

START-UP CORNER • TRACKING EMERGING INDIA

Meals in a box, quick & easy

With a focus on taste, technology and logistics, Mumbai-based Box8 is raking in healthy profit & eyeing swift growth, writes Maryam Farooqui

KICKASS FOOD
SUPERB DELIVERY
FANTASTIC PRICES



When Divya, a Mumbai-based professional, craves food, she wants it fast and easy. Start-up Box8 gets her what she wants, without much effort.

"Ordering with the Box8 app is easy. I don't have to worry about getting spoons and forks and napkins — their boxes have everything," she said. "If there are leftovers, I can just 'box' it, and take it home."

Founded in 2012 by Indian Institute of Technology (IIT) alumni Anshul Gupta and Amit Raj, Box8 says it aims to provide delicious food with little hassle. Gupta and Raj are confirmed foodies, and the love — which they describe to be the most "sincere" — prompted them to venture into the segment. "The organised food market is still quite nascent in India," said Gupta, who went to IIT-Kharagpur.

His company offers a range of food. A customer can choose among curries or biryani for a full meal, or among sandwiches and wraps for a snack. At present, the average consumer transaction is three to four times a month and the frequency is growing eight to 10 per cent.

Meals in a box

In the rush of contemporary professional lives, one often sacrifices tasty and healthy food in favour of convenience. Box8 provides tasty meals one can eat anytime, anywhere — even on the go.

What can beat good food with a great discount? "We have a core group that keeps analysing customer behaviour," said Raj, an IIT-Bombay alumnus. "At times, we encourage customers to order with an external push or incentive. We send reminders, with discounts and try to form a habit with our customers."

It is no surprise then that 80 per cent of their daily transaction is from repeat customers.

"We really focus on repeat customers — our focus from early days — as we believe that a chunk of the business should come from there," said Raj. "Of course, we also acquire new ones, but our core focus is on repeat customers."

He added: "Customers keep com-



Anshul Gupta (left) and Amit Raj, the founders of Box8

ing back to us and that has helped us grow as a business."

With about 2,000 transactions per day, Box8 has grown 10 times over the past 15 months. "In Mumbai we have 22 delivery units. We sell 100,000 units per month," Raj said. "Our gross margin is often as high as 70 per cent."

Explaining what has worked in the company's favour, Raj said: "We own the entire value chain — the front-end customer experience in placing the order, the food (prepared only once the order is placed, so that it remains fresh), the back-end logistics and our delivery boys give our products to the customers."

Nikhil Khattau, the managing director (MD) of US-based venture capital firm Mayfield (which has invested in Box8), said: "Box8 is defined by taste, technology and logistics."

Tech taste & expansion

The Box8 app is available on both iOS and Android stores — 50 per cent of the business comes through mobile.

On firing the app, the customer only needs to choose the outlet, the box and whether they would like it delivered or take-away.

It is now planning to launch a new version of its mobile app in a few weeks. It will have a new-age user interface (UI) and

user experience (UX), with additional features such as real-time order tracking on a map, and provide suggestions based on the customers ordering history.

One will be able to place the order in a few seconds. The Box8 team is eyeing expansion in the real world as well. "We have already started hiring and setting up the supply chain in Pune. We should be able to open a delivery unit within a month (August)," said Raj.

EXPERT TAKE



Strong internet penetration has taken the food segment in India by storm. The segment is worth about ₹20 lakh crore. The restaurant segment is flourishing and the delivery segment is also doing well. There is huge potential and we are just beginning to scratch the surface. Indians love eating and are open to experiments. This will help the online food market grow exponentially.

The online food ordering business is in a nascent stage. Food entrepreneurs are experimenting

FACT BOX

Area of business: On-demand food delivery service

Operations started: 2012

Founders: Anshul Gupta and Amit Raj, both IIT alumni

Funding: ₹21 crore from Mayfield in May 2015

Other investors: Kaushal Aggarwal of Avendus Capital, Dheeraj Rajaram of MuSigma and Indian Angel Network

In Mumbai, too, expansion plans are afoot. "The number of our delivery boys will double to 500 in this quarter (July to September), and increase to 3,000 in 10 months, across all cities where we have a presence."

Box8 also aims to increase the number of per-day orders to 10,000. To order a meal for two, one has to shell out about ₹300. "It is very popular among professionals," said Raj. Competition is not at all stiff. Though there are a number of players in the seg-

with a variety of new business models. Box8 is an on-demand delivery company that is solving the problem with a well-devised plan. Focusing on technology, the company emphasises on constant product innovation. It has a wide category coverage for sub-cuisines. They've ensured greater control over customer experience as they manage the product, technology and delivery themselves. However, Box8 seems very infra-heavy. The scale-up of the company is slower. Another aspect that cannot be avoided is competition. Many food tech start-ups are mushrooming in Mumbai who are also expanding to other

ment, their strategies are different.

Road ahead

Box8 has raised ₹21 crore in Series-A funding from Mayfield. The money will be used to expand across different cities and grow the team.

At present, the core team has 40 members — Box8 wants to double it. The whole team would also grow from 350 to 1,000. "We are also trying to expand the tech team," said Raj.

"Execution and quality are the two major challenges," said Mayfield Managing Director Khattau.

"It is easy to start a small business and outlet. As you grow, managing consistency, as Dominos has done, is the real challenge," said Anil Joshi, managing partner, Unicorn India Ventures. "Due to a spurt in e-commerce companies, managing resource will pose as a challenge. Standardisation is important and adopting the local taste will help them (Box8). The consumer has to be the biggest priority."

cities. Box8 should consider scaling up to avoid being outgrown.

Overall, this is a very exciting market and a very good model. However, key to success will be how much they can scale up and capital requirements for it. In today's day and age, there are a lot of models that can be experimented with — especially the flying formation between hub-and-spoke kitchens. Standardisation, delivery time and marketing will be important parameters to consider.

Saurabh Kochhar, the co-founder and chief executive of Foodpanda India and chief business officer of their global operations



START-UPS IN THE NEWS

Nexus Venture backs Procurify

Venture capital firm Nexus Venture Partners, along with Point Nine Capital and Business Development Bank of Canada, has invested \$4 million in Canadian software-as-a-service start-up Procurify. The company will use this funding to fuel continued growth in the multi-billion dollar cloud and mobile enterprise software market, with further investment into sales, marketing and product development.

BroEx raises \$1 million

BroEx, India's largest network of real estate brokers, has raised \$1 million in an early-stage financing from Lightspeed India. At present, 25,000 brokers actively use the network across Delhi-NCR, Mumbai, Bengaluru, Pune, Ahmedabad and Jaipur, the company said.

IndiaMLS gets ₹1.09 million

IndiaMLS Systems, which runs the online network of real estate brokers IndiaMLS, has secured seed funding of \$1.09 million from a group of high network individuals. The membership-based software platform, which helps real estate brokers upload property listings to a common network, is designed to increase brokers' efficiency, help them save money and bring structure and standardisation in the real estate market.

JoybyNature raises \$1 million

JoybyNature, an e-commerce marketplace for organic products run by New Delhi-based Pavitra Retail Private Limited, has received \$1 million in a pre-Series-A round of funding from Mumbai Angels and few high networth individuals.

MagicTiger buys Godeliver

Bengaluru-based on-demand delivery services start-up MagicTiger has acquired its rival Godeliver, also from Bengaluru. Founded by Gaurav Singh, Piyush Mishra and Tarun Gujjula, GoDeliver enables users to order anything through an SMS or a Facebook chat and get delivery at their doorstep. It charges the customer on the cost of the product, inclusive of delivery charge and convenience charge, which depends on the complications of the way the order was sourced. Currently, Godeliver is operational only in Bengaluru, according to a DealCurry report.

If you have any information to share, please write to bsreporter@bmail.in