

Food's so hot

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Everyone, barring those on a diet (actually, make that especially those on a diet), thinks about food several times a day. As serial entrepreneur and investor Krishnan Ganesh puts it, "Buying a book is optional, going for a vacation is optional, thinking about God is optional, but food is not optional."

That could be one of the reasons Ganesh, an investor with fingers in pies as varied as healthcare, online groceries and education, has promoted FreshMenu, a food-delivery service in Bengaluru led by Rashmi Daga. FreshMenu makes and delivers gourmet meals priced at a reasonable Rs 250 per meal, and has a menu that changes every day. Customers can order meals through the website or mobile app.

As opposed to a brick-and-mortar restaurant, an "internet-only restaurant" like FreshMenu eliminates massive costs such as real estate, service and air-conditioning. "We also bring down costs by using technology and analytics to predict demand. We even know the eating pattern of a suburb like Whitefield (in Bengaluru)," says Ganesh.

For the founders of Brekkie, another Bengaluru-based food startup that specializes in healthy and wholesome breakfasts, the idea came from a personal pain point. "We weren't morning people. Most mornings, we didn't even have time to grab a bite - unless we wanted a greasy dosa in a packed darshini," says Ashwin Chandrasekaran, who founded Brekkie along with Haripriya Raja and Nikhil Behl. None of the 20-something co-founders has a background in food. But the venture's been growing and has barely spent a penny on marketing. "We have operationally broken even and are looking for investments to expand," says Chandrasekaran.

In consumer-facing businesses, if 2014 was the year of transport startups like Uber and Ola, 2015 promises to be the year food startups come of age in India. It is an underserved, unorganized market that has largely been run by mom-and-pop outfits, which cannot expand beyond their immediate vicinity and have no marketing tools at hand or investor backing. Several food startups such as Gurgaon-based Yumist and FRSH, Mumbai-based HolaChef, and cricketer Robin Uthappa-backed iTiffin in Bengaluru have received significant funding from VCs and other investors.

Like FRSH and iTiffin, there are now a host of startups that both cook and deliver instead of following the marketplace model of connecting customers with restaurants, which is the forte of companies like Zomato, Delyver, Foodpanda and TinyOwl. The sheer number of cookand-deliver start-ups is higher, indicating that these entrepreneurs have been encouraged by the low entry costs and success of early birds like iTiffin. The 18-month-old iTiffin dishes out calorie-defined meals to consumers at around Rs 2,000 per month. Nearly 70% of their orders is delivered to people working at offices. The startup has seen its daily meal orders grow from 800 at inception to 2,500 at present.

Sumit Tuteja, co-founder of FRSH, has a theory on why Bengaluru and Gurgaon are attracting food-delivery activity: "Both places have a robust migrant population that is young and has high disposable incomes. Mumbai too might have a similar demographic but compared to Gurgaon, it has better and more localized options of eating such as vada pao carts." Around 70-80% of FRSH customers are repeat ones. It has benefited from doing away with a minimum-order system. It delivers even Rs 50 orders. "We have been growing at 25-30% month-on-month and service around 500 orders per day with an average ticket size of Rs 200," says Tuteja, who co-founded the company with another IIT Delhi alumnus Badal Goel.

Even traditional markets like Chennai have opened up to home-or office-delivered food because of a growing number of double-income families with young children. Chennai-based Lunchbox is a venture that steps into the shoes of working parents, providing healthy and variety food. Started in 2013, their 25 chefs work to deliver almost 1,000 boxes of food in a day in partnership with corporates and schools, in addition to individual orders. "We are seeing an increasing emphasis from customers on healthy diet meals," says founder Kripa Dharmaraj.

"Eat healthy" seems to be a common factor among most of these startups. Many provide calorie and nutrient break-ups for their meals, and some like Bengaluru-based Nuts Over Salads are promoting salads as complete meals. Started by Aditya Rao, who has a degree in culinary arts from an Australian university, Nuts Over Salads delivers salads with exotic ingredients like barleyrice and poached chicken, Mediterranean balela (garbanzo beans) and couscous.

However, Ganesh extends a word of caution on the food business." The consumer is extremely fickle and so you have to consistently innovate and deliver quality. Once a customer is upset with the food they're not coming back. The Indian consumer is very patient with a lot of categories, but not food."