

Blue Apron: How One Company Optimizes Its Supply Chain and Equips Customers with Pre-Portioned Ingredients to Reduce Waste

AN INTERVIEW WITH

Hannah Koski, Director of Procurement and Sustainability at Blue Apron

Blue Apron's mission is to make incredible home cooking accessible with delicious step-by-step recipes and high-quality ingredients. Central to its business model is an uncompromising commitment to sustainability—including through reducing its food waste impact. Amy Ahearn, Associate Director, Acumen, and Alexandria Coari, Capital and Innovation Director, ReFED, sat down with Hannah Koski, Blue Apron's Director of Procurement and Sustainability, to learn about her work and the lessons she thinks food recovery nonprofits might be able to draw from Blue Apron's innovative model.



This interview was produced as part of [The ReFED Nonprofit Food Recovery Accelerator](#).

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AMY AHEARN: For those who might be less familiar, could you describe what Blue Apron does?

HANNAH KOSKI: Blue Apron was founded in 2012, with the mission to make incredible home cooking accessible. This mission continues to guide all of our work today. Our product is a meal experience that our customers create at home. This includes everything from discovering new recipes and new ingredients to learning new culinary techniques to preparing a meal at home with friends or loved ones or just for one's own enjoyment.

We design original recipes that are sent to our customers along with pre-portioned, fresh and seasonal ingredients. It's a model that's dependent on the integration of technology and the expertise of our staff and supply-demand coordination activities. Our core competencies include everything from demand planning to recipe creation to merchandising to fulfillment to operations and marketing.



IMAGE CREDIT: BLUE APRON

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AMY: What's your role at Blue Apron? What brought you to this work?

HANNAH: I currently work as Blue Apron's Director of Procurement and Sustainability. I've worked at Blue Apron for just over four years in various roles all centered around our commitment to sustainability. Early on at the company, I helped to build our sourcing program and developed relationships with different suppliers and producers to create pipelines for new and responsibly sourced ingredients.

I've also helped spearhead and implement our food waste reduction and recovery programs, which have been very successful. Specifically, in two years, we've been able to reduce waste by more than 50% across our facilities.

What originally attracted me to Blue Apron was the opportunity to support food systems change. Prior to this, I was working in agriculture as a producer and also in the nonprofit sector focused on issues of food insecurity. Through those roles, I learned the extent to which food and food access are both parts of incredibly multi-faceted, complicated and interconnected environmental, sociocultural and economic systems. I also came to recognize that any attempt to fix those systems has to take an

approach that encompasses many different factors and needs of stakeholders. Given the way Blue Apron was approaching meal solutions and the value chain, I thought that working here would create a unique opportunity to drive some of that positive impact.

AMY: That's great. Clearly, you have a background informed by lots of different perspectives. From your current vantage point at Blue Apron, what are some of the major opportunities for innovation that you're seeing when it comes to food waste and food recovery? You mentioned lots of broken spots within systems, what are you seeing? How is Blue Apron starting to tackle some of them?

HANNAH: I think it's really inspirational that we are starting to see this emerging spotlight on food waste reduction and recovery. Blue Apron is excited to be part of the inaugural class of the U.S. Food Waste and Loss 2030 Champions, a group of businesses and organizations that have made public commitments to reducing food waste in their operations by 50% by 2030. I'm glad to see companies making these types of commitments and to see all of the different technologies and innovations that are emerging to support that work.

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At Blue Apron, our model was created from the beginning with the intent to reduce waste. That was a key driver behind our founders' intent with this product. We achieve this original goal through a variety of mechanisms. One is an optimized supply chain. By sending pre-portioned ingredients to our customers we are able to dramatically reduce household waste. Recently, there was a very exciting study conducted by the University of Michigan that showed 33% lower lifecycle greenhouse gas emissions

resulting from our optimized supply chain and reduced household waste compared to traditional grocery shopping. I think the impact has really been demonstrated and validated.

Blue Apron has gone a step further and committed itself to continuous improvement. We are always seeking to drive additional reductions in waste and to divert as much as possible from landfills or incinerators. We are very intentional



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about food sourcing, buying and handling practices. This allows us to run lean inventories of perishable products in our facilities, which has also helped to free up company resources so that we can more effectively manage our diversion programs, such as our company-wide farmers market program through which we donate a lot of our surplus product directly back to our employees. We also have several partnerships with different food banks. We are really big on data tracking. We're very careful to measure the right things and understand what impacts of our work are and then also recognize where we can continue to improve.

AMY: It sounds like Blue Apron is making significant progress when it comes to reducing food waste. I've heard skepticism though when it comes to the packaging that is required to send all of these meals to your end users compared to traditional grocery shopping. How do you think of Blue Apron's net environmental footprint? What would you say to people why might have that question about the amount of packaging required to ship your meals?

HANNAH: We hear that a lot. The study that came out from the University of Michigan was really helpful and demonstrated how some increased packaging on the part of

meal companies is offset by reduction in food waste and an optimized supply chain. We're always looking to innovate and drive improvements. Packaging is one area of focus where we have people dedicated to improving our environmental impact. We've improved our ice packs, for example, so that they have lower associated carbon emissions. We've also rolled out programs to get the word out to our consumers about precisely how they can recycle our materials so that as little as possible is ending up in the landfill.

We have an end-to-end value chain and really operate from farm-to-fork, so there are many opportunities to innovate. We absolutely have a commitment to considering all different aspects of that value chain and trying to improve our label.

AMY: That's great. And given that you've also operated in the nonprofit sector, I'm curious where you see opportunities for nonprofits to start to play a role in this value chain? What opportunities might exist for companies like Blue Apron to collaborate with nonprofits?

HANNAH: I'm most excited about opportunities for like-minded, mission-aligned partnerships. I think the sky really

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is the limit if the two partners have a shared vision and shared intended outcomes. There is a lot that corporate companies can offer to nonprofits. I also think it's a two-way street and there's a lot of value that corporate companies can obtain from partnering with nonprofits, such as helping to inform and validate their initiatives.

ALEXANDRIA COARI: *Could you see a future where nonprofits are paid for the food recovery services they're providing to companies for low-to-no fee today?*

HANNAH: I think that's a really great question. And it is an enormous question. Ultimately, I think it would take a lot of shifts in the way that we as a society value food and people's nutrition.

AMY: *As you look to the future, where you want to see Blue Apron continuing to innovate when it comes to food waste?*

HANNAH: Food waste reduction and recovery, and sustainability more generally, are really ingrained in the company's DNA. We are increasingly allocating resources and teams to identifying areas for innovation within the various aspects of our value chain. It's hard to say exactly what those opportunities are, but we are constantly on the lookout. Central to our culture is this

idea that we can continuously improve and that we are not going to be complacent with where we are today.

AMY: *Blue Apron has also figured very elegant and sophisticated ways to get food to people's doors. I'm curious how you think some of these innovations can be applied to low-income populations or the nonprofits that are serving them?*

HANNAH: In my experience working on issues of food access and with food insecure communities, I've learned that food insecurity is a highly individual experience. Any given individual or family or community may be food insecure for a variety of different reasons. There's no one factor that drives that insecurity.

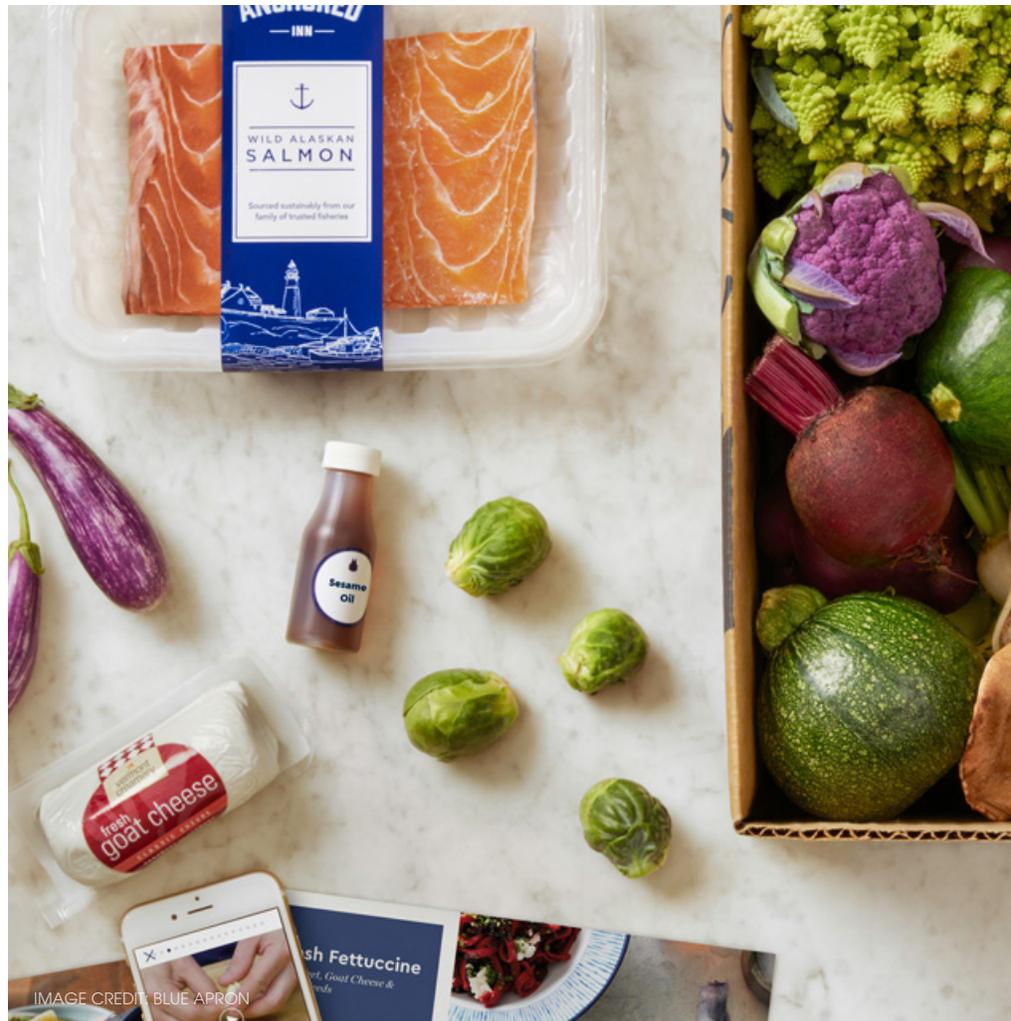
We often run into trouble if we make assumptions about what that driving factor or factors might be. When you begin to really engage your customers and realize that accurately assessing their needs is core to your business or organization, you begin to listen more to their own voices rather than holding onto your own assumptions. I think you start to come up with solutions that truly address factors that are driving food insecurity and that are both more effective and honor the dignity of the individual, family or community that needs them.

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AMY: Do you have any examples of how Blue Apron conducts user research to understand the perspectives of customers and then incorporate those insights into the product design?

HANNAH: Technology has been key. Smartphones are becoming a great equalizer. They're increasingly available and accessible to different stakeholder groups. Blue Apron has designed technology platforms with the end users' experience in mind. I would remind nonprofits not to look at technology platforms just to disseminate information. Rather, really understand that, if designed appropriately, they can help to build a relationship with your consumer. If you get these channels for communication and interaction right, you're more likely to get honest and transparent feedback and a more accurate assessment of what your stakeholders needs are.



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AMY: If people aren't familiar with the Blue Apron platform and what the customer experience looks like, can you give us some more details on how you build that relationship between the company and the customer?

HANNAH: We operate across different technology platforms and we actually have people dedicated to making sure that each of those platform experiences is comparable and designed with the end user in mind. That spans from interaction on our website to interactions through our on our smartphone app. We design each of those experiences so that they're user friendly, intuitive, appealing and meet consumers' needs. If consumers have expressed that they're really interested in, for example, health conscious recipes, we make sure that we are highlighting that information so that a consumer doesn't have to dig for it, but can rapidly make their judgments based on highly visual information. That's all critical to getting the sort of engagement and relationship we want to build with our stakeholders. Engaging in social media is also really important. A lot of our customers will say that when they're buying a Blue Apron box, they're welcoming us into their home and trusting us to help with what is probably one of the more personal and intimate parts of their day: preparing food

for themselves and their families. Engaging in a way that really taps into that personal connection is important and social media is a really powerful tool for doing so.

AMY: As a company, do you have any ways to make sure you're keeping the end customer in mind? For example, do you have common archetypes that you reference? How would you advise nonprofits to keep the person who's eating their meals in mind?

HANNAH: I just think you need to be willing to dedicate resources to constant engagement. It also helps that most of our employees are also Blue Apron customers. There's certainly no harm in experiencing your own product or your own service. Try to be as engaged in that end result as possible, whether that's showing up to a food bank where you're diverting product, or again, ordering a Blue Apron box. Knowing exactly how your products or services are experienced can offer valuable insight.

AMY: Given that you've worked on the nonprofit side of things and on the corporate side of things, any insights or pieces of advice that you wish you could share with your former nonprofit self?

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HANNAH: I think my former nonprofit self was very inclined to set lofty goals, and then charge at them. I've really learned in the corporate sector is that it's important to understand what your North Star is and your desired outcomes. You should take the time to set really intentional metrics, and then accurately assess your progress towards that North Star. I can't emphasize enough the value of honest and thorough evaluation along the way. You need to make sure you're continuing to make progress and that progress is still relevant.

I would also tell my former nonprofit self that it's important to consider the business case for everything that you do. Nonprofits are strapped for resources, whether it's time or financial, so every decision, every partnership that you pursue, every program that you look to put into place can only be justified by how it contributes toward achieving your goals.

AMY: What is top of mind for you these days? What projects are taking up most of your time?

HANNAH: Trying to build a plan that continues to be sustainable and meet the needs of our stakeholders. I'm balancing that with our umbrella vision for where we'd like to go. This is why I've really

come to value roadmaps toward achieving your goals; it can be really easy to get lost in the day to day. When you're working for a company that has a farm-to-fork value chain, there are so many different opportunities for things to pull your attention. I'm trying to put systems in place that are sustainable and self-functioning and can be managed by a variety of different people. We need to balance that against where we're going, how we're progressing along our roadmap toward achieving our larger goals, and make sure we're heading toward our North Star.

AMY: Are there any areas of the value chain where you're particularly focused right now? Can you give us an example of a specific project?

HANNAH: Blue Apron does a really good job of recognizing the importance of collaboration across teams because one is inevitably going to impact another. The bulk of my day-to-day energy, is in our fulfillment strategy: that ranges from how we source food initially from different suppliers and growers through how we bring it into our facility in a way that helps us run that lean inventory and also provides the best possible product to our customers.

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I'm heavily engaged in that work on a day-to-day basis, but again, that really requires partnering with our operations team. We can bring product in our fulfillment center, but then we need to make sure it's being handled in a way that maintains the integrity and quality of the product and carries on that intention to reduce waste. My role also requires partnering with our

marketing team to make sure we're telling the great stories of our different ingredients to our customers so they're capturing that value and enjoying those stories. It also means partnering with our packaging team to make sure the ingredients are making it to our customers in a way that maintains quality, but also prioritizes sustainability.



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AMY: One thing we've been hearing again and again is that there's so much innovation that needs to happen around like bringing fresh produce in this lean and agile way to market so that especially low-income customers can access it at affordable price points. You've done so much innovation in terms of lean inventory that I'm curious if you have any advice for where others can either learn from Blue Apron's practice, particularly when it comes to bringing fresh produce to people's doors.

HANNAH: With fresh produce, it's really important to be a category expert. One of the main drivers of food waste is shelf life. We can increase shelf life by looking at things like transit and storage temperature and minimizing handling. We can also look more closely to make sure that product is placed in the correct packaging to optimize shelf life, and for produce that it is in season.

AMY: How does Blue Apron think about differentiating itself from competitors? What lessons might you have for food recovery nonprofits that are trying to distinguish themselves from others? Do you think they should be thinking of this as a zero-sum game?

HANNAH: That's interesting. Based on my time in nonprofits, you always have to compete to some degree with organizations that have similar interests because grant funding and donor dollars are limited. What I think can really help set a company apart is understanding the needs of its stakeholders. You need a way to find and understand your most committed stakeholders or customers. These are the people who have bought into the product and have been willing to build a relationship with the product or service. Hearing their needs is really what should inform your market differentiation and how you set yourself apart from your competitors. Maintaining that sort of integrity and authenticity can go a long way in terms of building brand value.

AMY: Any final words of advice?

HANNAH: Understand the value of goal setting. Having a big goal, but setting short and realistic milestones to getting there works best.