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HelloFresh: Transitioning to a plastic-free future?

CASE STUDY

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Abstract

The packaging practices of HelloFresh have come under scrutiny in recent years as a result of the company's remarkable expansion success. Customers have cancelled their meal-kit subscriptions due to the excessive use of plastic packaging for ingredients. In response to these events, HelloFresh began to seek alternatives to replace plastic packaging for its ingredients, but ultimately found that the currently available packaging technology makes it impossible to eliminate plastic completely. HelloFresh is therefore looking for ways to communicate with customers about its sustainability message and their actions to be cost-effective, retain food-safety, and foster sustainability with regard to packaging while making innovative changes in its packaging processes. In the current stage of the sustainability transition for packaging materials in which no ready-at-hand solutions are available, it is crucial for HelloFresh to strike a balance between converting its packaging practices to be more sustainable and communicating this message effectively to its customers.

Keywords: consumer behaviour, food industry, food packaging, meal kit delivery, plastic packaging, sustainable packaging

JEL codes: A13, M14, M31, O13, Q53

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1. Introduction

On a bright Friday morning in the Netherlands, Rosco van Kempen, the procurement director for HelloFresh in Belgium, the Netherlands and Luxemburg (i.e., the Benelux region), entered the bi-weekly management meeting, as usual, with a cup of coffee in hand. This would not be an ordinary meeting, however, as the sustainability manager, Tom Vogels, would share some concerns that could potentially pose a threat to the HelloFresh success story. After reporting that the percentage of customers cancelling their meal-kit subscriptions had shown a worrying increase, Vogels drew on a wide range of sources to attribute this increase to consumer perceptions that the company was using excessive plastic packaging for the ingredients in its meal boxes. To emphasize the urgency, he showcased a social media post from an unidentified customer as a prime example: ‘We stopped HelloFresh. It was expensive, but it helped us a lot with cooking when we had a baby, but we could not justify the waste, with so much plastic every week’. This announcement marked the start of a series of board meetings aimed at finding solutions to the emerging issue of sustainable, plastic-free food packaging, which has been and continues to be a key challenge for HelloFresh, aspiring to be one of the leading sustainability companies.

Founded in November 2011, the German-based HelloFresh company occurs to be a leader in the meal-kit delivery industry. Its business model is based on e-commerce membership with product as a service (Moro *et al.*, 2022). The company’s mission is to provide convenience, taste, and flexibility to its customers by eliminating the need to plan and shop for groceries. The service relieves the burden of everyday decision-making by supplying personalized meal-kit solutions to customers’ doorsteps. A few years after HelloFresh started operations in Germany, the company expanded to 16 countries on three continents.

An increase in size is accompanied by an increase in responsibility. In the sustainability transition, one of HelloFresh’s overarching ambition is to reduce food waste (next to reduce packaging waste and CO₂-emissions) by using locally sourced seasonal ingredients, thus keeping them fresh and the supply chain short. HelloFresh provides portion sizes that are customised to meet the requirements of the recipe and the people ordering the meal-kit. However, in doing so, the management at HelloFresh was not equipped with in-house knowledge on what sustainable packaging meant and what it required. Attention to the detrimental effects of plastic packaging had already been rising for several years, however, leading both national and EU legislators to pass laws aimed at reducing the use of plastic within EU member states (EU, 2023).

With all ingredients that need to be packaged separately for each meal, HelloFresh customers are continuously confronted with plastic when preparing their meals. The company’s rapid increase in size made HelloFresh an easy target for (online) campaigns questioning the sustainability goals set by the company and accusing its customers of supporting an unsustainable company. The campaigns obviously have an effect on the company’s reputation, its brand, and its customer base, leading to increased external customer pressure, which is reflected in consumer discussions on social media about the use of plastic (<https://shorturl.at/hmABX>). Rosco van Kempen, the director of procurement at HelloFresh Benelux, bears responsibility for all components of the meal kit, including the ingredients, the cardboard boxes, the overall quality of the service, and customer feedback, as well as the plastic packaging of the ingredients. For van Kempen, the question is not whether HelloFresh should respond, but how.

2. HelloFresh: The company

HelloFresh was co-founded by Dominik Richter, Thomas Griesel, Jessica Nilsson and Hamish Shephard, who had witnessed the market demand for sustainable and convenient groceries delivered to the doorstep. The overarching mission of HelloFresh was ‘to become the world’s leading food solutions group’. Within only two months after its establishment, the company had expanded its operations to seven German cities and was offering its services in neighbouring European countries, including the Netherlands, Austria, France and the UK.

Building on their ‘direct-to-consumer’ relationships, which offer a better ‘product fit’ when compared to traditional grocery shopping experiences (HelloFresh, 2021), the company also attracted attention in the popular media. Within two years, HelloFresh had procured several rounds of investments for its business operations and entered partnerships with local companies (Kerr, 2016). The company quickly expanded its business operations to other countries (both in Europe and beyond), including the United States, Belgium, Canada, Switzerland, Luxembourg, New Zealand, and Sweden, making it one of largest meal-kit deliverer across the globe. The company’s successful scaling strategy was primarily attributed to its ability to increase its market penetration and to expand its services and product offerings (HelloFresh, 2021). This was made possible by several key factors, including selectively expanding the company’s geographic reach, increasing customer monetization by offering premium services and products, and entering new vertical strategies that could leverage the company’s strong capabilities (e.g., ready-to-eat meals). These internal factors helped to generate momentum for the growth and success of HelloFresh.

Despite these additional activities, the cornerstone of the HelloFresh product-as-a-service business model remains the delivery of meal kits and recipes. Unlike traditional models of grocery shopping (as shown in Table 1), HelloFresh approaches the customer decision-making process in a way that significantly streamlines the process for its customers. By providing pre-portioned, pre-packaged ingredients and step-by-step instructions, HelloFresh eliminates the need for customers to make many of the decisions that they would typically face when grocery shopping, including which ingredients to buy and how much of each item to purchase to cook a particular dish. This simplified approach saves time and effort for customers, while also reducing food waste and promoting healthier eating habits.

By offering a subscription-based service, HelloFresh ensures that customers can receive regular deliveries of meal kits and recipes without having to worry about placing orders or visiting a grocery store. This convenience factor has been a major contributor to the company’s success, particularly as more consumers seek time-saving solutions for their busy lives.

Table 1. Consumer decision-making processes within the context of supermarkets, grocery delivery, meal-kit delivery and food delivery.

Consumer buying process stage	Supermarket	Online grocery delivery	Food delivery	Meal-kit delivery once per week
Encounter	Store visit	App/website visit	App/website visit	App/website visit
Information Search and evaluation of options	Browsing ingredients in the store	Browsing ingredients in the app/website	Browsing food items in the app/website	Browsing recipes
Pre-purchase decision	Selecting	Selecting and ordering	Selecting and ordering	Selecting and ordering
Purchase	Making payment	Making payment	Making payment	Making payment
Post-purchase behaviour	Carrying home	Receiving the delivery	Receiving the delivery	Receiving the delivery
Preparation	Food preparation	Food preparation	--	Food preparation
Consumption	Food consumption	Food consumption	Food consumption	Food consumption
Waste	Leftovers	Leftovers	Leftovers	No leftovers
Disposal	Disposing of packaging materials and leftovers	Disposing of packaging materials and leftovers	Disposing of packaging materials and leftovers	Disposing of packaging materials
Level of convenience	Low	Medium	High	High

The HelloFresh approach of easing decision-making processes for customers within the subscription-based business model integrates, thus, the steps to provide unique benefits, personalisation, encourage customers to communicate brand knowledge and develop a mobile experience, enabling HelloFresh to build strong customer loyalty and drive repeat business (<https://shorturl.at/uwyLQ>).

Overall, the company's unique approach to the meal-kit delivery market has allowed it to stand out from their competitors, as evidenced by a market share of up to 95% in some European countries in 2022 (<https://shorturl.at/uyG78>). In addition to the internal company-driven factors, external societal developments have contributed to the HelloFresh success story. One of the major driving forces has been the increasing consumer demand for more sustainable food products and methods of production and delivery (Hanss & Böhm, 2012; Li & Kallas, 2021; Paloviita, 2010). As consumers become more aware of the impact of their food choices on the environment, they are willing to pay more for products and services that align with their values (e.g. Monroe, 2003). This trend has provided a significant boost for HelloFresh, which, with its emphasis on short chains, has been able to position itself as a leader in sustainable and ethical food production and delivery. Nevertheless, this reputation is now backfiring, as the business model is inherently connected to the use of plastic packaging.

3. Plastic packaging: A global concern

Plastic is a popular packaging choice for food companies, as it is lightweight, flexible, and inexpensive, while also providing a resistant barrier to microbes and water. The food industry is therefore one of the largest users of plastic in food packaging (ING, 2019). A significant reduction or even elimination of plastic in the HelloFresh business model would thus require considerations between sustainability and other quality guarantees that the company promises to its customers.

3.1 *The use of plastic for food packaging*

After the invention of plastic by Alexander Parkes in 1862, people became increasingly surrounded by plastic material in every sphere of their lives, ranging from food packaging to automobiles (Shashoua, 2012). Companies and individuals initially enjoyed the convenience and durability of plastic and plastic packaged products without experiencing feelings of discomfort or guilt. As scientific insight advanced, however, the harmful effects of plastics started to become visible on land and at sea, and people began to realise that plastic was leading to environmental degradation. Mostly because plastic packaging poses a significant environmental threat, primarily through long-lasting pollution. Plastic can persist for centuries, accumulating in landfills, water bodies, and natural habitats. Moreover, the production of plastic packaging depends on non-renewable resources like fossil fuels, contributing to resource depletion (BPF, 2023). While, finally, some additives and chemicals from plastic packaging are accused to leach into food, water, and the environment, raising consumers' concerns about potential health risks. Furthermore, not all types of plastics can be recycled, meaning that they can be used only once, and not multiple times, as envisioned in the circular economy. As a result, a large proportion of all plastic is used as incineration material (EAA, 2019; ING, 2019).

3.2 *Increasing external pressure on consumer companies*

With their awareness of the negative consequences of plastic, non-governmental organizations (NGOs) have become a driving force of public uproar, as plastic waste ends up in the countryside and oceans, thereby affecting continental and maritime life. With the United Nations (UN) declaration that plastic has led to a planetary crisis by polluting the Earth (Foodprint, 2020) and the EU acting against single-use plastic (EU, 2023), the fight against plastic has gained momentum, due to widespread media attention. Popular influential figures (e.g., King Charles and Kim Kardashian) have started to voice their opinions against plastic waste (<https://shorturl.at/lwR03>), resulting in a revolution against plastic that often outpaces other environmental issues (Buranyi, 2018).

With social media providing a powerful tool for celebrities, influencers, and consumers to express their concerns, companies are feeling pressure to reduce their plastic usage or to adopt more sustainable packaging practices. Consumers who are well-connected on social media are using their influencing power to exert additional pressure on companies to reduce the amount of plastic in their operations or change their policies to work towards plastic-free packaging. Within the context of these dynamics, companies that provide consumer goods and services (e.g., HelloFresh) are obviously prime targets, given their high visibility to consumers due to their prominent position within the value chain (Ingenbleek & Krampe, 2023). HelloFresh is not alone in this game. Major companies like Coca-Cola, PepsiCo, Nestlé, Unilever PLC, Procter & Gamble Co., Danone, Colgate-Palmolive, and many more have been targeted with regard to plastic pollution, forcing them to re-think their business strategies and to provide sustainable choices to consumers (Schleeter, 2018).

3.3 Finding plastic-free packaging solutions

The public uproar that arose against plastic packaging led to the demand for political measures that have resulted in a ban on the use of plastic in some areas of application (Buranyi, 2018). These developments have challenged actors within the value chain to find innovative solutions for making the transition to sustainable (i.e., plastic-free) packaging. For example, Nestlé committed to invest EUR 2.01 billion to cut down the usage of plastics made of fossil fuels. Similarly, Unilever PLC and Procter & Gamble Co. have pledged to achieve significant plastic reductions and to accelerate clean-up programmes (Chaudhuri, 2020). Such activities are intended to address the issue of plastic packaging as an ethical concern and to maintain goodwill within in the market. As suggested by Prof. Hans van Trijp, who heads the research programme on sustainable packaging for the Top Institute Food & Nutrition (2015–2019):

Companies must take responsibility for reducing environmental impact wherever they can. That's where HelloFresh should start when thinking about changing its packaging material.

Shifting away from plastic packaging is not easy, and it requires decompositions within the value chain. As argued by Marcel Keuenhof, a packaging advisor to the Netherlands Institute for Sustainable Packaging (KIDV):

Going packaging-free will require a complete overhaul of the concept of a retailer [as the consumers' gatekeeper] and we have seen that trend some years ago. Most of those packaging-free stores have also disappeared, perhaps partly because it is nice, but it [remains] difficult.

One option would be for people to visit packaging-free stores with their own bags, jars, or bottles. Due to current food-safety legislation, however, this option is too problematic for it to become an easy and convenient exercise for consumers. Moreover, packaging-free solutions can result in the breakage, spoilage, and contamination of food. These problems must be addressed in addition to the willingness of consumers to reduce their plastic consumption.

In light of these developments, companies must consider several requirements for plastic-free packaging, including the preservation and maintenance of the quality and safety of food, while ensuring the environmental and user friendliness of the product, controlling transportation costs, and transmitting product information. According to interviews, experts agree that, in the case of HelloFresh, ingredients must be divided from bulk packaging into portion packaging in their warehouse. Due to the stringent hygiene standards required by existing regulations, HelloFresh is bound to use some plastic packaging options. More precisely, as indicated by Hans van Trijp:

The complexity is related to the necessity of protecting the pre-sliced ingredients used by HelloFresh from external influences. The (pre-sliced) ingredients can't be just thrown in the box. If they aren't packaged properly, the ingredients will rot, and consumers will complain about the reduced quality.

[...] If you go to a store to buy a cauliflower, and they cut it into pieces, then it is most likely that the cauliflower will not meet the quality standards for food safety. The regulation is a binding condition here.

HelloFresh is thus forced to weight up the benefits vs. drawbacks in reducing the amount of plastic in its packaging process.

With freshness and high-quality ingredients at the core of its offerings, HelloFresh needs to divide its ingredients into specific portion sizes without compromising on attributes relating to product quality. In addition to value-chain challenges associated with the reduction of plastic in its packaging, the company must explain and communicate its decisions relating to the use of plastic in its packaging to existing and potential customers. There is thus no simple, one-size-fits-all solution.

4. Plastic waste vs. food waste

As previously indicated, plastic packaging provides fundamental utilities of ensuring food safety, preserving food quality, contributing to food security, extending shelf life (Lindh et al., 2016), and serving the purposes of communication (Otto *et al.*, 2021; Reisch, 2009). Plastic packaging also enables the safe transportation of food over long distances, ultimately avoiding food waste by keeping it fresh for longer (Hawkins, 2018; Williams & Wikström, 2010). As explained by Hans van Trijp:

The key functions of packaging are food protection, food safety, information transmission, and product aesthetics. Sustainability is not a key function of packaging. If we look at the net effect, then packaging has a positive impact on sustainability, as it protects the food from being wasted.

Scientific studies support this view, indicating that the benefits of plastic food packaging outweighs its negative environmental impact (Sundqvist-Andberg & Åkerman, 2021). In addition, plastic packaging is instrumental in preventing food waste and protecting the environment, especially in case of fresh produce. According to the Food and Agriculture Organization, 1.3 billion tonnes of food are wasted globally each year, resulting in an annual carbon footprint of 4.4 Gt CO₂ equivalents (Gao *et al.*, 2018). In addition, more than 800 million people in the world have no food and must go to sleep hungry (WHO, 2022). Food waste is thus a serious issue that results in environmental, societal, and economic problems. The cost of producing and supplying food that will ultimately go to waste is high (Schmidt & Matthies, 2018). Despite such empirical evidence, however, citizens tend to perceive plastic packaging as a bigger problem than food waste.

Hans van Trijp explains:

If we conduct a life cycle analysis (LCA), a systematic assessment of the environmental impact of products and services through their entire life cycle, we see that the environmental impact of products extends beyond the packaging alone. Sometimes, we see a packaging, like a glass bottle, that has a huge impact on the environment, while the content (water) has hardly any impact. But if you have packaged beans coming from Kenya, then packaging will have a relatively smaller environmental impact than the beans themselves.

When consumers give precedence to concerns about plastics over other issues because they value sustainability, they might be making inaccurate compromises. This highlights the need for HelloFresh to enhance awareness that ‘food waste is a greater concern than plastic waste’.

5. The HelloFresh packaging-innovation plan

The vision and the associated HelloFresh business model allow the company to address the prevention of food waste as an important sustainability issue. The overall approach of dealing with the plastic waste issue is shown in Figure 1. It distinguishes actions that Hello Fresh can take to increase the sustainability of packaging with respect to its products and services in tier 1, from effective communication on the remaining problems to customers in tier 2. To achieve its goals regarding products and services in tier 1, HelloFresh cooperates with innovative supplier companies, relying on their willingness to work on innovations and alternatives for creating plastic-free or reduced-plastic packaging, creating their own business ecosystem (<https://rb.gy/pzri09>). To this end, the company has implemented a three-step approach to achieving further innovation in its packaging processes, with the goal of increasing sustainability.

5.1 Step 1: Reduce and eliminate plastic packaging

As a first step, HelloFresh aims to reduce and, in the long term, eliminate plastic anywhere it is not needed. As explained by Tom Vogels:

We do not package the ingredients ourselves. We work with suppliers and co-packers to minimize the use of plastic. For ingredients like potatoes, sweet corn, parsnips, thyme, and radishes, plastic packaging could be completely eliminated in some regions. Unfortunately, we cannot simply repeat what we have learned from one ingredient and do it the same way with other ingredients. It's always different.

HelloFresh has implemented packaging innovations in collaboration with its suppliers to reduce the amount of plastic used for protein ingredients (e.g., fish, meat, and dairy; Figure 2). This includes a shift from plastic trays to vacuum packs for fish and meat, and from plastic tubs to recyclable tetra packs for dairy products. The company tests innovative packaging solutions at its distribution centre, together with the Food Safety Quality Authority (FSQA). These efforts have resulted in the replacement of plastic trays with vacuum packaging for salmon and marinated duck in the Benelux region, as well as the replacement of hard plastic cups with sustainable stand-up pouches for dairy products in Germany, Austria and Switzerland, thereby reducing food waste and plastic usage by 70%. In addition, HelloFresh has optimized its packaging by providing a single large sachet for ingredients used in multiple recipes in a single order, thus reducing unnecessary plastic. While the company has made significant efforts in this regard, it is important to acknowledge that the complete elimination of plastic continues to pose a challenge, due to the diverse nature of the ingredients used in the meal kits. Given the unique requirements of each ingredient, it would be difficult to eliminate all plastic at this time.

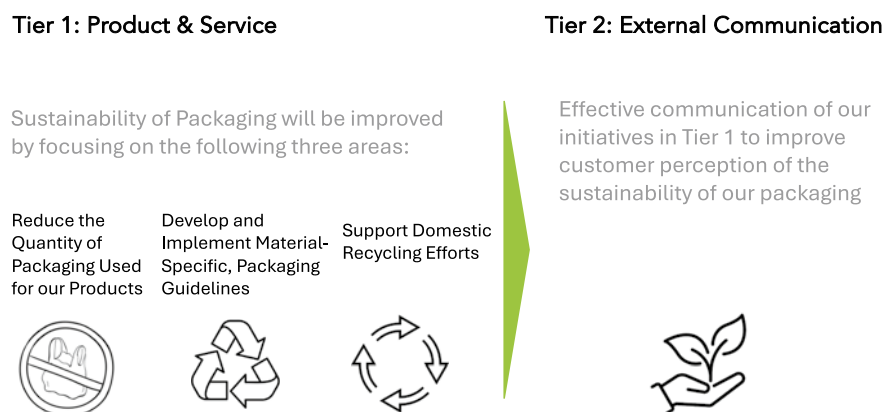


Figure 1. Hello Fresh approach to sustainable packaging. Source: HelloFresh (2023).



Figure 2. Example of a current HelloFresh meal box packaging. Source: HelloFresh (2023).

Despite the challenges outlined above, HelloFresh has expressed the ambition to be actively engaged in the circular economy, ensuring that all of its packaging materials are recyclable. The company is exploring a clear set of guidelines concerning which kinds of materials it would like to use, and it is also considering the possibility of using recycled materials in its packaging. One example involves the use of PET trays, which are made of recycled plastic, for meat packaging. Another major change that HelloFresh adopted throughout the European market was to replace plastic with paper for ingredients like rice and other grains. To this end, the company has rolled out its in-house produced water-based ice packs to replace plastics, thereby helping to reduce plastic usage and unnecessary transportation. HelloFresh is now also operating specialized programmes like Tetris and Box Fit 2.0, which are intended to determine the ideal size of meal box for every order and the amount of meal boxes that are being shipped. This has helped to reduce the use of medium and large boxes, while increasing the use of small boxes by 60%, resulting in major savings in the quantities of cardboard used. The increased use of small box has helped to optimize space during shipping, thereby reducing the number of trips. As noted by Rosco van Kempen:

The challenge is that the quality of innovative packaging is volatile and that it is different for each case. We use herbs wrapped in thin foil, which is not the best from sustainability perspective. We had found a water-repellent paper-based solution, but the producer couldn't handle the volume and the need for flexibility. At the same time, there was no guarantee of the quality of packaging.

More specifically, any decline in the quality of packaging would reduce the quality of the ingredients received by consumers. Rosco van Kempen continues:

People are more inclined to complain about the quality of ingredients than about the amount of plastic.

This realisation explains the resistance of companies to participate in a market transition towards plastic-free packaging: they expect the costs to exceed the benefits.

The adoption of environmentally friendly, plastic-free packaging to comply with current policies and to satisfy consumer demands requires companies to make major investments in upscaling packaging innovations (McKinsey & Company, 2020). As noted by Marcel Keuenhof:

The problems that we're facing are not problems of a single company but of society as a whole. If you have a common challenge, there is no sense in trying having each company try to resolve it alone.

That would be impossible. Instead, they should work together, in a construction that is sometimes referred to as a ‘field lab’ or ‘pre-competitive consortium’. Quite often, the market and its solutions are so complex and costly that even the really big companies cannot drive the change on their own.

In other words, HelloFresh depends on its suppliers to package its ingredients, and it is therefore bound to using the packaging materials offered by these suppliers, which are often not environmentally friendly. To address this dependency, HelloFresh is reaching out to innovative supplier companies and asking them to build a joint business ecosystem for developing environmentally friendly packaging alternatives that have the potential for use at a large scale. As noted by Rosco van Kempen:

We also involve suppliers in the process because that makes it feasible to have packaging that is scalable and that can be printed the way customers expect it from HelloFresh.

The company has thus recognized that shifting the market towards more sustainable packaging will require joining forces to achieve their aim of satisfying their customers, while also affecting other actors within the supply chain (Ingenbleek & Krampe, 2023).

5.2 Step 2: Re-design, develop, and implement (plastic) packaging

In general, several elements are known to play a critical role in the packaging design, including packaging material, colour, product information, text, pictures, logos, and labels. All of these elements influence the perceptions of consumers (Becker *et al.*, 2011; Schifferstein *et al.*, 2021). As indicated by previous research, packaging design plays a crucial role in ensuring that consumers will recognize environmentally friendly packaging (Ketelsen *et al.*, 2020). HelloFresh has adopted standard guidelines for design elements that are used in the different countries in which they operate. The most important design elements for HelloFresh are colour palette and cooking gestures. As noted by Cato van der Kaden, the Product Marketing and Partnerships Team Lead at HelloFresh:

We perform field research to determine which elements we need to adapt to the local market and to inform the design elements in packaging. Based on the research, our designers work to create unique designs. [...] We have created icons that are suitable for all regions, as the recycling process in the Netherlands differs from the process in Belgium. Icons help to communicate without text, and they eliminate language barriers between different regions.

Thus, HelloFresh’s long-term vision is to transparently inform consumers about their efforts to develop and implement sustainable material specific packaging guidelines.

The process of re-thinking packaging design can thus help to advertise a product within a competitive environment, while also fostering sustainable consumption patterns (De los Rios & Charnley, 2017). In this regard, HelloFresh has a major advantage over supermarkets, as it does not need to protect its products from customers touching them on the shelves. It also has no need to use packaging designs to differentiate its products from those of competitors or to promote product, as it does not need to compete against other products on the shelf. In contrast to the traditional role of packaging designs (i.e., defined as an advertisement tool that enables a product to be noticed by consumers in a retail outlet), HelloFresh meal kits are delivered directly to the customer’s doorstep, without having to compete in the retail landscape. For HelloFresh, therefore, the aesthetics and appearance of the packaging are less important than the functionality and environmental friendliness of the packaging material (<https://shorturl.at/jPVZ1>; <https://shorturl.at/mrwNR>). This brings the material used for packaging to the fore in the debate.

5.3 Step 3: Re-think recycling, pricing, and other innovative alternatives

The market for plastic alternatives for packaging is in the nascent stage of development. This makes innovative packaging more expensive for companies, and a majority of customers are likely to be reluctant to pay more for sustainable packaging. As noted by Rosco van Kempen:

When people in the HelloFresh community are asked whether they want more food in the box or whether they want to have more sustainable packaging, most people say to just add more food to the box. There is always a trade-off that customers must make.

It thus remains unclear whether customers would be willing to sacrifice the quality of food ingredients in the interest of more sustainable packaging or to pay a higher price without any direct personal benefit in exchange. Rosco van Kempen continues:

An increasing number of people are choosing for sustainability, but low prices are still very tempting to the masses, and everybody is risk averse. Sustainability is a luxury good; everybody wants it, but nobody wants to pay for it.

HelloFresh has a fixed budget for procuring ingredients for each customer meal kit. The company must thus make various decisions (e.g. concerning the origin of specific products, amount of packaging, and organic/conventional) in accordance with the wishes of its customers. According to van Kempen:

When you choose for more expensive packaging, there is always a trade-off. Either you choose to increase the price or decrease the amount of ingredients in the recipe.

Despite the implementation of a packaging-innovation plan and setting ambitious sustainability goals, it is clear that HelloFresh cannot completely eliminate plastic packaging and remain competitive in the market. To uphold its vision on sustainability, therefore, HelloFresh must improve its communication with existing and potential customers concerning the trade-offs required, thereby justifying the company's actions, and demonstrating its commitment to the sustainability transition.

6. Communicating sustainable packaging: The HelloFresh communication plan

As mentioned above, HelloFresh has successfully implemented several initiatives to address the reduction of plastic packaging. Despite these efforts, however, consumers perceive the company's actions as incomplete, and this is posing a significant risk to its success. To overcome this challenge, HelloFresh includes a communication step (tier 2) in its approach to sustainable packaging. In the past, HelloFresh has been cautious about discussing its sustainability initiatives, acknowledging that this is a delicate topic that can quickly backfire. The company is nevertheless aware that not communicating its efforts is not the best approach to showcase its activities in the area of sustainability. As Rosco van Kempen explains:

New customers receive a booklet with their first meal kit that explains why we use the amount of plastic that we do. Apart from that, however, there isn't much communication. We could do more in this regard.

HelloFresh has thus acknowledged the need to clarify its decision-making regarding the use of certain packaging materials. The company's strategy involves viewing customers as partners in the recycling process. As noted by Hans van Trijp:

In sustainability issues, companies cannot simply say, 'We have reduced the damage, now be happy, because sustainable packaging is a reduction of loss, not a gain'. That's what makes it difficult to communicate.

Sustainable packaging thus represents, in the perception of the consumers, a reduction in loss rather than a gain, making it difficult for companies to communicate their efforts effectively. This further complicates the existing challenges in meal-kit packaging, thereby requiring HelloFresh to take additional action.

It is, thus, vital for customers to understand the reasoning that underlies goals, rather than relying solely on external motivation (Deci & Ryan, 2012). When explaining their sustainability efforts, HelloFresh should therefore not only provide information about its aim to prevent food waste, but also provide compelling arguments to its customers concerning the necessity of using plastic packaging. To this end, the company should emphasize the importance of balancing the efforts between food waste and plastic packaging to help customers understand the reasoning behind their decisions. Furthermore, to ensure effective communication, HelloFresh must be vigilant in avoiding potential pitfalls that could lead to miscommunication or, even worse, lead consumers to neglect the meal kits of HelloFresh.

6.1 Avoiding greenwashing

There are risks associated with communicating to consumers about sustainability. As noted by Marcel Keuenhof:

Companies are afraid to communicate about their sustainability initiatives for fear that NGOs or other activist organizations will accuse them of greenwashing.

Greenwashing is a marketing strategy that makes products appear more sustainable than they actually are. In some cases, overambitious marketing teams make unsubstantiated claims on packaging, which can lead to consumer distrust. In addition, consumers may be only partially aware of the information that companies are required to provide (Schifferstein et al., 2021).

As suggested by Cato van der Kaden, it is better to make progress first and then communicate about it, in order to build trust with customers and avoid accusations of greenwashing:

We now feel more confident in talking about our progress. It is better to make the initiative a success and then start communicating about it. In this way, you remain more trustworthy and reliable in the eyes of your customers, while reducing the likelihood of being accused of greenwashing.

Although HelloFresh follows a defensive communication approach, it also aims to communicate its efforts and associated arguments more clearly to its existing and potential customers. To avoid the pitfalls of greenwashing, research suggest avoiding displaying that a product is environmentally friendly based on a narrow set of attributes. While also avoid making false environmental claims, providing no proof, being vague or irrelevant, or using false labels or certifications (Delmas & Burbano, 2011).

6.2 Addressing customer complaints

HelloFresh organizes customer-contact moments throughout the year and invites customers to engage with the HelloFresh team when requested. As explained by Rosco van Kempen:

We have a lot of information coming from customers from all sides, and we receive a lot of questions from customers, like ‘Why do we have this in the box? Why do we need so much plastic? Do we not have any other alternative?’ To address this, we are in close contact with our customers. Sometimes, we call them to receive more feedback. [...] The harsh reality is that it is impossible to keep all the customers happy.

Despite acknowledging that HelloFresh is not capable of satisfying all its customers, the company does involve critical customers, inviting them to participate in debates and discussions (e.g., concerning the use of plastic packaging for ingredients). The goal is to improve customer relationships through direct (online) communication touchpoints. Although research on the involvement of customers in the innovation process is still in its infancy (Cui & Wu, 2018), there are already indications that such an approach, as pursued by HelloFresh, can be effective. This is particularly because it brings customers closer to the company and can thus force an open discussion about the company's approaches to solutions with regard to the use of plastic as a packaging material.

6.3 Guiding customers

Because the complexity of available information makes it difficult for customers to assess sustainability claims, they often rely on cues and trust media sources and peers (Cox *et al.*, 2009). Hence, packaging design may be inspired by setting a narrative about sustainability initiatives, which could help to enhance customer acceptance of the materials used. As noted by Marcel Keuenhof:

Companies cannot be perfect from the very beginning. We must therefore all take steps towards the most ideal or most sustainable packaging.

HelloFresh could therefore take a gradual approach to the transition towards sustainable packaging, while also seeking validation of its efforts from third-party organizations (e.g., the WWF or other trusted NGOs). Furthermore, in light of the substantial impact of influencers and celebrities in shaping societal opinions, communication campaigns that emphasize and validate the company's sustainability initiatives could play a pivotal role in transforming consumer perceptions towards a more sustainable mindset. This could subsequently enhance perceptions concerning the company's endeavours to minimize the use of plastic in its packaging, thereby shifting consumer perceptions away from 'the glass is half empty' to 'the glass is half full' with regard to its sustainability initiatives.

7. Conclusion

HelloFresh is a market-oriented company, meaning that it is responsive to market demands and consumer preferences. In response to concerns about plastic packaging, HelloFresh is taking actions to reduce its use of such materials and to meet the need for more sustainable packaging. To this end, the company is collaborating with innovative suppliers to develop plastic-free packaging and sustainable packaging solutions. However, given the complexity of food packaging — which is influenced by regulations, policies, technology innovations, and consumer preferences — HelloFresh cannot eliminate plastic entirely from its business model. This is primarily because plastic packaging plays an important role in ensuring the safe transportation of food over long distances, as well as in the prevention of food waste by keeping the food products at a high level of quality for longer. So, what decisions does Rosco van Kempen need to make in order to make HelloFresh's packaging more sustainable and at the same time fulfil its quality promises? And how can Rosco van Kempen best deal with external (consumer) pressures that challenge HelloFresh's sustainability policies and initiatives? As part of HelloFresh, he must strike a balance and carefully consider the costs and benefits associated with reducing or eliminating plastic from its business model. Equally important is the way in which HelloFresh communicates with customers about the decisions taken within the sustainability debate concerning plastic-free packaging. Without communicating effectively, HelloFresh will not be able to continue the successful promotion of the sustainability transition of their meal-kit service, nor will it be able to cope with external pressures from competitors, governmental and non-governmental institutions, and the civil society.

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HelloFresh: Transitioning to a plastic-free future?

Teaching note

Overview

This teaching note accompanies the case study entitled ‘HelloFresh: Transitioning to a Plastic-Free Future?’ that outlines the steps HelloFresh has taken thus far to reduce plastics in its packaging. The company’s packaging practices have come under scrutiny in recent years, as a result of its remarkable expansion success. Customers have cancelled their meal-kit subscriptions due to the excessive use of plastic packaging for ingredients. In response to these events, HelloFresh began to seek alternatives to replace plastic packaging for its ingredients, but ultimately found that the currently available packaging technology makes it impossible to eliminate plastic completely. HelloFresh is therefore looking for ways to communicate with customers about its sustainability message while making innovative changes to its packaging processes. It remains crucial for HelloFresh to strike a delicate balance between changing its packaging practices and effectively communicating this message to its customers.

Statement of Relevance

In response to the growing attention to the detrimental effects of plastics, both governments and companies are facing pressure to reduce the use of plastics. By polluting the environment, plastics affect the health of life on land and at sea. Companies working with packaged consumer goods are particularly visible with regard to the excessive use of plastic packaging materials. With the rapidly changing structure of the food-service market, plastic packaging has become even more important to emerging business models. Companies are thus being held at least partially responsible by public opinion. At the same time, plastic packaging is also part of the solution to other important issues, including food security and food safety. Decisions concerning whether or how much to reduce plastic in packaging thus involve complex trade-offs.

Existing case studies do not address the issue of plastics and the associated complexities, at least not directly. Some treat sustainability or corporate social responsibility as a holistic issue that requires attention within the supply chain (Baily et al., 2020; Jiang et al., 2018). Others address other sustainability issues, including food waste (Ingenbleek and Zhao, 2018) and the protein transition (Ingenbleek & Zhao, 2019; Krampe & Fridman, 2022). As such, this case study makes a novel contribution by broadening the perspective of the sustainability issues confronting the agri-business and food industries. This contribution is important, as it enables educators to train students in making complex decisions and communicating them to the broader public. This is another inherent aspect of sustainability issues that businesses cannot fully resolve (at least not yet), but that do require action.

Target Market Statement

Teaching Objectives

This case seeks to encourage thinking about how companies can cope with complex compositions in their efforts to reduce the use of plastic packaging material. More specifically, the following learning objectives have been formulated. Students should:

- Learn to weigh the advantages and disadvantages of complex decisions concerning issues that require trade-offs (including, but not limited to the issue of plastic packaging).
- Decide on how to communicate motivations to consumers and the wider public.
- Recognize how sustainability issues are becoming more prominent against the background of emerging business models in the food-service and food-delivery industries.
- Elaborate on potential barriers that could prevent sustainability transitions within the food value chain.

Target Audience

This case study is suitable for university students and students of professional higher education (e.g., MBA and specialized agri-food Master programmes). The case depicts a well-established company that was open in sharing its complexities. This case could also be used for executive teaching, to help managers make decisions, develop policies, and apply the lessons to the context of their own organizations.

The case has been evaluated by several instructors who intend to use it in their 2023–2024 courses.

Teaching Case Analysis

Suggested assignment questions

The central questions to answer in this case study concern (1) whether HelloFresh is using all available opportunities to reduce plastics in its packaging, given the constraints of its business model and (2) how it should communicate its motivations to consumers. To arrive at an overall answer to these main questions, students should consider sub-questions concerning the use of plastics in the company's operational processes and communication (in the broadest sense).

1. Value proposition and processes

1.1 How is the use of plastics inherently linked to the HelloFresh value proposition?

HelloFresh offers convenience to consumers while enabling them to prepare their own meals fresh. It further offers variety by providing recipes that customers like, along with exactly the right amount of fresh ingredients. These ingredients must be packaged in a way that keeps them fresh and ensures food safety. Although this approach may not necessarily require higher plastic use than other business models, customers are continuously confronted with the plastics used to package the ingredients, thus making it a focal touchpoint. This may give rise to the perception that HelloFresh is the first company in the food industry to be held responsible for excessive plastic use.

1.2 HelloFresh sees the issue of plastics as a form of co-creation. With which stakeholders is HelloFresh engaging in co-creation to reduce plastics?

It is working with its suppliers to reduce plastics where possible. HelloFresh also aims to reduce plastic packaging by fostering circular and biodegradable packaging.

In addition, it is working with new innovative packaging suppliers that may be able to solve at least part of the problem.

Finally, it is involving consumers, explaining the necessity to them, and encouraging them to recycle or dispose of the plastics in the proper way.

1.3 What else do you think HelloFresh could do in its co-creation policy to reduce the use of plastics?

This is a brainstorming question. Some ideas could be to consider the required packaging in the development of recipes (e.g., ensure that recipes do not require excessive plastic packaging) or to make this an option for consumers when selecting their meals. The company could provide consumers with plastic waste bags for recycling or provide such bags free of charge to consumers in municipalities that require consumers to pay for plastic waste bags.

2. Communication

2.1 Which goals should HelloFresh set in its strategic communication plan on plastics?

Students could develop their own communication plans (e.g., with the help of a marketing communications textbook). One important point is that HelloFresh should communicate its broader sustainability with regard to packaging.

To protect its reputation and brand equity, HelloFresh should address both cognitive aspects (awareness of the trade-offs) and emotional aspects. This would allow the company to demonstrate that it is not careless about packaging, but that it has an inherent drive to improve sustainability. As a result, consumers might perceive see them as less worthy of blame.

2.2 How proactive is HelloFresh in its communication about plastics?

In the past, HelloFresh was not proactive in its communication strategy. After recognizing that such an approach is not goal-directed, however, the company now communicates its plastics policy to new customers. This is a proactive communication action, as it informs consumers who have not posed the question to HelloFresh themselves.

2.3 Do you think that HelloFresh made the right decision regarding the proactiveness of its communication? How does HelloFresh reduce the risk of this strategy?

In one respect, communicating the plastic policy upfront is risky, as customers who might not have thought about it might now be made aware of the amount of plastic that HelloFresh uses. In another respect, however, it manages expectations and prevents them from ‘hearing it from someone else’.

HelloFresh follows a three-step approach to reduce the risk of miscommunication (as depicted in Section 6).

2.4 Does HelloFresh involve stakeholders in its communication policy about plastics?

Although HelloFresh does not currently do this, the case-study text suggests this as a potential idea. The notion could be linked to theories on stakeholder marketing and business ecosystems (e.g., Hillebrand, Driessen & Koll, 2015; Kandiah & Gossan, 1998).

2.5 Which stakeholders do you think could make a valuable contribution to the HelloFresh communication policy?

This is a brainstorming question that does not necessarily have any right or wrong answers. In principle, the best stakeholders are seen as legitimate, in that they are respected and seen as credible, with an extensive reach that could potentially influence many consumers.

2.6 Do you think these stakeholders would be willing and able to collaborate with HelloFresh on this?

This probably depends on whether HelloFresh is a leader in reducing plastics. As such, this question could be linked back to the questions on the company’s processes. Educators could use the question to bring all information together and wrap up the case study.

3. Sustainability transition

3.1 Which factors are placing pressure on HelloFresh to transition towards a plastic-free future?

At present, the pressure is largely from the ‘landscape’ level, as consumers and media (including social media) call for changes to mainstream companies at the ‘regime’ level, where HelloFresh is certainly quite visible. There is virtually no pressure from the bottom up, as niche players and/or suppliers have very few solutions to offer that HelloFresh could adopt to make changes to its operations.

This question could be supported theoretically by the multi-level perspective (MLP) model on sustainability transitions, as found in Geels and Schot (2007) and placed in a broader perspective in the literature review by Köhler et al. (2019).

Please note that, in classroom use, this question could also be placed at the beginning, followed by the questions under 1 and 2, before addressing Questions 3.2 and 3.3.

3.2 Which transition pathway is most likely to evolve in the plastics transition?

The literature contains several variations to the MLP model. The most important variations are reported in Geels and Schot (2007).

Given the current lack of alternatives to plastics, change should be realized by accumulating many different solutions, each reducing the necessity of using plastics to some extent. Geels and Schot (2007) refer to this as a *configurational pathway*.

3.3 Who should be taking which actions to make a future without plastics more likely?

Most importantly, niche companies, suppliers, technology developers, and other actors should continue developing partial solutions that could contribute a part of the overall solution. Consumers, media, and NGOs should maintain pressure on and reward mainstream companies like HelloFresh for implementing such solutions and/or encouraging players within their value chains to implement solutions. Students could also elaborate on technology and ‘big-data’ developments that could contribute to a plastic-free future.

Activity Statement

The class in which this case is discussed should be organized around group discussions. Before class, participants should read the case thoroughly. The exact format of the class could vary according to the level and experience of the participants. Executives could be divided into groups of 4–6 participants to address whether HelloFresh is making the right choices, and which steps it should take in the future. Participants could explore different angles to answer the case-study questions. After 45–60 minutes of group discussion, a plenary session could be organized to bring the participants together and take inventory of the recommended future steps for HelloFresh. During this discussion, the instructor should introduce any new theoretical angles that might structure the arguments (as suggested in the previous section).

Groups with less experience (e.g., university students) will probably need more help. In the most extreme case, instructors could devote one or more lectures to explaining the underlying theories they would like to highlight. They should then formulate several guiding questions to reflect on each theory (see previous section). The suggested approach could also be incorporated into problem-based group-learning exercises. Each group member could be assigned to a certain domain (e.g., consumer trends or open innovation) and acquire background knowledge on that topic through self-study and by reading the case. The group should subsequently come together to discuss the arguments and insights from the various angles, and then decide.

Alternatively, the instructor might assign groups to the various theoretical domains and integrate the resulting insights in a plenary session, with the goal of arriving at an overall class decision.

Research Statement

The information in this case comes primarily from interviews with HelloFresh managers. We also interviewed stakeholders/experts, including Hans van Trijp and Marcel Keuenhof. All interviews were conducted by one or two of the authors. To provide a complete story, we conducted desk research by visiting several websites and reports. HelloFresh and the interviewees confirmed the correctness of the information in this case before it was submitted for publication. Any remaining errors are the responsibility of the authors. Financial information on HelloFresh is restricted to annual reports that are published for HelloFresh global only. As there is no specific information for HelloFresh Benelux that is not treated confidentially, we cannot provide insightful financial information along with this case study.

Follow-Up Statement

The case study describes HelloFresh in 2022. At that time, the company had not made any concrete changes to its policy. We recommend that instructors ask participants to gather additional input for the classroom analysis by searching for more recent updates. Moreover, the suggested references are not required but might help students to better understand the connections between theory and practice as described within the case study. Additional, references might be added by the teacher, depending on the additional learning goals and objectives. This case does not use real names of HelloFresh staff members, as requested by the company.

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