

"When we decide to launch a product, we know there's never been a product like it before."

INTERVIEW WITH NICLAS LUTHMAN
FOUNDER, NICK'S



Join us as we have a quick chat with **Niclas Luthman** on his unique approach to starting up NICK's, a Swedish company challenging the conventional ways to manufacture healthy snacks. Niclas is delightfully open and candid on how he got started, and how he likes to apply his time in the technology sector to find fresh ways of engineering sugar-free foods. Motivated by his personal story, he's set out to engineer our most indulgent foods into something better for us, while not sacrificing on taste or experience. NICK's has an engineering first, marketing second approach that feels fresh in this competitive food manufacturing landscape.

What was the main driver behind you starting Nicks?

I started my first company while I was still in college, and we rode the big paradigm shift in things moving from analogue-to-digital technologies. In the 90's we were still recording music to tape, so I saw how an industry can be completely transformed by new technologies and all the opportunities that came with that change.

For years I kept my eyes open for an industry experiencing a shift of similar magnitude, and when I got diagnosed with prediabetes that opportunity came to me. I quickly learned that most packaged foods were either unhealthy or unsustainably produced. Besides focusing on fixing my own health, I saw how this could be another opportunity for a larger analogue- to-digital transformation.

What would you say was key for Nicks, as a Swedish company, to successfully enter the US? We obtained the rights to commercialize a patent on a new type of fat made from ancient rapeseed oil. What's interesting is that the body can't absorb this fat, so therefore it gives no net calories.

Most of the world's unhealthy products, like ice cream and sweets, contain loads of fat and sugar. We already know how to replace the sugar, but when we got this opportunity to also replace the

fat and cut calories, the opportunity was lying right there for us.

Please elaborate on the NICK'S R&D process, and how you stay at the forefront of innovation?

Our approach is upside-down compared to most companies in the food industry. The typical process is for the marketing department and strategists to see what's selling, and then they just dream up new products that are usually just variations on what's selling best already.

At NICKS's, we absorb as many technical advancements as we can find. We meet with innovators and entrepreneurs, we read scientific studies, and we try and unlock our minds from what we see on the market already. This allows us to innovate and create products that don't exist in any Nielsen data. (Nielsen is who provides week-to-week data on what's selling in the food industry)

So, when we decide to launch a product, we know there's never been a product like it before.

N!CK'S

N!CK'S launched their first products in 2016.

How do you ensure state-of-art taste without compromising on health aspects?

We just have to be better. First, we need to understand exactly why the incumbent products taste and behave the way they do on a molecular level. Then we try and replicate those tastes with all of the “better for you” ingredients. Sometimes it’s easy, and sometimes it’s impossible. But what I learned from my time in electronics, is that there is no magic way to create new products, unless you have a massive technological advantage over your competitors.

What is the secret sauce to NICK’S swift R&D process? (from idea to being on the retail shelves?)

Real innovation usually comes from a very difficult problem that you need to find a solution to. However, the challenge is that you never really know when or where that solution will materialize. Therefore, our process is to work on 5-10 simultaneous parallel projects that all have commercial potential. Then, when you suddenly have a breakthrough, we can quickly move to a final product because we are confident we have a product that people want to buy. So instead of getting our product briefs from the marketing and strategy departments, and banging our heads against the wall to make them work, we do it the other way around, which is way easier. We prototype a lot of products, and then present our ideas to the Marketing & Strategy teams to see if they think they will resonate with real consumers. It’s actually easier for us to make 3 products with this methodology for every 1 product that comes from a strategist.

What is NICK’S key focus to ensure sustainability throughout the entire value chain?

We of course look at every supplier for every ingredient, but since we are still a relatively small player, we can’t influence any meaningful changes yet. Our goal is to become big enough that we influence the changes in our suppliers we would like to see.

How does NICK’S convince traditional customers who believes that no-sugar equals a less tasty experience?

We should do way more tastings everywhere in stores. We must win big on taste and experience. A really negative approach would be to just tell people ‘this is what they need to do’. Meaning, pointing out to them how most of the “indulgent” products in the marketplace can make them obese, sick, or shorten their lifespans. Or can even make you immobilized or placed in hospitals as you get older. For me, that part was easy. As a type 2 diabetic, my condition taught me that I had a fairly high probability to end up in a hospital with an amputated limb. That alone was enough to convince me to never again eat traditional candy and ice cream. People don’t want to face this reality, so we need to make our products just as tasty as ‘the real things’ so millions of people don’t risk ruining their health.



What do you believe will be the next transformative innovation within healthy snacking / confectionary industries?

I know what it is, but I can’t tell you. Yet.

