

Twigly, new on the menu

The food-tech start-up says its cloud kitchen model has helped it earn higher margins and ensure better customer experience



(L-R) Twigly co-founders Sonal Minhas, Rohan Dayal and Naresh Kumar Kachhi

Hita Gupta

EVEN as food-tech start-ups such as Localbanya, Pepper-Tap, Eatlo and TinyOwl fell by the way side in 2015-16, cloud kitchen company Twigly entered the market in August 2015. The company claims 60% gross margins, earning ₹50-60 on an average order value of ₹400-450.

Sonal Minhas, co-founder of Twigly, says it is important for food-tech companies to have higher ticket value in order to be profitable. Twigly clocks about 250 orders daily and is targetting 400 orders by December. “By March 2017, we should be clocking about 600 orders daily and that should be good to have our three kitchens working at full capacity and start making money. In terms of capacity, each of our kitchen can take 200-250 orders per day,” he adds.

While he accepts that the perishables e-tail business is a risky model due to supply constraints, the Twigly co-founder says that as cloud kitchens are more digitised, they allow better customer experience. Therefore, food aggregator such as Swiggy and Zomato can also be seen adopting cloud kitchens in search of better margins and better customer experience, he says. According to him, the food-tech start-ups that closed down were unable to innovate on the

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SONAL MINHAS,
Co-founder, Twigly

marketplace model at that time.

In the cloud kitchen model, food is prepared at a central kitchen of the food-tech company, which then delivers it to the end-consumer. Others in the space include Bengaluru-based FreshMenu and Gurgaon-based InnerChef.

For delivery, Twigly started with a combination of third party players and its own fleet, but the shutdown of hyper-local delivery company Opinio forced

WHAT'S ON THE PLATE

► 400 daily orders by December

► Private label for beverages and dips by December

► Kitchens in South Delhi, Bengaluru by FY18

► Raise Series A funding by May 2018

Twigly to depend on its own fleet of 25 riders across South Delhi and Gurgaon. The company pays ₹70 per delivery and each delivery boy can deliver 13-14 orders per day, touching 20 orders on peak days.

“Third party players were not able to onboard our tech integration and follow our standards. But 20% of our orders were being fulfilled by these players. Now all our orders are fulfilled by our in-house team and the delivery cost now is far lower than what we were paying to third party players,” Minhas adds.

Instead of replicating the business model of food aggregators such as Foodpanda, Swiggy and Zomato; Twigly seeks to go after the 'white space' in the market—sandwiches and pizzas. Minhas believes that the sandwich industry in India has the potential to become a ₹600-700 crore industry in India. “From our side a lot of innovation will go into making this product more delivery-friendly and we will also have the first-mover advantage,” he says.

By the end of December 2016, Twigly is expected to enter the FMCG space with its private label that will be available online. It will also reach out to modern retail stores such as Godrej Nature's Basket, Le Marche and Needs The Supermarket. “Our private label products will include some base ingredients which are being used in our current operations to make the final product, but also have utility as a final product. These include food products such as hummus, pesto, dips, etc.,” says Minhas.

In FY18, the Twigly will add one more kitchen to its existing one in South Delhi and by November 2017 it plans to have a presence in Bengaluru. “We are planning to open three-four sub-brands under Twigly for sandwiches, pizzas, and FMCG,” he added.

Despite the slowdown in funding in the food-tech segment, Twigly raised \$800,000 in seed funding. In September 2015, it raised \$200,000, followed by \$600,000 from Tracxn in July 2016. “Currently we are in talks with investors to raise Series A but the deal will only close by March-May next year,” said Minhas. The company is expected to raise \$3-5 million in Series A funding.