Case Study:
Healthy Dinner Kit Pilot Test
Square One Markets

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The Purpose: A September 2015 test examined if consumers would embrace buying dinner meal kits from a convenience store. The concept of “The Six O’Clock Scramble Fresh & Fast Family Dinner Kits” test addressed the downsides to many popular meal-delivery kits: a subscription cost, packaging waste and the need to plan a day or more in advance to order them.

Location

Square One Markets, a convenience store located in Bethlehem, Pennsylvania, worked with The Six O’Clock Scramble, National Association of Convenience Stores (NACS), Project on Nutrition and Wellness (PNW) and the Cornell Food and Brand Lab to develop a set of affordable, healthy dinner meal kits for time-strapped families to grab on their way home.

Square One Markets is an 11-store chain located across five counties in Eastern Pennsylvania. One store in Bethlehem was selected for this test because it has full-service fueling and a curbside delivery service several evenings per week, therefore utilizing the store’s already-established, high-touch customer service to help communicate the new meal kit concept to customers.

Design

The convenience store channel was considered a good retail testing ground for dinner meal kits because of their fueling offer: 80% of the fuel purchased in the U.S. is at a convenience store. Consumers are most likely to fill up their gas tanks during the evening rush, with nearly 4 in 10 consumers (38%) filling up between 3:00 pm and 7:00 pm. Even higher percentages of women (41%) and millennials (48%) fill up during this time frame, according to a NACS January 2015 consumer survey.

NACS conducted a national consumer survey with polling firm Penn Schoen Berland in September 2015 to see if consumers would be interested in purchasing meal kits, whether from an online retailer or traditional brick-and-mortar store. The results were very encouraging. Nearly one in three (32%) said they have purchased a dinner meal kit, but only 37% of these customers said that they were very satisfied with the kits. That meant that there were untapped opportunities, and could include retail sales. More than three in four consumers (77%) surveyed said that they would be interested...
in purchasing an all-in-one meal kit from a store. Convenience store customers were especially receptive: 85% of weekly convenience store customers said they would purchase a dinner meal kit.

The evening hours are also when families stress about dinner preparation plans, making the combination of fueling and a meal kit purchase a great way for consumers to combine two separate trips into one.

The meal kit recipes were developed by Aviva Goldfarb, a chef, cookbook author and CEO of the Six O’Clock Scramble. To ensure that the meals also were compliant with generally accepted nutritional guidelines, the recipes were all under 500 calories per serving and reviewed and approved by Amaris Bradley, the dietician for the Partnership for a Healthier America. (Figure A)

The convenient, nourishing dinner kits provided all-in-one meal ingredients and recipe cards that contained everything time-stressed families need to prepare a fast, fresh meal in less than 30 minutes. Each of the 12 meal kits sold for less than $20 and were designed to feed a family of four (see Appendix A for a sample recipe card). Two different meal kit recipes were showcased each week, with a few repeated over the 10-week trial. At less than $5 per person, the dinner kits were less than half the price of most meal-delivery services. The kits also featured some locally grown and produced ingredients from the Bethlehem area.

Execution

The organizations planned the concept a few months before launch and held regular conference calls to finalize plans. At the launch of the 10-week pilot test, SquareOne Markets and the Six O’Clock Scramble hosted cooking demonstrations and recipe sampling for customers, and worked to encourage local and national media coverage of the program.

Despite heavy promotion, only 5-10 dinner kits per week were sold (detailed sales data is not available). The launch did gather some positive news coverage from local TV and newspaper reports, and some national retail trade publications. These clips were then consolidated in promotional posters that were displayed in stores. The team also reached out to the top 10 employers in the area, as well as nearby schools to encourage

Figure A: The marketing campaign included a logo and flyers about the meal kits
dissemination of the program in newsletters and posting of materials in break rooms/community bulletin boards. However, the program lost steam as sales continued to lag after the strong initial promotional push.

**Lessons Learned**

The pilot test highlighted several challenges that many convenience stores and small food retailers face in selling healthier foods and/or dinner meal kits. In some cases, these challenges were masked by simply outworking the problem, but the root challenges remain.

+ **Distribution:** Small chain stores like Square One Markets often struggle to obtain certain fresh ingredients directly from suppliers and distributors. The ingredients available from both broad-line and specialty restaurant distributors, even if available, are not available recut or measured. Therefore, the retailer will need to do the prep work to make the kit easy to execute. Also, with a high level of food prep for the meals, it is important for retailers to review all relevant food safety guidelines developed for convenience stores and other retail outlets that prepare food.

Distribution challenges also prevent storeowners from selling fresh products or forces them to purchase products at larger food retail stores, a practice known as “cash and carry.” These retailers may also choose to mark up their prices to cover the additional costs. With certain fresh ingredients hard to come by, some of the recipes for the meal kits had to be altered to circumvent this obstacle, as Square One did not want to impose higher costs on its customers.

+ **Marketing:** The groups spent a great deal of time discussing branding and public relations but did not dedicate resources to marketing on an appropriate level. This includes signage at the store—whether on the gas price sign or at the pumps—or in paid advertising in the local media. This type of expense...
was necessary to tell the story of a unique, unexpected item. Customers need to be drawn into the store by marketing materials at the pump and elsewhere outside the store. This would require an additional investment in time and resources that many small chains and single store operators may not be able to afford.

- **Portions**: The meals were designed for a family of four but there were no alternative versions for other family sizes, which may have limited usefulness. More important, portions per serving were based on nutritional guidelines and may have been less fulfilling for families expecting larger portions. Additional healthy sides (salads, cut vegetables) were purchased from a local warehouse club store to add to the market basket at an additional cost.

- **Image**: Related to the marketing challenges, convenience stores are not thought of as a dinner meal destination by a large segment of the population. The Square One store, while featuring attractive elements for a test, lacked a unique or widely embraced foodservice program. Within the community, this store was not thought of as a foodservice destination, and even an expanded marketing budget or longer trial to raise awareness might not have overcome this hurdle. Also, the marketing focused on the healthy aspects of the meal kit, and less about convenience, which the store is more known for. There was a mismatch between expectations and the offer. As another learning experience, packaging could have a clear window to show the fresh, simple ingredients, instead of using a nice, reusable (but expensive) canvas bag.

- **Timing**: The timing of a post-Labor Day launch was to take advantage of families beginning new routines with a new school year and the end of summer vacation; however, the timing also hurt the test. Also, the launch took place during a near-record $250 million lottery jackpot and created more traffic to the store, but most of the customers were shopping for lottery tickets. Few customers were even interested in free samples. Instead, they wanted to buy their lottery tickets and leave.

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**Post-Script**

While the sales did not match expectations, the test did garner considerable attention in the media and with the nutrition community. Although the goal wasn’t to get media attention, the test showed that convenience stores are seeking to innovate with healthy choices in stores and this enhanced image has served the industry well over the ensuing two years. NACS and PNW took some of those learnings to conduct a second dinner meal kit test in early 2017. Results of this test at a campus store at Utah State will be disseminated in a separate report.
Appendix A
Sample recipe card with ingredients, cooking instructions and nutritional information.

Spinach and Bean Burritos
Prep + Cook = 15 minutes
4 servings, 2 burritos each

- 1 Tbsp. extra virgin olive oil or vegetable oil
- 30 oz. canned pinto beans, drained and rinsed
- 1 cup salsa
- 8 oz. baby spinach
- 1/2 cup shredded Cheddar cheese
- 8 large (burrito size) whole wheat or flour tortillas
- 10 oz. guacamole
- 1/2 lb. baby carrots

1. In a large skillet, heat the oil over medium heat.
2. Add the beans and 1/2 cup salsa and cook them for 3 – 5 minutes, stirring occasionally, until heated through.
3. Add the spinach to the pan, cover and wilt the spinach for 5 minutes, stirring occasionally.
4. Remove the cover and stir the spinach into the beans until it is wilted and dark green, about 2 minutes.
5. Warm the tortillas in the microwave (about 1 minute on high).
6. For serving, spread a spoonful of guacamole on each tortilla, top it with about 1/2 cup of the bean and spinach mixture and top it with about 1 Tbsp. of cheese. Drizzle additional salsa, if desired. Roll the tortillas up burrito style and enjoy immediately.
7. Serve the carrots dipped in the extra guacamole.

Slow Cooker Directions: Either fresh or frozen spinach may be used for this recipe. Omit the oil. Combine the spinach, beans and salsa in the slow cooker, and cook on low for 2 - 3 hours. At serving time, assemble the burritos as directed.

Flavor Booster: Sauté 1/2 diced onion and/or 1 diced jalapeño pepper, seeds removed, with the beans.

Nutritional Information per serving (% based upon daily values): Calories 426, Total Fat 14.5g, 22.5%, Saturated Fat 4.5g, 21.5%, Cholesterol 7.5mg, 2.5%, Sodium 867.5mg, 36%, Carbohydrate 57.5g, 19%, Dietary Fiber 14.5g, 58%, Sugar 5.5g, Protein 15.5g
The convenience store industry shares more ideas than any other retail channel. For this project, retailers allowed NACS to test key insights and share the results with other retailers who can consider how these findings may improve their own operations. As part of its reFresh initiative, NACS worked with food and merchandising experts to develop eight convenience store-specific ideas to grow sales based on evidence-based practices. NACS then undertook additional pilot tests to further define how these practices could grow sales (read more at convenience.org/refresh).