


Exclusive: Why This Frozen Meal Maker Backed by Serena Williams and Gwyneth Paltrow Just Got \$43 Million

 fortune.com/2017/12/19/daily-harvest-serena-williams-funding/

Olympic gold medalist Shaun White and celebrity chef Bobby Flay are throwing their names behind frozen meals.

To be specific, the sports star and restaurateur are throwing their names behind gluten-free, vegan, and largely paleo-friendly frozen meals through New York City startup Daily Harvest.

On Tuesday, the food delivery startup hoping to reinvent frozen's reputation in the era of clean eating announced that it had raised some \$43 million in a second round of funding, led by venture capital firm Lightspeed Venture Partners, with participation from VMG Partners, M13, actress Haylie Duff, Bobby Flay and Shaun White.

"I'm so impressed with Daily Harvest's quality and approach to good living and healthful eating that I literally begged the founders to let me invest," Flay told *Fortune* via email. "The word vegan is now inclusive of everyone interested in living a better lifestyle and Daily Harvest is no exception."

Flay joins other A-listers who have already put their dollars behind Daily Harvest: Oscar winning-actress Gwyneth Paltrow and 23 time Grand Slam champion star Serena Williams participated in the firm's Series A round of financing alongside WME Venture, Collaborative Fund, 14W, and Rubicon Venture Global announced June. The size of that deal was not disclosed.

"Frozen is what people associate with dinosaur-shaped chicken nuggets," Daily Harvest CEO Rachel Drori tells *Fortune*. "But frozen is actually nutritionally better than what people are buying fresh in the grocery store."

According to Drori, properly frozen foods capture nutrients better than fresh foods that have spent days in delivery.

The investment comes at a time when Daily Harvest is expanding its product lines to lunch and dinner. The company, which started with just smoothies, offers overnight oats, parfaits, sundaes, and plans to deliver its lunch and dinner option starting in January. All of the options are filled with so-called superfoods (such as chia seeds, cauliflower, and coconut) and packed into a travel-friendly cup. Customers pay between \$6.99 to \$7.99 a cup, depending on what subscription plan they choose.

ADVERTISING

Now the company has gathered some 100,000 largely female subscribers, according to Drori, who has a marketing background to which she credits part of the company's success on social media platforms. Daily Harvest's Instagram account, which Drori says emphasizes healthy eating as a lifestyle rather than a fad, has attracted about 128,000 followers with minimalist photos of food. For comparison, Blue Apron has some 290,000 Instagram followers, and about 850,000 subscribers as of the third quarter.

"When [young women] find something they love, they tend to spread it on Instagram," said Lightspeed Partner Alexander Taussig, noting that food can be highly visual.

Daily Harvest isn't the only company to jump on the frozen food train. In 2015, ConAgra acquired Blake's All Natural Foods, a frozen meals maker that, as its name suggests, makes organic goods. Earlier this year, Nestlé also placed its bets on conscious consumers with the purchase of Sweet Earth, a Californian-based maker of frozen vegan meals.

The investments come as consumers are growing not just health conscious, but increasingly eating alone. Many are also spending less time planning meals as well as eating out less, according to data from the Hartman Group. While 38% of meals were eaten alone in 2012, by 2015 that figure had grown to 42%, according to the study.

"We are witnessing the entire pace of technology and social life swing to 'just in time,' 'last-minute' dinner planning that has caused labor-intensive meal production to be de-prioritized," according to Hartman.

Taussig, for his part, is hopeful that Daily Harvest can make the most of those trends. In theory, frozen meals, which won't perish easily, allow consumers to decide last-minute whether to eat out, heat up a frozen meal, cook from scratch, or forgo the meal altogether.

But to start with, Daily Harvest will need new hires, given the firm's 36-strong roster. Taussig is also hoping that the firm will increase its product offerings with the new capital. Daily Harvest now offers around 33 different cups, and will add another six with the introduction of its dinner and lunch option in January.