

# Munchery raises \$85 million in bid to make healthy meals accessible to all

May 28 2015, by Tracey Lien, Los Angeles Times

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If meal preparation and delivery service Munchery gets its way, it will be the new default dinner option for Americans alongside home cooking and takeout.

The San Francisco startup recently announced an \$85 million funding round, which will be used to expand its operations and further lower the cost of its meals so it's "accessible to everyone," according to [chief executive](#) and cofounder Tri Tran.

Munchery currently cooks and delivers pre-ordered dinners to customers in the Bay Area, Los Angeles, Seattle and New York. With the new funds, it will start offering services on weekends and also plans to prepare and deliver lunches, too.

"This is an operationally heavy business," Tran said. "We produce the food. We're not like a Postmates or Caviar, where we just do delivery. So the funding will be used to expand to additional markets and produce additional offerings."

With growth will also come the ability to tap into economies of scale and reduce the cost of meals, Tran said.

When Munchery launched 3 { years ago, many entrees cost as much as \$25 because so few people used the service. While Tran would not reveal the exact number of customers who now regularly use Munchery, he said there were enough that the cost of entrees has been lowered to

\$10 to \$12 because the company now has greater ingredient [purchasing power](#) and the ability to use bulk-cooking appliances.

The company's next goal is to produce entrees it can offer for \$7 to \$8.

Tran admits this will be a challenge. While Munchery's kitchens are equipped to prepare meals in bulk and its purchasing power allows it to buy affordable, organic produce, the company still has a ways to go in educating potential customers that the service is real, and they won't be served cafeteria-grade food.

"A lot of people don't know how we do it, and they might envision robots doing this, or food sitting under a heat lamp for hours," Tran said. "So we're going to have to be more transparent. We're going to tell people how their food is prepared and how we're able to do it at a price point that is affordable."

In addition to tapping into economies of scale, Munchery keeps costs down by centralizing its cooking in one main kitchen in each city. It sets up shop in areas with more affordable real estate, like the semi-industrial part of the Mission District in San Francisco, and also relies on machinery like a \$50,000 oven that allows it to cook up to 500 servings of salmon at once while monitoring temperature and moisture levels.

Munchery's goal is to become an automatic mealtime choice for customers who don't want to cook at home or get takeout. But to do that, costs will have to be further lowered.

"We're going to shoot for \$7-\$8 per entree first," he said. "If the economy of scale is even greater than that and we can bring you a \$4-\$5 meal, we'll do it."

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Citation: Munchery raises \$85 million in bid to make healthy meals accessible to all (2015, May 28) retrieved 6 May 2024 from <https://phys.org/news/2015-05-munchery-million-healthy-meals-accessible.html>

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