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S1 00:11 Hello, and welcome to another episode of the Moxy Podcast. This is episode 43, recorded on 29th July, 2016. This is the companion web show to the Moxy sessions, an internet economy discussion group held once a month in Auckland, New Zealand. The Moxy sessions bring together a small group of business thinkers every month to discuss how New Zealand can take advantage of the internet to boost its national competitiveness. I'm Andrew Patterson with you here in Auckland. I'll introduce our guest panel shortly, but first let me tell you a bit about our topic for this session. Why so long after the TV cartoon series "The Jetsons," are we not yet taking our food in convenient tablet form? For that matter, why do we even have to shop for groceries at all these days? Surely, the supermarkets know already our eating and food shopping habits. Or does this focus on efficiency miss out perhaps most of the point of food anyway? So, where are the opportunities in food technology?

S1 01:13 Joining me to discuss this are James Walker, general manager of corporate affairs for Countdown, who operate 184 supermarkets across the country. He has a previous background in government. And also with us, joining us too, is Bri Jans van Rensburg, chief operating officer of Supreme, a start-up that sells a super food meal replacement powder designed to provide a healthy, convenient, affordable alternative to cooking and eating. Welcome to you both. Bri, perhaps to you first. This is an interesting question, isn't it? I mean, the idea of just being able to take food in a tablet form or in a liquid form, powder form has been around for some decades, as I mentioned, first depicted in the TV cartoon series, The Jetsons. And yet, we haven't really seemed to have come a long way in this area. Why is that, do you think?

S2 02:14 Well, that's a very, very good question. I think the reasons are probably twofold. The first is that food has a very place to all human beings. It's more than just a fuel in many instances. We have cultural associates with it. We enjoy dinner with family and friends, it's an emotional experience. From that point of view, we might never live in a world where we only eat food in a tablet form, just because we are who we are, and we still want that emotional connection with food. On the other hand, the technology just hasn't come along.

S2 03:00 But at this point in time, we're finally at the point where we can actually make pretty legitimate strides towards a healthy, sustainable, convenient, eco-friendly food. And that's really the aspiration that we have here at Supreme, is for those meals where it's more about function than about having incredible culinary experience. We want to provide people an extra option that they can feel confident, is giving them all the nutrients they need, that they can feel confident they're doing the right thing for their environment, and that is just a pleasure to use because it's so convenient.

S1 03:45 Are you targeting a specific market, or do you believe that this idea could over time, become mainstream?

- S2 03:53 We definitely believe that this will become a mainstream thing. Where we are at the moment, we are targeting certain early adopters, people who really see the potential, and who's current lifestyle really demand a healthy, convenient food. But this problem has two levels. The one is the personal level, which we're addressing with our early adopters at the moment, being rushed, but still wanting to eat healthy. But the other is a global problem. At the moment, there are close to 800 million hungry people out there in the world. That's one in nine people on the planet. Also, agricultural emissions account for a third of total greenhouse gas emissions. They're the largest single source of emissions. So, food is a big deal on a global level. It's probably one of the most fundamental issues.
- S2 04:57 We believe that in order for us to have a healthy, sustainable future where we have a planet of over 10 billion people by 2050, it'll be critical to change the way that we think about food so that everybody can enjoy a healthy, nutritious diet as part of their basic human rights.
- S1 05:17 It's even more remarkable when we think of the number of people living in poverty, that there hasn't been a serious impetus and a serious focus on this issue. Has that surprised you?
- S2 05:32 You know what? It saddens me, to be honest, because like you say, there are many, many, many people who direly need a better solution than what the current system is providing. We feel that need very, very deeply. We're trying to get to the-- it's a little bit like the internet, you know? Initially, the internet was only really used by a very niche few, very into the high tech side of things, initially built as a military project for the United States. But nowadays, it's made such a massive, positive impact on the world, and we are actively pursuing efforts to give free WiFi in developing areas. And that's massively improved people's lives. That's the same thing that we want to do with Supreme, is really make it abundant and easily available to every single person who really needs it.
- S1 06:32 James Walker, can I bring you in here. Obviously, the operator of a substantial number of supermarkets around the country. What are you detecting in terms of consumer trends in this space?
- S3 06:45 I think Kiwis, the number one drive as to how they go about their shopping, generally speaking, is convenience and price. We're a very price-sensitive bunch. And so, where a supermarket is is very important as to where you choose to get your food, and you take good note of the prices. I think as part of that convenience story, we're seeing a trend of people increasingly buying their food online. Just this week, Countdown celebrated 20 years of being in the online shopping game. When we first started out in 1996, customers got sent between 12 and 14 floppy disks to access the online shopping system. And now, 20 years later, obviously it's a lot more seamless. We're fulfilling about 20,000 orders a week.
- S3 07:38 I think what's interesting as well is that while online shopping is growing, we still do about 2.8 million transactions in our stores. So, customers are actually coming and visiting us more and more often in a given week. They use the supermarkets a little bit more like a pantry. They might come in and buy fewer items more often, and kind of more on a whim, what do I feel like tonight? What do I want tomorrow morning for breakfast? They shop a little bit more like that than perhaps in the past, where you're just one big shop a week, or a fortnight. That's another trend we're noticing. Also, people shop increasingly on weekends, with Saturday and Sunday as being our busiest days of the week.

- S1 08:20 What about in terms of their individual choices, and the sort of products that Bri is speaking about? You're talking about a particular segment there, who are very busy generally, don't necessarily want to spend a lot of time cooking, don't always actually know how to cook an awful lot. But they want a nutritious diet. How are you catering for their needs?
- S3 08:45 I think two of the fastest growing segments are actually what we call health foods, and also a separate category thing, convenience foods. You're actually seeing that overseas, in markets like the UK where supermarkets are offering more and more prepared foods for food on the go. That's a trend that's starting to come in place here in New Zealand. But also, the health food range is huge here, and growing that's at 20% a year, we're rolling out in almost all our supermarkets a dedicated section of the store, dedicated to health foods, whether that's organic stuff, Paleo food, dairy free, gluten free. All those sorts of things, and keeping them in one space, so they're kind of obvious and accessible for our customers. Yeah, those are two big trends - the move towards healthy stuff, and the move towards more convenience stuff.
- S3 09:36 At the same time though, that doesn't mean people don't enjoy cooking. You just have turn on the TV to realize how many people enter the concepts of cooking at home. I think that My Food Bag is helping cook at home trends like that. And countdown to feed for \$15 dollar meals also do that. So, while there are trends towards convenience, trends towards health, people are still cooking at home, and cooking for their families, and doing so in a nutritious way.
- S1 10:03 Bri, what are you using in terms of your sales channels for your Supreme product?
- S2 10:10 Currently, we are distributing Supreme online. Because a lot of our users are pretty tech savvy kind of people, often in the IT industry, they really latched onto the whole idea of online ordering. We have a website, you can go there, www.supreme.co.nz. You can place your order there, and you can actually sign up to a monthly subscription. If you know that you're going to be using one of your three meals a day, let's say for breakfast you typically use Supreme, you can select the right amount for you. We'll deliver that to your door, and basically just automate that part of your life, and eliminating a bit of hassle, and saving you a bit more time.
- S2 11:02 However, going forward, we definitely want to make Supreme available in retail channels as well, because sometimes you're in your car, right? You're stopping by the petrol station, just want to grab something on the go. It would be very convenient if we had our pre-made liquid Supreme right there in the fridge, you can just grab it along with your water, or whatever, as you go about your day.
- S1 11:30 James Walker, is this a product that you believe that you will be stocking in the future?
- S3 11:36 Well, after Bri and I met, I put him in contact with our category manager. I think they have had some discussions, but I'm not actually sure how they've got on.
- S1 11:45 Is this though, a category that ultimately you're going to have to pay more attention to? Particularly as the world changes and people's lifestyles change as well, obviously you have to be cognizant of that?
- S3 12:01 Absolutely. As customers change, we change. We're there to reflect what the customer wants. Every year, or every month, we're looking at does the range of product we have in our store meet the needs and requirements of customers today, and then tomorrow? We're always evolving our ranges, that's just part of being a supermarket business.

- S1 12:22 Is this a niche-- it would be obviously fairly small, but is this a niche that your research is throwing up that is potentially growing?
- S3 12:32 Yeah, I think so. Like I said before, convenience foods and health foods are two big trends. So, we have a category laboratory here at Countdown, where we have experts who look at trends as they're coming from overseas, and look at research locally, and look what's coming down the pipeline, so we can adjust what we have on offer in our stores for our customers to meet these trends and needs.
- S1 12:58 Bri, where would you see this category going, this product going in the future? How big do you think it could get, and what are your plans for expansion?
- S2 13:11 Right. I think that's a very exciting future possibility. I think in the longer term, we see Supreme and products like it forming a new staple food, if you will. Typically, when you're looking for a go-to kind of staple food, many people use bread or rice, or what is locally relevant to them. However, going forward, we see this kind of category supplanting that. So, if you want just a standard, easy go-to food, then you'd rather actually be using something like Supreme, because in addition to just carbohydrates in the case of bread, you'll be getting the complete spectrum of every single vitamin, mineral and nutrient your body needs.
- S2 14:06 In addition to that, the sustainability with which these kinds of products can be produced is vastly superior to existing food products. If you take beef for instance, that only has an energy efficiency of 4.3%. So, only 4.3% of the amount of energy in terms of electricity and diesel and sunshine that goes into produce beef at the end of the day, is absorbed by people. That is obviously a massive issue, so we want to improve on that and provide a sustainable, nutritious, staple food for everybody in the world. In an ideal world, nobody will be going hungry. In answer to your question, how big can this category get, it's our hope that everybody will be using this product in at least some shape or form, in the future.
- S1 15:03 What does it taste like?
- S2 15:05 A little bit like a cereal smoothie. It's made up of a lot of powdered, natural ingredients, so you've got stuff like oat flour in there. You've got canola oil, potato starch, rice protein. You can read up all about it on our website. It's all a powder, mix it with water, it's like a shake. We have vanilla, chocolate, and strawberry flavours. We're always developing new flavours, based on customer feedback. But yeah, a cereal smoothie is pretty much the closest description that I think is applicable.
- S1 15:41 Have you thought about-- and I wonder whether or not this may create some reluctance on people's part, is understanding the long-term effects of this. I mean, it's such a new area. Have there been studies done on people's reactions and what the long-term health consequences are of this type of eating?
- S2 16:01 Yeah, again it's a very interesting question. Fundamentally, we know what the human body needs. The Ministry of Health is quite clear about what nutrients it considers essential for a healthy diet. That's why you have things like recommended daily intakes, and why all the food products on our shelves today need to specify, how much of these essential nutrients are they actually providing. We use that as a backbone for engineering this food from the ground up. We are making sure that we're complying with those guidelines giving you 100% of all those nutrients.
- S2 16:39 As far as our current scientific understanding of nutrition and the human body goes, we're doing the absolute best that humans are capable of. However, we would like to continue developing that, continue researching that, because science never stands

still. We want to understand this better, to ultimately be able to provide a healthier and more sustainable diet for everybody.

- S1 17:06 James Walker, can you see the supermarket of the future, 10 or 15 years, being quite different to what it is now, if this trend actually begins to take off?
- S3 17:21 Absolutely. I think if you looked back at a certain market 15 years ago, you'd see that there's quite considerable change to today. You wouldn't imagine in your supermarket that you'd be buying sushi, and visiting the pharmacy. We've got a pineapple peeler in one of our stores. I mean, things change all the time. I think at the same time, the reason why people do visit the supermarket is because they like to choose the food that they want to eat. They want to pick up the avocado. They want to choose the piece of steak. There's something quite human, I think in that, in going and having a look, having a smell, potentially having a taste if something's available for tasting, things like this, so you can decide how you want to eat.
- S3 18:08 I mean, given that quite human instinctive, I can see that being around for that way of shopping for the foreseeable future. But down the line as sustainability, feeding our population become increasing issues, then I'm sure New Zealand will adapt, as will the world. And you will see changes in the stores to meet those changing realities.
- S1 18:32 Bri, James Walker does raise a good point, that [chuckles] Supreme, while practical and convenient, is a pretty colorless way of eating. It deprives you of, I guess, all those social aspects that go with eating as well. Is it realistic to think that this could be a game-changer long-term?
- S2 18:55 Well, you know what? I think the key is to look at this rather than in terms of a mutually exclusive kind of set up, rather think of it as complementary. I don't think one particular solution will be the be-all and end-all of the future of food. However, what we're trying to do is, we're trying to give people an extra option, because even though James is completely correct in that it's a very human thing to want to pick up your avocado and smell it, and engage from a tactile and sensory point of view with them, that's awesome. However, there are situations in which for argument's sake, you've got back-to-back meetings round about lunchtime, and you've got 5 or 10 minutes between these meetings to get in a healthy meal, right?
- S2 19:48 Odds are, you're not going to go down to your local farmer's market and have this incredible, sensory experience with your avocado right then and there. You really need something that's quick and functional, and will allow you to live your life in that situation. So, I think it seems to me, to be much more complementary than replacing. At the end of the day, going forward, you'll have a mix of the two. That's our view of the future.
- S1 20:20 Thank you both for joining us. I'm speaking to James Walker, general manager of corporate affairs for Countdown, and also with us, Bri Jans vans Rensburg, chief operating officer of Supreme, a start-up that sells a superfood meal replacement. I'm Andrew Patterson, thanks for listening to this Moxy Podcast. I hope you can join us again soon.
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