrofoam.
Re-usable.
Non-refrigerated distribution.
No local distribution centers.
Fresh Realm Store Front Brings Together Diverse “Tastemakers”

• Trusted tastemakers such as:
  – Cooking magazines
  – Mommy bloggers
  – Brands (e.g. Forager)

• Products range:
  – Ready to Cook
  – Ready to Heat
  – Ready to Eat
The Numbers

**Ramping up … FAST.**

- The meal-kit service segment of the market will grow to between $3 billion - $5 billion over the next 10 years.\(^1\)

- Since boxed-meal startups Blue Apron and Plated launched in 2012, they have raised $58 million and $21.6 million, respectively.\(^2\)

- Blue Apron is in talks to raise another round, which would value the company at $2 billion.

- HelloFresh, a European meal-kit company, founded in 2011 and backed Rocket Internet, closed $216 million in Series E funding.\(^3\)

- Blue Apron delivers more than 2 million meals a month, and HelloFresh claims it does 2x that volume.

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1 Technomic, 2015
Subscription Meal Kits represent a new paradigm for how consumers shop for that basket of groceries.

Not just for complicated meals, but for potentially all their meals ...
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Digital devices + creative delivery = even faster food
Direct-to-Consumer Prepared Food

Delivery Only

Preparation + Delivery = Vertically Integrated

“Vending” 2.0
Direct-to-Consumer Prepared Food

Delivery Only
Delivery Only

New middlemen controlling relationship with consumer
But Not Just Low End Food Delivery

More High-End Restaurants Offer Takeout

Delivery Businesses Grow; Aiming for Crispy Fries, ‘Wow’ Packaging

Fine restaurants are introducing takeout and trying to elevate it through mobile apps and new packaging. WSJ’s Alina Dizik and Tanya Rivero discuss. Photo: Michal Czerwonka/WSJ

By ALINA DIZIK
Nov. 11, 2014 4:23 p.m. ET

Can’t get a weekend reservation at that new farm-to-table restaurant? Try it at home.
Direct-to-Consumer Prepared Food

Preparation + Delivery = Vertically Integrated
Delivery of fresh, chilled meals by chefs
Initial Model Food Was Made in Restaurants Off-Hours . . .
A New Chilled Food Distribution Model

• Same-day delivery of chilled meals

• Limited assortment
  – When it’s gone, it’s gone

• Allows consumers to eat restaurant food at home in best way possible
  – Not hot-and-soggy
Meals on Demand: Hot Food
Two Choices Every Day

WHITE CHEDDAR MAC & CHEESE $8

SLOW-ROASTED BABY BACK RIBS $8
• Fresh, locally-made meals

• Meals under $10, in under 10 minutes

• Limited selection
  – When it’s gone, it’s gone

• Delivered HOT
Delivered HOT in 3-20 minutes
Meals on Demand

• After 3 years, raising $13MM, SpoonRocket ceased operations
• Challenges to compete in highly dynamic & competitive markets
• After talks with an unnamed QSR, now selling delivery technology/platform to Brazillian *iFood* that plans to utilize it in delivery systems in Latin America
• Central Commissary set up in an old Chevy’s restaurant in downtown SF
  - From 100-200 covers a night to feeding 10x+ in the *exact same footprint*
Meals on Demand – Apps Give Transparency

Grilled chicken stewed in a spicy tomatillo sauce. Served over saffron brown rice with cilantro and a side of chili roasted carrots.

INGREDIENTS
- 526 Calories
- 38g Protein
- 14g Fat
- 58g Carbs
- 5g Fiber

All nutrition info based on a single meal. We try to be as accurate in our estimations as possible, though some variation may occur in serving sizes.

NUTRITION INFO

INGREDIENTS
- Free range chicken thighs, organic tomatillos, organic yellow onion, organic garlic, organic cilantro, organic jalapeno, cumin, lime juice, house made chicken stock, organic cornmeal, organic brown basmati rice, saffron, organic cilantro, organic carrots, chili powder, organic green onions, salt, pepper)
Sprig with Uber-like Features

Dynamic demand-based pricing.
Used to be where you went to dine.

Changing to where food is manufactured for delivery.
restaurants

Manufacturing Plants

For a Whole New Crop of Distributors
Direct-to-Consumer Prepared Food
Vending: Not just for candy bars and soda anymore.

Fresh & Hot Pizza

Self-Serve Salad Kiosks
Blurring the Lines: Is it Vending? Is it a Restaurant?
Electronic ordering, no servers or kitchen staff in sight...
Beautiful, healthy, low cost meals . . . customized to your tastes
Mobile Purchasing @ SBUX

In the first quarter of 2016, 24% of Starbucks' orders were paid for using the company's app (in-store + mobile), compared with 21% in the fourth quarter of 2015.
What does this mean for us?

Taste, convenience, fresh, local, service, etc. expectations are all being reset by a new set of competitors, that are creating new relationships with consumers.
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Groceries On Demand

- Delivers groceries to you at home or work
- Shop from local stores like Target, Costco, Whole Foods, Safeway, independent grocery and others
- Same-day delivery
- Sometimes in less than an hour!
The Dynamic “Shelf”
Becoming Distribution Centers for a Whole New Crop of Distributors
Curbside

A new way to shop.
Free same-day and early morning delivery on orders over $35 of more than 500,000 Amazon items, including fresh grocery and local products.
Local Restaurants Compete With CPG Manufacturers

A restaurant dedicated to the best food on earth: macaroni and cheese.
What does this mean for us?

Your packaging must be shelf-evident, but now it’s a *new shelf* with an new set of competitors.
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This reframing presents new opportunities and challenges.
Who Owns the Relationship?
These are early days, no one has this figured out yet

• Willingness to experiment, in-market
• Refine offering based on experience
• Test then scale to other markets and compete
But people will never stop going to the grocery store...
Thank you.
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