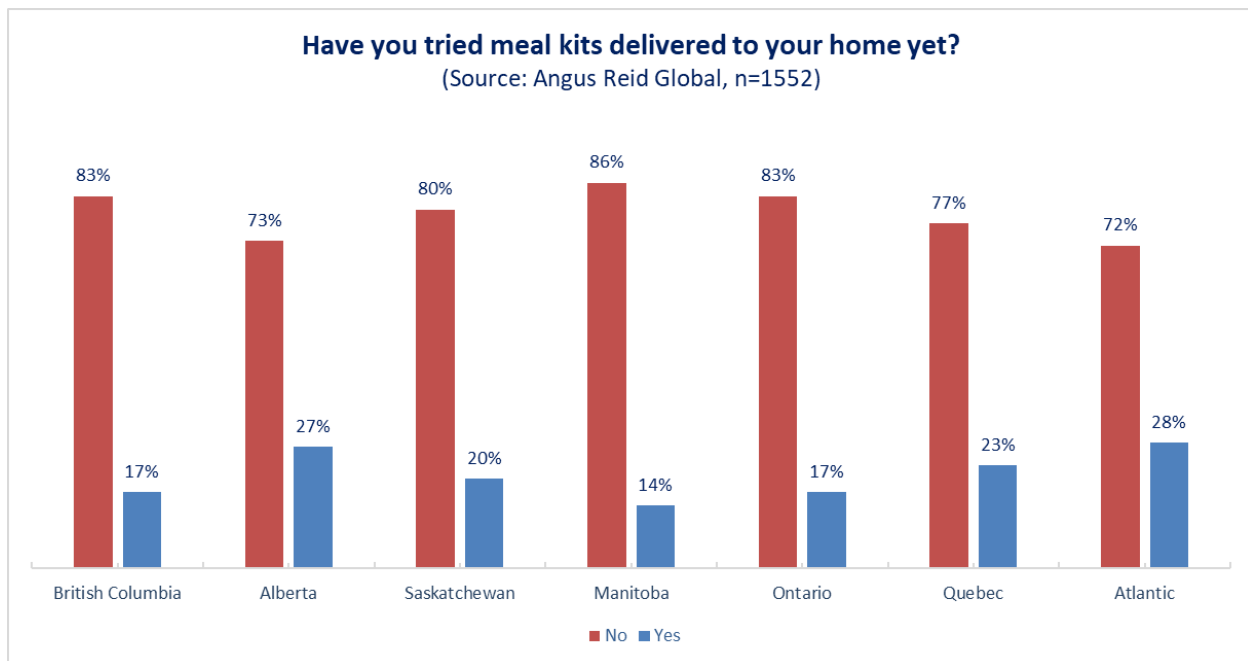


## While food delivery apps are more popular than ever, meal kits fail to convert Canadians into regular users, new survey finds

**HALIFAX, NS. (February 18, 2020)** – More Canadians are getting food delivered to their homes. Meal kits<sup>i</sup> are one example. In Canada, the meal kit industry has roughly tripled in 5 years and is expected to exceed \$400 million in 2020.<sup>ii</sup> Services like **Chefs Plate**, **Goodfood**, and **Hello Fresh** offer time-stretched households' other options for solving cooking dilemmas. According to a recent **Angus Reid/Dalhousie University** survey<sup>iii</sup>, 21% of Canadians have used meal kits at some point and 4% are ordering them



regularly. In other words, **81% of respondents who have ordered meal kits in the past, but no longer do.** The **Atlantic Region** has the highest penetration rate, at 28%. In that region, 7% of respondents claim to order meal kits regularly, which is the highest percentage in the country. **Manitoba** has the lowest penetration rate at 14%. Canadians under 34 years old are twice as likely to order meal kits than Canadians who are 55 and older.

Food delivery apps like **UberEATS**, **Skip The Dishes**, **GrubHub** and **Foodora** are also becoming more popular. Canadians ordered \$4.7 billion worth of meals in 2019, and close to \$1.5 billion of that was ordered by using a food delivery app.<sup>iv</sup> **A total of 39% of all Canadians have tried a food delivery app at least once. That is up from 29% since May 2019.**<sup>v</sup> The penetration rate for apps versus meal kits is much higher. A total of 67% of Canadians under 34 have used a food delivery apps, versus 15% for Canadians who are 55 and older. Provinces with the highest user rates are **Manitoba** and **Saskatchewan**. **Quebec** has the lowest penetration rate, at 26%. Interestingly though, **Quebec** and **Ontario** food delivery app users are more likely to use more than one food delivery app.

More than 61% of food delivery app users in both provinces use more than one service. In **Saskatchewan**, only 33% of users have or are using more than one food delivery application.

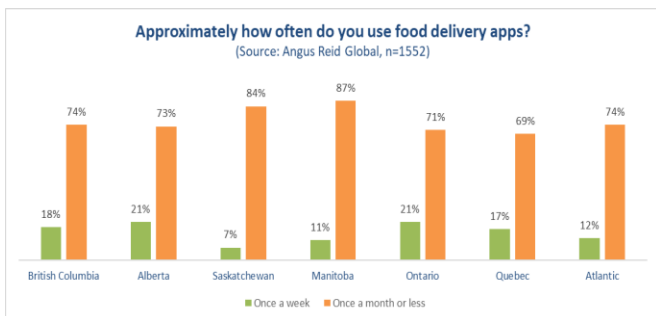
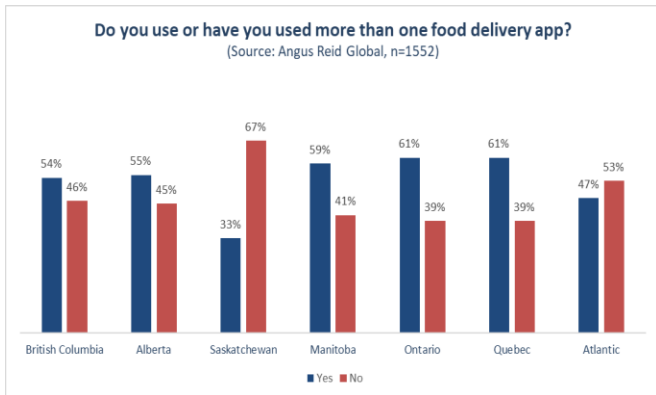
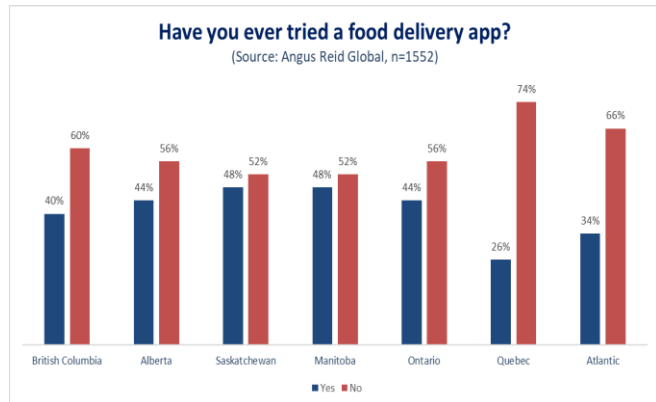
Across provinces, **Ontarians** appear to be the most frequent users of food delivery apps, along with **Alberta**. A total of 21% of users in both provinces use food delivery apps once a week. Even though more respondents in Saskatchewan and Manitoba have used food delivery apps, they appear to be using them less often.

As part of the survey, respondents were also asked what they disliked about food delivery apps. Respondents could choose more than one item in the survey. A total of 64% of Canadians believe **prices are too high**. The **temperature** of the food delivered was an issue for 45% of respondents. The third most popular issue was **overpackaging**, at 32%.

A total of 28% did not like these apps because their **favourite restaurant did not use the service**. Other dislikes surveyed under 20%, which included “**Do not receive the same amount of food as being in the restaurant**” (18%), “**The delivery person is not always professional**” (17%) and “**Not enough menu selection**” (15%).

This data allows for some interesting discussion about food delivery services which are currently seen as disruptive in the food industry. We expect food delivery apps to grow exponentially over the next few years, but service providers in this sector will have to address major issues if it wants to remain successful. Price, quality are key concerns Canadians have. But overpackaging is one issue which concerns almost one third of food delivery app users. Meal kit providers, on the other hand, are not able to convert consumers into regular users. Few are profitable, even if sales and the number of subscribers has gone up in recent years.

*More data on meal kits and food delivery apps is available upon request.*



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## References

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<sup>i</sup> Meal kits are pre-measured, pre-cut ingredients, but requires minimal cooking once delivered. We estimate that Canada is home to about 150 meal kit providers.

<sup>ii</sup> <https://www.npdgroup.ca/wps/portal/npd/ca/news/press-releases/unboxing-meal-kit-delivery-services-in-canada/>

<sup>iii</sup> 1,552 Canadians were surveyed in January 2020. National Omni, Angus Reid, Jan. 28-29, 2020. The sample carries a margin of error of +/- 3.1 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding.

<sup>iv</sup> <https://www.restaurantscanada.org/resources/>

<sup>v</sup> <https://troymedia.com/business/food-delivery-apps/>