



Episode 240: How Ethical Businesses Are Changing the World With Thrive Market Founder Nick Green

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Katie: Hello, and welcome to "The Wellness Mama Podcast." I'm Katie from wellnessmama.com. And today I have the pleasure of talking to a friend and someone I highly respect to go deep on things like ethical business, how we can all help change the future for good and predictions on the future of access to high-quality food and natural products. I'm here with Nick Green, who is the co-founder and CEO of Thrive Market. Many of you are familiar with Thrive, which is a membership-based market that makes high-quality, healthy, sustainable products available for every budget and lifestyle. We'll talk about it more. But basically for \$60 a year, similar to a Costco membership, members get to unlock wholesale prices on all kinds of natural and organic products.

But what you may not know is that Thrive matches every paid membership with a free membership for a family or individual in need. They also have some giving initiatives that we're going to talk about and a very deep dedication to helping families and communities. And this is one of the many reasons I'm so grateful for Nick. And this isn't the first company that Nick's had that works to make the world better. He's a serial social

impact entrepreneur. He's had other companies in the education space and helped over 20,000 students get into better colleges. Outside of work, he loves to travel, invest, read, and spend time with his wife and adorable one-year-old daughter. Nick, welcome and thanks for being here.

Nick: Thanks, Katie. I'm so excited to be here.

Katie: Oh, it's always a pleasure to chat with you. And a lot of my listeners already know that I have been a member of Thrive since the very beginning and an investor. In fact, I was so passionate when I first heard about what you guys were doing that we were really excited for the chance to invest in Thrive. But now I also feel like there's so much more to Thrive Market than just amazing prices on natural products. And I would love to go through some of the many ways that Thrive is working to improve the whole natural landscape in our country and access to real food.

Nick: I would love to do that. And before we do, I do want to just say a huge thank you. I think you downplay your role as an investor. But you were actually one of the first checks to come into Thrive at a time when we were actually being rejected by almost every venture capitalist and institutional investor that we pitched. So, you know, little known story, but Thrive before we got big and hit half a million members and, you know, really sort of getting towards our mission and making healthy living accessible for all, and we were struggling to fundraise. And it was only because of folks like yourself who believed in the mission and aligned to the vision and were willing to get behind us that we got off the ground in the first place. So thank you, Katie.

Katie: Oh, thanks. It was exciting and I'm so glad to have been a part of it. And especially now seeing all of the changes and the beneficial things that are happening as a result of you guys and your growth. And one thing I think that really separates Thrive from just other online retailers is the membership model because it's often, especially online compared to Costco, which I think is an interesting comparison. You probably would know this better than I would. But the stats I've seen indicate that Costco is going to surpass Whole Foods as the largest retailer of organic produce or maybe that's already happened.

Nick: It has. Yeah, it has.

Katie: It has. Wow. Okay. And I've also seen that Costco does more sales per store in that category than Walmart, which has 15 times the SKUs. So can you talk about why you guys chose to go in the membership direction and then kind of how that separates you guys from other online retailers?

Nick: Absolutely. And, you know, there's a whole digression I could go down about how fascinating and successful the Costco business model has been. And if you look at them as a business in terms of their values and their principles, and their just kind of consistency to what they've always set out to do and the kind of value they try to deliver to their members, they're just a total touchdown on a ton of levels for us. But, you

know, the real reason why we went to membership came down fundamentally to our mission, which is to make healthy living affordable to anybody and accessible to anybody.

You know, when Gunnar and I, my co-founder Gunnar, were sitting at the very early days of the business. the initial idea was we are going to create a Groupon for healthy food. So we actually were going to have Groupon buying events where you signed up, we pooled money together and then bought, through a wholesale account, two of the best organic and natural brands in the country. And that was the way that we were going to get wholesale pricing that then was 25% to 50% off retail and ideally to get the organic products at or below the conventional equivalent. What we found is that trying to get people to shop for their groceries in events and have, you know, different groceries coming at different times based on when different events were running was just a logistical nightmare when we started to test it. And so we were looking for another model that could work and we landed on the membership model because when you do the membership model, the business can make profit for a membership and then pass on the full savings to the members on the actual product prices.

So it was the only model we found where we could create a stable catalog of the best organic and natural products, work with the top brands to source them and offer them at prices where we didn't have to make any margin, but could pass on the savings directly to members and offer a KIND bar for the price of a Snickers bar and non-toxic laundry detergent for the price of Tide. And for the first time, make this lifestyle accessible to anyone. So that was the genesis of it. And, you know, when we launched, I remember there was an article, and I think it was in "Well+Good," the day that we went live that said if Whole Foods and Costco had a baby, it would be Thrive Market, and we had never thought about that comparison but it sort of stuck and a lot of us say we're, you know, Whole Foods meets Costco online. Though increasingly they're saying it's Whole Foods meets Costco meets Trader Joe's, which is a whole other conversation.

Katie: I love that. I think that's another good comparison, especially with the new Thrive line of products, which I was going to bring up later. But I feel like this is a great time to jump into that because Trader Joe's is known for its own very budget friendly, high-quality products. And you guys have now a whole initiative of Thrive-specific products. So can you talk about that and kind of the categories you guys carry now?

Nick: Yeah, absolutely. I mean, that really went back to the mission as well. You know, we launched. It was all third-party branded products. And there's so many incredible brands doing amazing innovation on quality standards and supply chain and ethical labor standards and environmental sustainability. It was just totally inspiring to start to work with those brands and really amazing, too, to see how aligned they were with wanting to make their products accessible. You know, one of the pushbacks that we got from early would-be investors, especially kind of VCs and institutional investors is, you know, brands aren't going to want to do that. They don't want to dilute their brand.

And I think in some spaces, that's the case. But in ours, you really have these organic brands that cared about the mission themselves, were driven by, as mission-driven entrepreneurs themselves, and were only too excited to get on board with us and give us great pricing. So for the first couple years, the business, we didn't

do anything with our own brand. And then what we started to find was, you know, the landscape changes so fast, and there's so much new information coming out about what is healthy and what are problems in the existing supply chains, and what are improvements that can be had in terms of sustainability of product sourcing and what are new ingredients that we're finding new health benefits towards that we really saw an opportunity from our members and from folks like you who are on kind of the bleeding edge of those trends to go out and create products that we're innovating in some way.

And so we kind of think of a barbell approach in our own brand program where sometimes we're actually going after, like, a staple product that we feel like we can increase the quality on. So an example of that would be, you know, our line of nut butters where a typical nut butter that you find, even an organic almond butter or peanut butter or cashew butter, is going to have salt, it might have sugar, and it's usually going to have palm oil. And we went and we created a line of nut butters that is only the nut. We did the same thing with nut milks. So took out the emulsifiers, the additives, the stabilizers and things. And then the other side of the program has really been going out and trying to launch products that really don't exist in the market anywhere or maybe exist in the market but haven't caught on in a big way and be at the beginning of a trend.

One of those that that comes to mind is, like, bone broth. We launched our organic grass-fed bone broth, you know, very, very early in that trends movement and helped to really popularize it and share the benefits of bone broth. And it was a really cool program, too, because we actually ended up using the bones from one of our third-party brands that did beef jerky and was throwing away all their bones. So it was this cool opportunity where we introduced this great new product. It was the highest quality standards in the market on that particular type of product and we were able to do, you know, further whole animal utilization, improve usage in the supply chain and actually have a benefit to one of our third-party branded partners.

So, you know, it's been really, really amazing to build out the private label program. It's now, I think, about 500 products bridging categories from cooking ingredients to snacks to cleaning products to diapers and baby products. So it's really become a real core part of our business and we want to be that brand similar to Trader Joe's where it's not just the, like, compare-to brand, kind of cheaper version of the conventional things you find on the shelf, but really a brand that is out there innovating and standing for something that you can trust where you know if it's under the Thrive Market brand, it's going to hit some really fundamental standards that are important to our members. So it's been really fun to do and we see it as really a core part of the future of the business.

Katie: Yeah, absolutely. I find increasingly more and more of my pantry is Thrive brand products because you guys have, like you said, all of the staples I would order but they're less expensive and the same or better quality than the more pricey brands plus, like, all these cool new products that are really innovative. And I love that a lot of your products as well, the Thrive Market brand are less waste and less packaging than a lot of other brands. And that's something else I feel, like, people may not really know about Thrive Market, just that they've only shopped on the website, is the commitment you guys have to also sustainability and the environment and the ways that you're working behind the scenes to reduce extra waste and extra packaging. So can you talk about some of the initiatives on that front?

Nick: Yeah, it's a great point. You're better at selling the Thrive Market brand than I am, Katie. I didn't even mention that on the on the private label side. Packaging innovation is one of the places we see the most opportunity. And when you think about packaging, a lot of it today is legacy, is kind of the vestige of what was necessary in the 20th century in the 19th century, when things were sitting on shelves. So, like, an example is cans, right? We took our baked beans, for example, out of the can and put them in a BPA-free plastic pouch. The creation of that pouch is half the carbon footprint that is creating tin cans or aluminum cans. It is easier to ship and lighter to ship so it has less of a carbon footprint and transportation. It's totally BPA-free and it keeps the products fresher. So that's one example of packaging innovation on natural product.

It also, in some cases, we're actually able to bring the cost down on the packaging, which helps us, to your other point, get our own branded products to be even cheaper. And that's one of the things that drives innovation in that area is, you know, sometimes we can find a great quality product from a third-party brand. But even with our member pricing, even without us taking margin, it's still not, you know, accessible for some people's budgets and going private label could be a great way for us to make sure that we just take all of the waste out of the system, cut out as many of the kind of steps in the supply chain and are able to get great pricing.

But to go back to your question about packaging and environmental sustainability, you know, we sort of see broadly environmental sustainability as the second of our two pillars of our business and of our mission. The first is that principle of access, right? How do we make healthy living affordable and easy and accessible to anybody? And then the second is how do we make this entire thing of how we eat and consume products truly sustainable? And for us, we often see that those two things go completely hand in hand, that the sustainable and environmentally sound way to make products actually makes a healthier product for people. We don't think that's just a coincidence. But we also think that more and more people are thinking about health more holistically, not just in terms of the health for themselves and their family, but actually caring in its own right about the health of the planet.

And, you know, I think at this point, it's pretty hard to ignore what's happening with climate change. You know, here in Southern California, we just had, in the last three years, two of the most devastating fires the last two centuries. And, you know, for the first time a few months ago, you actually had massive, the forest fires that were coming within a few miles of Los Angeles down in Malibu. You know, this is stuff that is really, really, really scary. And you've got different versions of those kind of climatic events happening on the East Coast and in some cases, even more dramatic climatic events happening around the world. So, you know, we see and we hear from our members that they care about those issues. For us, we care about them deeply ourselves. And so I think our members demand it and we believe in it. It's just a no-brainer to in every place where we possibly can be working to do things more sustainably.

So that starts with the packaging of the products, wherever we can, being recyclable, looking for compostable bags, pushing our suppliers to have more offerings in that respect, co-packers, co-manufacturers, etc. It then extends to the actual boxes and packaging materials that we use when we send out product. So, you know, if

you place an order on Amazon, you get, like, the bubble wrap and stuff. We use a 100% post-consumer recycled Geami Wrap that actually uses air and paper to get that same effect but without having the virgin plastic utilization. And we're now at about 98% virgin plastic-free in the box and working to get to 100%.

Another area that we've really tried to innovate is on the actual fulfillment centers themselves. A lot of people don't think about this, but when you order products through ecommerce, it's coming out of a big warehouse somewhere. And those warehouses can be really, really incredibly wasteful. They've got a lot of packaging that's being dumped out. And then they also have a lot of energy utilization. So we've actually gone zero waste in both of our fulfillment centers. Did a bunch of capital improvements to do things like cardboard balers that can recycle all the extraneous packaging. We've got huge open windows that we installed on the tops of our fulfillment centers so that we can use natural light. One of the fulfillment centers is actually LEED gold-certified. And when we went through that whole program of going to zero waste, we actually documented it in order to create a template that we could "open source" to other businesses.

And one of our big goals on environmental sustainability is to show that you can do it in a way that actually is good for your business. We actually, believe it or not, are saving money every year now that we've gone zero waste. And when we look at the return on investment of some of those investments we've made, it pans out and can be approved by a board or by an investor even if it were just on the merits of the investment. So, you know, we love when we can find that opportunity to bridge business interests and the mission. And then if we can prove that to others, we think we can motivate other businesses that may not be starting with a mission to do it because it's just the right thing for their business. There's tons of other examples. You know, we buy carbon offsets to neutralize our shipping footprint or carbon footprint on all of our shipping unlike a lot of other ecommerce companies that will ship, you know, one item, two items, three items and they come from different fulfillment centers.

And, you know, you place an order on Amazon and over the next five days, you're getting, like, boxes from a bunch of different places. We put all of our items in one box. So you'll get a single box. I think the average boxes per order is 1.2. So really try to consolidate those orders and just be cognizant of the environment. And, again, what we're finding is like, one, we would do that anyway because it's the right thing to do. But we are actually getting a lot of credit from our members and increasingly we have members who, you know, maybe could afford to go buy their products at a grocery store that's more expensive, but they're still coming to Thrive because they align with the values and the mission. And I think as consumers become more conscious and as people start to be more holistic in the way they think about health, it's just going to become more and more the case that companies will have to kind of follow this lead and focus in on sustainability as a core part of what they do.

Katie: Yeah, absolutely. I love that you guys have that focus. And I think you're so right that we're getting to a point where personal health and environmental health are becoming so entwined that we really do need to focus on both. And I've written so much about, for instance, just plastic use and how we're finding plastic residue under a couple kilometers of ice in the Antarctic, which means our planet is saturated. So steps like reducing almost all of your virgin plastic use, that's a huge step. And something I often say with my readers and listeners is while all of us obviously as families and individuals and in our communities need to start taking

all of these steps to improve the environment and to improve our own health, we also need companies like you guys, ethical companies that are doing this at scale because if I just choose to buy organic and to reduce waste, that's a pretty small ripple but when a company like you guys with, like you said, half a million members does that, the ripples are much bigger, much faster.

And having been in the Thrive office a few times, I was so excited to get you on here to talk about that. Because I feel like there were so many things that you guys do that go unrecognized that are just there to help communities and help the environment and help families. And you guys have this whole wing also called Thrive Gives. And I'd love for you to talk about that because I know there's many aspects to what you do for families and communities, both with free memberships for low-income families and for sending aid. When we got hit with a hurricane down here where I live, you guys sent aid to our area. So can you talk about some of the initiatives through Thrive Gives as well?

Nick: Definitely, definitely. And before I do, I just want to underscore the point that you made about just the ability of each individual to vote with their dollars and support businesses that are doing the right thing. And as I said, you know, not every business starts with a mission the way that we do, but every business does the ROI analysis. And as consumers, we choose to vote with our dollars at the brands and the businesses that are doing the right thing. Eventually, all businesses will do more of the right thing. And it may sound naive and optimistic. But even in the four years since we've started Thrive, like we see more and more businesses that are stepping up. And, you know, we can make a lot of direct impact ourselves by doing what we're doing. But if we can set an example for more businesses to be taking that step, I mean, that's the nirvana state, that's where we can start to really have an impact on the problem and ultimately, it's consumers that are going to drive that. It's folks at home that are choosing to support businesses that do good.

So on the Thrive Gives side, I would put that over on the first column of our mission around access. And for us was just, like, sort of a no brainer. I know if we start with the principle that we want healthy living to be easy and accessible with everyone and then we realized that the mechanism to do that is membership, the very next thing we realized is, well, for people that are really struggling financially, even membership may not be affordable. So, you know, the typical Thrive Market model is you pay that \$60 a year, similar to Costco, and you get all your products at 25% to 50% off. And, you know, even more in many cases on the private label products. And so our typical member will make back that membership fee in one, two purchases and many will make it back multiple times over the course of the year.

But for the lowest-income earners in our country, even that \$60 upfront investment can be really challenging. So we said, "Look, let's do kind of a price discrimination exercise, if you will, which is what you call it in economics but there's no harm to us as a business. We can give away these memberships for free to those people that really need it and who wouldn't be buying a membership anyway. Let's also match that with our members who are coming on, on a paid basis." And the commitment that we made was every paid membership, we're going to give away a membership for free. And I think one unique thing about that model for us is that because giving away the membership for free didn't actually cost us anything, we were able to lean into the program a lot more heavily than a lot of these one-for-one programs that you hear about. And

we were able to innovate them from there on how can we not only give away these memberships, but make sure that they actually get used.

So the Thrive Gives program has been really successful. We give away memberships to low-income families, to students, to teachers, to first responders and to veterans. So if you're listening and you fit into any of those categories, you can go to the Thrive Gives application and actually apply and receive a free membership. But then we have gone further and we actually created a program that we call Spread the Health. And that was the program where we funded or have funded hurricane and disaster relief of the fires that I was mentioning earlier, both the Woolsey fires up north as well as the fires here in Southern California. We helped thousands of families. And the way that that program has worked is that we actually enable our members to donate at checkout a portion of their savings.

So when you check out at Thrive Market, let's say, you buy \$60 of product, you know, you're saving \$20, \$25. You can just click a box and easily donate however much you want. And, you know, some people will donate quite a bit. Some people donate very little and some don't at all. But we've compared our statistics to other point of purchase donation platforms and we see about four times the rate of donation, which is just a testament to how much our members really care. And in the last year, we raised about a million dollars that way. And so what we've done with that budget is channeled it towards giving away credits to Gives members who have gotten a free membership but need another kind of boost to start buying the products and then funding specific relief efforts for...I think it was disaster relief. We did something down at the border when there was the families and children that were detained. So we sent supplies down there and have continued those efforts. We did a supper on Standing Rock a couple of years ago when there were protesters at Standing Rock, and they needed supplies.

So we sort of pick issues and situations where there's people that really need healthy food, and then we push free memberships to them plus the supplies. And then we actually document what we've done so that we can share it back with our members. And the goal is to create a model where members feel like they're participating in doing good, where they get to see where their dollars are going and where we as a community are standing up for our values as not just a business but really as a membership community. And it's been really amazing and heartening to see the rates of donation and the enthusiasm that our members have. It's also been incredible to see other businesses get on board when we've led some of these efforts and then do donation matching with us and work with us, with some of the charitable partners that we work with.

You know, one partner that we work really heavily with here in L.A. is called Baby2Baby. And historically they provided diapers to single moms who were homeless. And this is a huge need where you have moms in bus stations that are having to use a disposable diaper multiple times and wash it in a sink in a public restroom. But what they didn't have...they were doing this great work on the diaper side. What they didn't have is snacks and healthy food for these moms. So, you know, we worked with them and then there were other local businesses that got involved. And so the part that has really been heartening for me on the Gives side specifically and the Spread the Health side is the way, you know, our community has been able to be a catalyst for more and more giving and for other businesses recognizing that it's the right thing to do. So similar to the

sustainability stuff, I feel like we can be that wave that really starts the movement. And it's our members who are really driving it.

Katie: I love that. It's been, as a member myself, exciting to see how that's grown in the last couple of years, and just all the people that have been reached through those efforts. And to circle back to your point about the first pillar about making healthy living accessible and easy to everyone, I'd love to touch on food deserts a little bit, because I know this was one of the things you guys were really trying to tackle when you first founded Thrive and something I feel like you largely have been able to tackle in the U.S. But kind of explaining what that concept is for those who aren't familiar, because I've heard from some listeners and readers, especially those in places like L.A. who kind of are like, "I don't understand the need for something like this. I can just go to Whole Foods." And I've had to explain, you know, places where I've lived. I was over an hour from the nearest Whole Foods and the local store maybe carried four organic things. And there are places in the U.S. still that really don't have access to these kinds of natural products. So can you kind of explain that concept of food deserts and how you guys wanted to tackle that problem?

Nick: Absolutely. And the mentality that you were just describing or the kind of naivete around this concept, it's not just, you know, regular people. Part of the reason that we got rejected over and over again by VCs is that these big important investors who are supposed to be aware of what's going on, they themselves weren't aware of it at all...I can't tell you how many times people ask us when we went into pitch them, you know, "How are you going to compete with Whole Foods?" And we had to tell them 60% of Americans don't live within driving distance of a Whole Foods. You know, 97% can't afford the price premiums typically charged for organic products. We are not competing with Whole Foods. And, you know, as it's turned out, we have got a lot of customers who were Whole Foods shoppers who are coming over to Thrive because it's cheaper, more convenient, and they align with the values.

But the overwhelming majority of our business is really in these "non-consumption markets," what we call the health food deserts. And, again, it's the reason why we didn't end up getting funded by venture capitalists. We got funded by ordinary people in these places who had become sort of activists in their own right for healthy food access, right? It was bloggers, it was YouTube stars, it was bestselling authors who are becoming real thought leaders in the movement. It's people like yourself that got in and said, "I see this problem daily in my own community and I want to make an impact." So it was a real struggle for us that people didn't understand it. And to just share a little bit of numbers with listeners, you know, our membership base is about 50% in the Midwest and the Southeast, which are kind of the traditional underserved markets.

Today, you still have over half of Americans that don't live within driving distance of a health food store. And so even if some place is not technically a food desert, it may still be a health food desert. You know, I grew up in the Midwest myself. I grew up in Minnesota. And in Minneapolis, you've got some great options. But if you get anywhere outside of Minneapolis, you really don't. And so, you know, I'll never forget when we launched, it's probably two or three months after we launched. At this point, I was still actually doing customer service and we didn't have any people in our call center yet. And I remember getting an email from a woman who, her order had actually gotten eaten off her doorstep by a bear. She was like, "I can't believe it. I just, like, placed

this huge order. I saved so much money, but I still spent \$80," or whatever it was, "and now it's all gone." And we ended up sending her another box. And fortunately, the bear didn't eat that one.

But it was just this incredible reminder of, you know, one, what an impact we were making in her life. But also that, like, there are a lot of people that live out in places where there's more bears than there are health food stores. And so we really want to have an impact on that. The last thing I'll say on this topic is one thing that's changed in the last four years since we launched is that there are more and more places like, you mentioned Costco, but it's the same at Kroger, the same at Walmart, kind of your conventional retailers who are carrying more and more organic products. And I think, in some sense, the problem has shifted a little bit whereas even four or five years ago, it was, "I can't find anything that even claims to have these standards," or, "I go into my conventional grocery store and there's nothing that says 'organic.'"

I think now actually the challenge has shifted a little bit for a lot of people in that there actually are nominally organic options and you see, you know, brands in your conventional grocery store that claim to be healthy. But I think a lot of people are realizing that that's not always the case. And so I would say the threat three or four years ago was really just access to any of these products. I think the threat today is still access for some people. And then I think it's also what I would kind of term as greenwashing where you've got, you know, brands or you've got retailers who are putting product on the shelf that says it is healthy or it's natural. Or nominally, it's organic, but it's really very industrial organic. And in fact, the health qualities of these products is not always very high. Now, there's sites online where you can buy a whole assortment of organic cookies and effectively organic Oreos. And, you know, I think that's organic in name only.

So there's really now, I would say, you got health food deserts and then I think you have a real trust phenomenon. Where even outside of the health food desert, people are pretty overwhelmed with, "What's actually healthy? What can I actually trust?" And so today we actually see one of our challenges is still to reach the health food deserts. And then another is to be that place where, regardless of where you are, you can come on Thrive and know everything can be trusted. And that, we think, is maybe the next problem to solve besides shipping to the health food deserts.

Katie: That's a great point. Yeah, I think greenwashing has become a huge problem. And there are, like you said, organic alternatives to pretty much every junk food these days. And it's great to know, on Thrive, you guys have your values listed on all the packaging so you can even actually shop by that. So I know I can find things that are organic and gluten-free and whatever criteria I need. So there is that level of trust. I think you're right. I think trust goes a tremendous distance in that and we've touched on it kind of in a few ways. But I'd love to go a little bit deeper with you as the CEO of Thrive and kind of steering this ship that's doing so much social good, but also is a for-profit business, how you balance the social mission and the business side? I've always been a believer that businesses can be very much both profitable and a tremendous force for good. And I know that you feel that way as well. But can you just kind of talk through your own values as far as how you balance that?

Nick: Yeah, that's a really, really great question. And I think that the challenge is if your business interests and your mission are in tension, you know, there's always going to be the temptation to prioritize the business. And I think that a lot of businesses that bolt on a social mission after the fact and even some businesses that really do want to commit to the social mission end up under pressure from shareholders if they're public or investors if they're not, or just the kind of basic factor of human greed to, you know, cut corners and focus on self-interest first. And so for us, I think there's been two things that have really, I believe, insulated us from that. One is we started it for the mission. And the mission actually came first. It wasn't put on after the fact and it didn't even come in, like, alongside the business. We really designed the business around the mission from day one.

And, you know, you mentioned this at the beginning, but this wasn't my first rodeo. I sold a business a few years prior. Gunnar, my co-founder, was in the same place. Sasha, our third co-founder, same thing. And so, you know, we were in a position where we didn't want to start a business just to try to make money. I had a social component to my, my last business was in the education space and really working to make access to college easier. And yet we also, you know, there was some dynamic tension because our business made more money and we served more affluent areas. So I was really determined to make this one mission first and Gunnar felt the exact same way and Sasha did, too. And so I think, you know, that being baked into our DNA from the beginning has enabled us when we have to make hard decisions, which we sometimes do, to say, "Hey, it's going to be for the mission."

The second thing is finding those opportunities or those, like, business opportunities where the mission and the business opportunity are actually aligned. Where instead of being in dynamic tension, they actually go together. And ideally, they're the same thing. And I'll tell you what I mean by that. You know, we talk about making healthy living accessible. Like, that is our mission, but it also is our business opportunity, right? If we can make healthy living accessible and affordable to everybody, you know, we're talking about a trillion dollar market for groceries and for CPG, and for consumer packaged goods. That's a massive business opportunity. And if we build a multibillion dollar business doing that, we will have succeeded at our mission.

So I think at a really fundamental level, our mission and our business mandate go hand in hand. And then within specific areas of our mission, we've looked for opportunities where they're not going to be in dynamic tension. Like I said, our zero waste fulfillment center actually has been a positive ROI investment for us. And it's a template now that we're helping other ecommerce companies to do with their fulfillment centers. You know, I think another way that we've started to do it is to really think about how can we build a brand around the mission in a way that our customers will reward us. And that wasn't something that we intentionally designed early on. But what we've seen is that the members who aligned with the mission and read about our mission work and in surveys say that they care about that mission work actually turn out to be more loyal customers and stay with us for the long-term.

And so I think you can make an argument now that because consumers are more and more conscious doing the right thing for the mission, even if it costs a little more in some instances will lead to long-term customer or, in our case, member loyalty. And so I think we've been really, you know, fortunate in the way that we started the business and then fortunate in being able to find specific opportunities within the business. But,

you know, much more often than not, we have found that that dynamic tension has really kind of not been the case.

Katie: Yeah, that's such a great point.

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Katie: And I hope this is okay to talk about in a public forum. But I feel like another amazing aspect of this is that you've taken this even beyond the mission of just Thrive as the CEO and into a personal direction as well as a co-founder of Alliance for Good. Is that okay to talk about here? And if so, can you explain what it is?

Nick: Yeah, absolutely. So again, I keep saying it goes back to the mission. But this one does, too, right? We started the business because we wanted to make healthy living affordable to everyone. We had real challenges, really, in the business where it didn't look like we were going to succeed and we ended up being successful because of folks like yourself who came in and supported us very early and then spread the word about Thrive. And as co-founders, one of the distinct experiences I've had in, and throughout my entrepreneurial journey but especially with this business is just really being humbled by the way that a community can come together and accomplish so much more than we could individually. And so we really look at what Thrive has become not as something we've accomplished as founders, but really as this expression of people, you know, kind of answering the call to be their best selves and to have an impact and to support something that's truly good.

And it's built a business that's already become very valuable. You know, we've raised now hundreds of millions of dollars at a high valuation and it's created real wealth for our shareholders and for our employees and also for us. And after we raised our last round of capital, Gunnar, Sasha and I were reflecting on it and just looking at kind of, you know, why we started the business and the amount of wealth that was being created in the business and really thinking about where do we want that wealth to go.

And if the business was made to focus on access, why shouldn't we put a portion of that wealth back towards that as well? And so what we did is we formed what we call the Alliance for Good and we actually took a significant portion of our own shares and moved it into a vehicle that basically commits that money to charitable goods. And it was a little over \$10 million of total share value that we took from all three of us and put into that vehicle and that was the initial genesis of the Alliance for Good which has now become a platform where we help other entrepreneurs who are interested in that do the same thing. So sort of similar to what I was describing with the fulfillment center, we went zero waste and then we took that template and said, "Hey, here's how you can do it, too."

And what we found with the Alliance for Good is there's a lot of entrepreneurs that would like to commit to, you know, putting whatever wealth they generate from the business or a portion of that wealth towards the reason that they started the business or some other mission that they feel passionately about. And so we realized when we set it up ourselves, it took a lot of work. We had to create this whole vehicle called the donor advised fund and there was these fees and it was just, like, really legally cumbersome to get it all, and administratively cumbersome to get it all set up. We said, "How about we templatize this?" And that became the Alliance for Good. So, you know, we do work as co-founders with the funds that we put in. And then the goal ultimately over time is to really create a large pool of capital where entrepreneurs have committed to doing good with the wealth that's coming out of the businesses.

Katie: I love that. And I think it really speaks to the community and family feel of Thrive and the times that I've been there and how every time I think I've been there, there's kids there, there's dogs there, there's a meditation room. You guys really do walk the walk and prioritize that. And I know from our personal conversations that in your own life in the last couple of years, there have been things that have amplified your mission even more in making natural living and real food available, widespread, which including, especially the

birth of your daughter. So I'm curious, what ways you're working to impart these values to your daughter and how much that's changed or amplified your mission personally since she was born?

Nick: That's a really great question. So I guess the first thing I would say to your point about being the kind of the community of Thrive and just to kind of end cap the conversation about the Alliance for Good, I think in all of those things, we're consistently inspired by our members. Like, our decision to be generous with what's coming out of Thrive is in part looking at our members as an example and their generosity with donate at checkout and Spread the Health. You know, what we do for families and in our environment here in the Thrive Market office for our employees is very much looking at what are the values that our members have and what's the way that they're living? And how can we create that same sort of experience for our employees?

And for me, it's been a consistent source of inspiration in the business. It became real in a very different way when my daughter was born two years ago or a year and 10 months ago in that, you know, our membership base is about 90% women. It's a lot of moms. And I'm obviously not a woman and at the time, I wasn't a parent. And I'll never fully understand what it's like to be a mom specifically. But being a parent has totally transformed my connection to our mission and to just what it means to provide the best for your child. So it's redoubled my commitment to making that possible for anyone regardless of their income, regardless of where they live, regardless of whether they've had the time or the experience or educational background to really, you know, become researched themselves on the best way to get healthy to really make it easy for anyone. So that's been one major impact.

And then, you know, in terms of the way that it's affected my parenting, you know, my daughter's less than two years old so I'm not exactly teaching her yet how to eat healthy. But, you know, it's, I've gotten to see firsthand how much easier it is when I have one place that I can go to and trust, even as someone who knows a lot about these different topics and is, you know, pretty discerning and has the time and the kind of industry background to do all the work. When I go into a Whole Foods or I go into...here in Venice, we have Erewhon, like, it's, I'm like a kid in a candy shop in some sense but it's also intimidating and can be overwhelming. So it's just been a reminder of why it's so important to make this easy. The amount of time that it takes to just be a competent parent, I would say I'm a competent parent but it's really hard to even get to that place and to have on top of it trying to shop for a bunch of different places and budget out for how you're going to make kind of the monthly bills work, buying high-quality products and keep up with the latest food trends, it's a huge amount and so it's made the whole mission and the whole business much more personal for me.

Katie: I love that. And as we get close to wrapping up, I'd love to hear your thoughts on, as someone so involved in this movement, where you see the future of real food and natural health products in the next couple of years, and specifically any goals that you guys may have in the next few years?

Nick: Wow, that's a big question. I could spend another hour talking about that. I think that the single most important movement happening in capitalism today and maybe in the history of capitalism, since it started, is conscious consumption. It is consumers really waking up and taking that more holistic approach to the way that they consume. And I think part of this is we're such a consumer saturated society at this point that

consumption is just a huge portion of what we do and we are meaning-creating creatures. We want to be fulfilled. We think about our identity. And I think people are starting to do that with the way they consume. And I think as people become more conscious and want what they consume to reflect their values and, you know, use educational resources online, really take their knowledge into their own hands and their health into their own hands, I think you're going to have just more and more and more people who you could properly term "conscious consumers."

And that is the single biggest opportunity that we have for our business is to be the community for conscious consumers. I think it's the single biggest opportunity that we have to reshape the economy and push other businesses to do the right thing. And I think it's an opportunity in basically every single area for us just to continue through, like, as consumers, to push businesses and industry and innovation to happen at a more accelerated pace to solve some of the biggest problems that we have. And for us, those two have to do with the environment and health food access, you know. There's been some real improvements over the last few years that I spoke to earlier, but the reality is we still have tens of millions of people in this country that are dealing with severe metabolic syndromes that are the result of diet.

We have hundreds of millions who are eating a diet that is basically not really food and on the environmental sustainability side. I really believe we are at an inflection point where we can turn it around, or we can really mess things up for, you know, the future of our planet, our climate, and our kids. So the stakes are really, really high. But I think consumers are waking up in a way that they haven't before. And that awakening consciousness, I think, is happening exponentially, but we see it every single day. And so I think the opportunity is as consumers become more aware and, by the way, I think, like Wellness Mama, like your site, Katie, is a really great example of a place that consumers can take their health and their awareness into their own hands and get amazing educational resources and knowledge. You know, and at a level of access that wasn't possible 10 or 15 years ago.

So as that happens, I think there's just a huge opportunity for us, the consumers to push the envelope. So the things that we're really thinking about are how do we expand into new categories that we haven't done before and push the envelope there in areas like meat and seafood, which we launched last year and now have, you know, organic grass-fed beef sourced from Patagonia, regenerative pork that is sourced from one of the leading regenerative farms in the U.S. How can we push the envelope on standards, right? I just mentioned regenerative but that's a perfect example, right, Organic Now. There's brands and products that technically meet organic standards. But arguably, organic is not enough to undo some of the soil degradation that's happened in much of this country. So how do we push standards like regenerative and encourage people to go even a step further? I think those are the types of things that we get really, really excited about.

And when we look at the kinds of brands that we're going to work with and the innovation that we're going to do in our own catalog, you know, other new categories, one that's really exciting to us is frozen, right? There's a huge problem right now with food waste. And the typical way to avoid food waste has been putting preservatives into products. Turns out if you freeze product, you actually preserve its freshness, prevent nutritional degradation. And have a really simple preservation tool that is healthy and prevents food waste. So we're really going to lean into not only the meat and seafood side but more frozen food. So just kind of

running, I think, everything through that lens has been really impactful for me so far. And as I look out to the next two, three, four, five years, and trying to become, you know, really the platform for healthy living and the platform for conscious consumers, it's, you know, being that place that's just raising the standards further and further as consumers raise their standards further and further.

Katie: Yeah, absolutely. I love that. And I love that there are companies like Thrive that are doing this on such a large scale. And I'm also so grateful for people like our listeners today who are doing this in their own families. And I think we've mentioned a couple times, the combination of those two, I think, is the best hope we have for reversing a lot of these problems that have become so widespread. So I'm so grateful for you. And I know for anyone listening, if you're not already a member of Thrive, you guys can go to thrivemarket.com/katie, and save 25% on your first order. And if you're already a member, you can log in there and get access to free gifts with purchase on certain days and all kinds of other incentives. So, if you guys are not familiar, definitely check it out. And, Nick, as a kind of selfish, self-serving last question, I would love to know if there are any book or books that have really changed your life. And if so, what they are. I'm always on the hunt for new books.

Nick: It's a great one. One book that I geek out on is called "Principles," and it's written by a guy named Ray Dalio who's, of all things, a hedge fund investor. And what I like about that book is he talks about turning life into a game where you're learning and identifying the rules and learning new principles for how to get what you want in the world. And I found that to be a really valuable framework for entrepreneurship. Another book that is really impactful for me, ironically, is John Mackey's "Conscious Capitalism." So John is the founder of Whole Foods. And that was the first book that Gunnar and I, Gunnar is my co-founder, read together. And his vision of a stakeholder-driven business, and I think Whole Foods was really a pioneer on this, has been a total inspiration for us in, you know, not just being the customer-centric business the way that, say, Amazon is, but thinking about our customers, our vendors, our suppliers, our partners, our employees, the workers in our supply chain, really being a stakeholder-driven business has been super impactful for me. So, those would be two.

Katie: Awesome. And I'll make sure those are linked in the show notes along with the link for you guys to check out Thrive and get a discount. But Nick, I know how busy you are, and truly honored that you would spend an hour with us today and shine light on all of the things that people may not have known that Thrive is doing to create good in the world. So thank you for your efforts and thank you for your time today.

Nick: Thank you, Katie. This was really, really fun. Again, as you said, thank you to the listeners out there who are taking their health into their own hands and voting with their dollars for creating more good in the world.

Katie: Absolutely. Yeah. Thank you, guys, for that and for sharing your most valuable asset of your time with us today. We don't take that lightly. We're grateful for you, and I hope that you will join me again on the next episode of "The Wellness Mama Podcast."

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