

Food start-ups feast on niche categories

Challenge MNCs with fares such as Greek yogurt, hummus, cold-pressed juices

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MNCs are being challenged by fast and nimble food start-ups that are getting aggressive when it comes to creating niche segments such as Greek yogurt, hummus, salsa dips and cold-pressed juices in the FMCG category.

For instance, when Drums Food International created a Greek yogurt brand under the name of Epigamia, Nestle followed suit with its own offering recently.

Having raised ₹20 crore through 'super angels', the two-year-old start-up already reaches out to 2,000 outlets, with modern trade helping in establishing the niche FMCG category.

"We are positioning our yogurt as an all-day snack and are fast in understanding consumers' palate compared with MNCs," says Rohan Mirchandani, Co-Founder, Drums Food International.

Investors in such categories are people who have served in big MNCs themselves.

Former Helion Ventures Senior Managing Director and HUL employee, Kanwaljit Singh, who has floated his private investment firm Fireside Ventures, is already investing in a host of FMCG food start-ups such as Bonhomia, Hector Beverages, Yoga-bar and Drums Food International.

Changing landscape

"The emergence of modern trade and online shopping channels is changing the landscape of food business. The logical approach for MNCs would be to either emulate or acquire such food start-ups," said Singh.

In global markets, brands in categories such as cold-pressed juices have been acquired by MNCs such as Coca Cola and PepsiCo.

Indian cold-pressed juice brand Raw Pressery has entered



Multi-national firms are trying to catch up with food start-ups by bringing out their own offerings (file photo)

a segment which has so far not been trod by any MNCs in India. have raised \$7.2 million from investors such as Sequoia India,

Saama Capital and DSG Capital. "Globally, most MNCs do not enter niche categories and do it either through strategic part-

ners or acquisitions. Start-ups like ours are closer to the consumer since we create products based on consumer need, unlike

MNCs which are not flexible and create products to suit distribution channels," says Anuj R-kyan, Founder and Managing Director, Raw Pressery.

The onus of building a branded food category out of dips such as hummus is what drove Fizzy Foodlabs which owns the Chef's Basket brand, says Varun Jhavar, Co-Founder, Fizzy Foodlabs, and former employee at Procter & Gamble. The two-year-old start up has already raised \$6 million from investors, including SAIF Partners.

Bringing out century-old drinks has been the prerogative of Hector Beverages, co-founded by ex Coca Cola employee Neeraj Kakkar.

"We are flattered that Coca Cola is following our example and including green mango in Fanta since we were the first beverage brand to launch drinks which are as close to nature. Using traditional recipes, we are here to experiment with new offerings and packaging which have not been tried out by anybody in the past, with our Paper Boat brand," says Kakkar.