

Online natural and organic grocery Thrive aims to fill niche

October 14 2018, by Anne D'innocenzio



This undated photo provided by Thrive Market shows cofounder Nick Green. Thrive Market, a four-year-old online membership-based natural and organic food retailer, has successfully found a niche using Costco as a model, but just for healthy products. Green, along with his two co-founders Gunnar Lovelace and Sasha Siddartha, saw a big opportunity to make healthy food more accessible for middle-American shoppers who found Whole Foods too expensive and were overwhelmed by the increasing choices at discounters. (Thrive Market via AP)

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organic food retailer, has successfully filled a niche modeled after Costco but just for healthy items.

CEO Nick Green, along with his two co-founders Gunnar Lovelace and Sasha Siddartha, saw a big opportunity to make healthy [food](#) more accessible for middle-class American shoppers who found Whole Foods too expensive and were overwhelmed by the increasing choices at discounters.

Members pay an annual membership fee of \$59.95 to enjoy a 25 to 50 percent discount off traditional retail prices. For every membership it sells, Thrive gives away one to a low-income family.

Green, 33, already had another successful business with a social mission under his belt. As an undergrad at Harvard, he started Ivy Insiders that made college test prep more affordable. It was acquired by Revolution Prep in 2010.

Still, the Los Angeles-based retailer had a rocky start. It was first rejected by more than 50 venture capitalists before raising its first \$8.5 million in financing from more than 150 health and wellness influencers who understood the problems in their communities.

Thrive, which has about 6,000 products, started with grocery items like snacks and non-toxic cleaning products, but has expanded to include fresh meat and seafood, sourced from suppliers using ethical practices. It allows shoppers to shop by diet, from organic and paleo to gluten free. Thrive has also been creating its own store label brands, which includes extra [virgin olive oil](#) and organic fusilli. Green declined to comment on specific sales figures, but says it does hundreds of millions of dollars in annual sales.

Green talks with The Associated Press about the inspiration for Thrive,

the business model and why he's not afraid of Amazon. The questions and answers have been edited for clarity and length.

Q. What was your inspiration for Thrive?

A. At the time, you had trusted retailers like Whole Foods, who weren't accessible to most people. And then you got the conventional retailers who were starting to have more organic offerings. And if you are new to the category, you're trying to figure out, "Where do I start?" We really want to make it simple and easy. That meant getting the prices down, but it also meant curating the catalog. So instead of having 40 almond butters, let's have four. It came down to really listening to the customer of what is the problem for someone who is middle class, middle America wanting to get healthy today.

Q. What's your business model?

A. We charge \$60 annually. You pay it one-time upfront. It gives you access to the site the entire year, and then we price at basically wholesale prices so we are making very little money—if any—on the products we sell, passing on all the savings to our members. Our business makes money on the membership fees. Costco was the natural touchstone for us.

Q. What's a big trend in food?

A. Simplification, fewer ingredients. We're always trying to remove ingredients from products. Take almond butter. Instead of having palm oil, which is an ecological disaster, we just use the natural oil from the almond. We have a number of private label products that use a single ingredient.

Q. Aren't you threatened by Amazon's purchase of Whole Foods?

A. I think that Amazon has a very different way of doing business, and some of that undermines the value and standards of Whole Foods. They have centralized buying and have pushed out a lot of the most innovative, especially younger brands. They have started selling products that people that want a healthy lifestyle probably wouldn't want. Amazon is going after a different opportunity, which is to pull Whole Foods to the mainstream. What we want to do is pull the mainstream to us by standing for something that is real and stems from our values.

Q. What's next?

A. One of our big goals over the next one to three years is to become a more complete solution. We will be expanding our frozen assortments to do frozen smoothies, frozen meals, frozen veggies, and frozen dessert. We're launching a clean wine program. We are going to be pricing them at \$13 to \$18 a bottle.

Q. What about physical stores?

A. We are exploring physical retail. And that was another takeaway from Amazon's acquisition. It was a reminder to us that the future is going to be omni-channel.

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