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Vellore Institute of Technology

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PROJECT REPORT

iD Fresh Foods
Organic Fresh Food Brand

Submitted for the course

MGT1022

(LEAN START-UP MANAGEMENT)

Slot:-TE1

Group – XX

Guided by – Prof.GANGATHARAN C

CERTIFICATE

This is to certify that the project work entitled

iD Fresh Foods

Organic Fresh Food Brand

that is being submitted by the group of students mentioned below
for **MGT1022**

(LEAN START-UP MANAGEMENT) is

bonafide work

done by them under my supervision.

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ABSTRACT

In the progress document, we are aiming to focus on more of the PR and marketing tactics that have been undertaken by the company. We are also taking a look at the funding the company had to have received in order to reach where it is today. Then, we have taken a look at how the product of the company is being sold and towards the end, a few possible suggestions are made for improvement. We have also tried to contact the company through their website.

What's food without a little love and a lot of goodness?

Founded in 2005, we've always been about preserving the tradition of Indian cooking. Food makes up a big part of our culture and it's our favorite part! We started out with one small store and a lot of big dreams. Now, we serve homes across the country and Middle East. Our motto has always been to serve fresh and home-made food to everyone. We love food and we love talking about food so through the year

1.INTRODUCTION

Brief History Of Startup

This startup was the idea of one of the 4 cousin brothers of PC Mustafa who started the company in 2006. The idea was actually copied from a local shop which used to sell idly and dosa batter to few shops around and made profit. Mustafa was doing MBA from IIM Bengaluru at that time and needed money to pay for his academics and support his family at this time he was using his old savings. So he invested 25,000 in the business, operating from a 550 square feet space with two grinders, a mixer and a sealing machine. They made profit from day one and so, Mustafa invested another Rs 6 lakh to add more machines. After getting his MBA, Mustafa officially joined as the CEO in charge of marketing and finance of iD Fresh Foods.

As the demand for their product increased, Mustafa invested another Rs 40 lakh in 2008 and bought a 2,500 square feet shed in the Hoskote Industrial Area. He later raised Rs 35 crore in the first round of funding from Helion Venture Partners. Today, iD Fresh manufactures 50,000 kg of batter daily from their units across the country and one in Dubai, which converts into a million idlis.

Why We Chose This Startup/ Why Should A Third Person Read This Case?

We have chosen this startup due to its irreplaceable presence in today's market. It is imperative that each one of us consumes our food after getting to know where it is procured from. Healthy and organically produced food is under stated in modern society. In an age where diabetes, obesity blood pressure and other diseases are widespread, it is very important to consider startups like the one we have chosen in which all the ingredients are fresh and from a local farm.

The speciality about iD Fresh Foods is that their products are completely natural and do not contain any preservatives or additives. Their products are available in air tight packets with a shelf life of seven days. All their food is made in a kitchen and not in a laboratory. iD Fresh Food Centres are located in most major cities including Bengaluru, Hyderabad, Mumbai, Cochin and more.

2.LEAN START UP

What is Start Up?

“A human institution designed to deliver a new product or service under conditions of extreme uncertainty.”

The Problem:-

“Startups don't have much time or budget so they need to be resourceful.”

The Lean Start Up:-

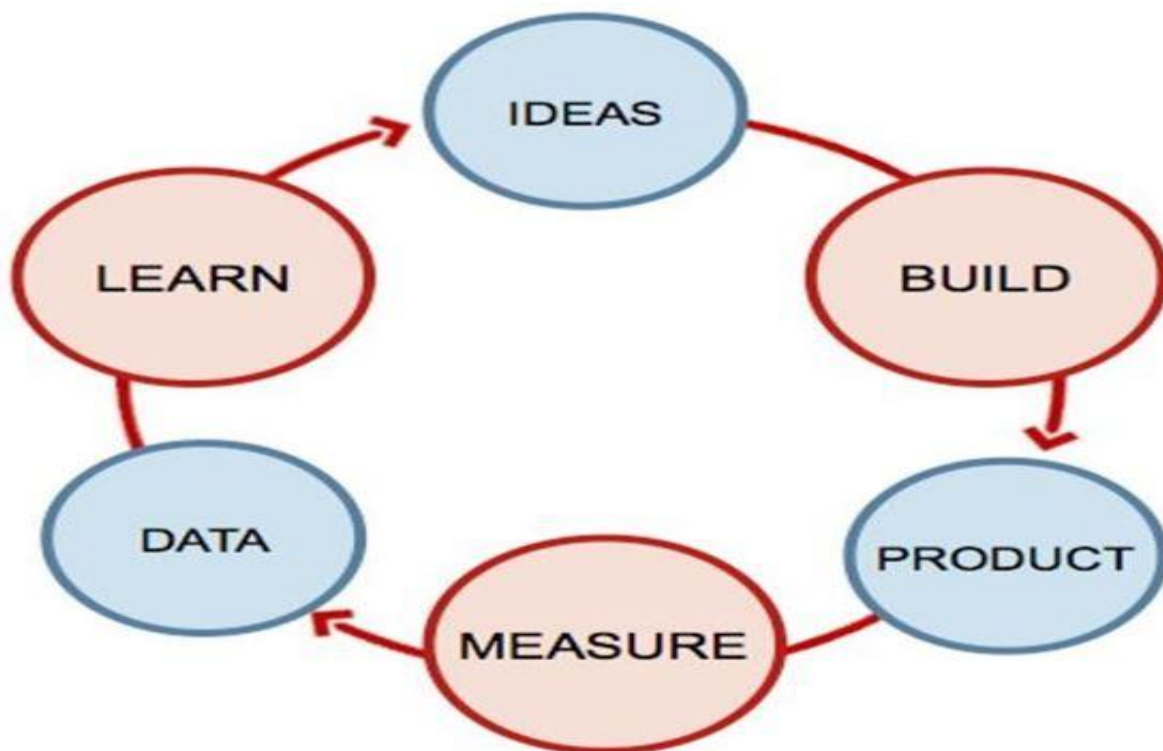
“A set of processes used by entrepreneurs to develop products and markets, combining Agile Software Development, Customer Development and existing software platforms.”

The Lean Startup provides a scientific approach to creating and managing startups and get a desired product to customers' hands faster. The Lean Startup method teaches you how to drive a startup-how to steer, when to turn, and when to persevere-and grow a business with maximum acceleration. It is a principled approach to new product development.

Too many startups begin with an idea for a product that they think people want. They then spend months, sometimes years, perfecting that product without ever showing the product, even in a very rudimentary form, to the prospective customer. When they fail to reach broad uptake from customers, it is often because they never spoke to prospective customers and determined whether or not the product was interesting. When customers ultimately communicate, through their indifference, that they don't care about the idea, the startup fails.

“Using the Lean Startup approach, companies can create order not chaos by providing tools to test a vision continuously.”

For example, a healthy meal delivery service that is targeting busy, single 20-somethings in urban areas might learn that it has a better market in 30-something affluent mothers of newborns in the suburbs.



3. PRINCIPLES OF LEAN STARTUP

The Lean Startup has become phenomenal in the world today. Written in a book by Eric Ries, the Lean Startup is now a thing in the world of startups and a proven methodology of building great companies from what were merely ideas. These are the major principles involved in the Lean Startup process:

3.1. Entrepreneurs Are Everywhere

The first principle of the Lean Startup is that entrepreneurs are everywhere, you don't have to start in a garage to be called a startup. In the times past we know that most big companies started in a garage and worked there, and were called startups. But today startups are not just about working in a garage. What you should learn from this principle is that there has never been a better time to innovate than today. Think big. Start Small. Scale Fast. That is the mentality behind this principle. If you have an idea, start small in your bedroom or wherever, then keep going.

3.2. Entrepreneurship is Management

This second principle is based upon the institutionalizing of a startup. Startups are not just products. Startups are institutions that teach you how to manage your institution. Following this, it warrants therefore that every startup be different from the other. That essentially means that the methods of managing startups today have to be geared towards the context. You have to manage your startup in a way that the methods are customized for your startup.

3.3. Validated Learning

The Lean Startup is based upon a learning process. The learning part is a very credible way of building your company. The proven assumption is that if you spend time building your product to what the customers want, continuously and diligently, you will most certainly never go wrong on the end product that comes after the process.

3.4. Innovation Accounting

In a startup, accounting levels won't just be financial-based documenting revenues, losses, profits and sales, they will also involve what the Lean Startup refers to as "the boring stuff" like how to measure progress, how to setup milestones, how to prioritize work. This type of accounting is called innovation accounting. Account for the creative ways you are coming up with in your startup to solve problems. This will be important because it holds the entrepreneurs accountable especially when they are bootstrapping and have no investors.

3.5. Build-Measure-Learn

This is not just a basic Lean Startup principle. It could as well be the main thing. The process of building a big company is not easy. This principle guides you as an entrepreneur to build your minimum viable product (MVP) then build your big company around this MVP tweaking and tuning around it. Of course before tuning you must evaluate the effects and metrics from the people using the product and the market. So to sum it all up it is a process of build first, measure the product's effects to consumers and the market, then learn and build again every single time taking into consideration the metrics you measured.

The following table below shows all the five principle of Lean start up which relates our project.

4. PROBLEMS FACED

Ideas and Problems For Our Case Problems

- There are only 5-6 manufacturing plants and they are not set up in all the 12 locations in India and Dubai. These manufacturing plants have to undertake the supply in the rest of the cities which can take considerable time. This is a problem as most of the products have an expiry date of 3-6 days. So delivering the products in a fresh state can be a challenge to our chosen startup.
- There are local vendors in big cities that sell fresh idli-dosa batter, chutney etc but we cannot be sure if that it is 100% naturally made. This is a competition that our startup will have to face which can be a problem as people usually prefer to buy from such local vendors due to their nearby presence and people being familiar with them.
- Id fresh foods believes in using 100% natural ingredients to make the products which means that no use of baking soda or any other kind of preservatives. This is certainly an advantage

5. IDEAS FO OVERCOME

Possible Ideas

- They can come up with more ready-to-eat products like Upma, sheera/halwa batter, Dhokla, poha etc which would attract a wider customer base from North India..
- Setting up small manufacturing plants in almost all the cities that they supply their products can help them serve their customers in a better fashion.
- There are countries like U.S, Canada, U.K etc where there is a high percentage of Indian population. Therefore, expanding the business to such countries can be fruitful for the business in the long term.

Probable Insights From The Proposed Case

From our case on iD Fresh Foods, we can see a pattern of good decisions that made this startup into the successful venture it is today.

- They have been constantly listening to the feedback from consumer base.
- They don't work for the money but for the passion involved in putting out a high quality, environmentally friendly product
- The founders who are in charge have the required skillset to properly manage the company (CEO is an IIM alumni).
- They have managed to successfully market their product in order to get sufficient funding and expand their lineup.

Implications Of The Proposed Case

This case brings to light the age old fact that with hardwork and perseverance, one can achieve anything. The founder, PC Mustafa was an insightful and observant person keenly noting the absence of high quality, freshly prepared goods in the market. This case also shows that the market is always ready for goods made from organic and farm-produced ingredients. The core values of the company: Speed, Simplicity, Authenticity and Integrity is a great set of ideals that any emerging startup can follow.

Company's Latest Updates:

A. With Rs 150 crore from Premji Invest, iD Fresh Food to enter US, UK and Singapore

iD Fresh Food, the maker of ready-to-cook dosa and idli batter, is preparing to enter the US, United Kingdom and Singapore by the end of. The company's packaged batter, Indian breads and other foods are already popular in the United Arab Emirates, which has large populations of Indians.

iD Fresh raised Rs 150 crore from PremjiInvest, the private investment office of Azim Premji. The office has picked up a 25% stake in iD Fresh at a post- investment valuation of Rs 600 crore, according to a person familiar with the deal terms.

B. iD Fresh Food raises \$25M from Premji Invest, aims for Rs 250cr revenue in the coming year

Ready-to-cook fresh packaged food company iD Fresh Food has raised a fresh round of funding of \$25 million for 25 percent stake from Premji Invest, Azim

Premji's investment arm. The company had previously raised Rs 35 crore from Helion Venture Partners in October 2014.

Musthafa PC, CEO and Co-founder, iD Fresh Food, says that with this round of funding, the team is looking to set up five large manufacturing facilities in India (Bengaluru, Mumbai, Delhi, and Kolkata) and the Middle East (Ajman).

iD has production units in six cities, including two plants in Bengaluru and one each in Chennai, Mumbai, Hyderabad, Mangalore, and Dubai. iD products are also supplied to distribution centres in Cochin, Coimbatore, Vijayawada, Guntur, Rajahmundry, Visakhapatnam, Mysore, Mangalore, and Pune, in addition to the above-mentioned cities. With a current team size of 1,000, iD is set to expand to 30 cities in the next five years and is already present in over 21,000 stores. The company claims to have made a revenue of Rs 150 crore this year and is looking at closing a revenue of Rs 250 crore next year. In the next five years, iD is targeting a revenue of Rs 1,000 crore.

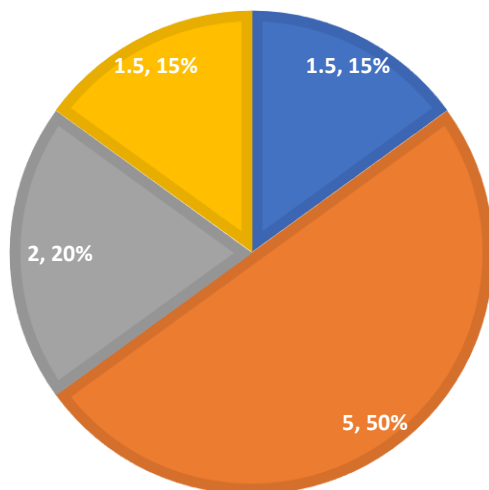
iD will use the funds to build category awareness, accelerate geographic expansion, capacity expansion with state-of-the art plants, and augment the team. Apart from selling in physical retail outlets, iD Fresh Food has also partnered with the likes of BigBasket and Grofers.

The firm, with its ragi dosa and idli batter, will be focusing on to an ongoing emergence of ragi as an alternative food and part of a growing health-food movement worldwide.

Statistics According to our Survey

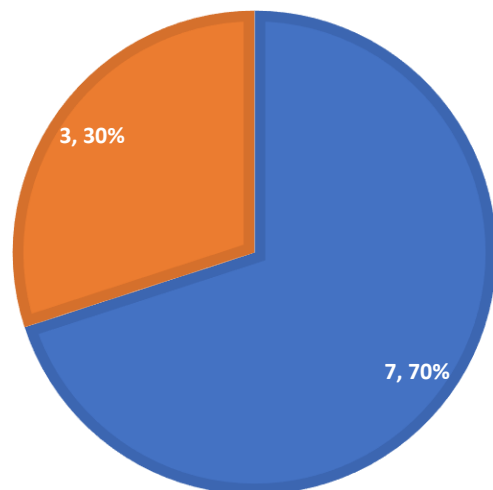
YOUR AGE

■ (A) <18 ■ (B) 18-25 ■ (C) 25-36 ■ (D) >36



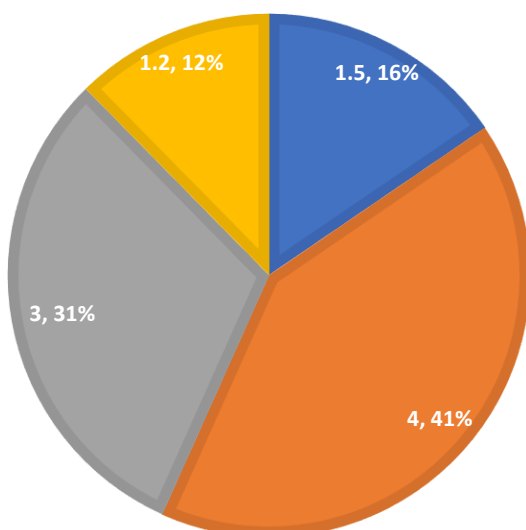
ARE YOU A FOODIE

■ yes ■ no ■



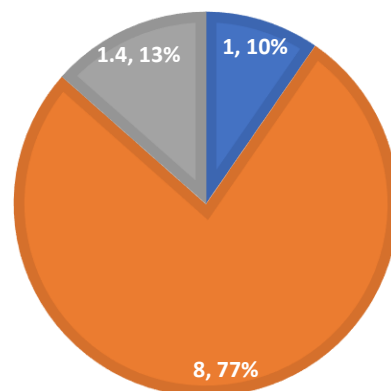
TIMING FOR YOUR BREAKFAST

■ (A) 6:00-7:00 ■ (B) 7:00-8:00 ■ (C) 8:00-9:00 ■ (D) AFTER 9



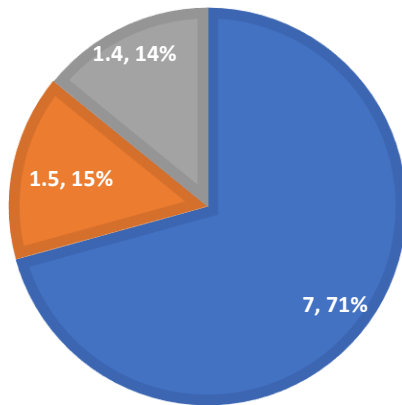
WHAT PRICE ACCORDING TO YOU IS SUITABLE FOR FRESH ORGANIC DOSA BATTER SELLING IN YOUR NEARBY MARKET?

■ (A) ₹10-₹30 ■ (B) ₹30-₹50 ■ (C) ₹50-₹80 ■



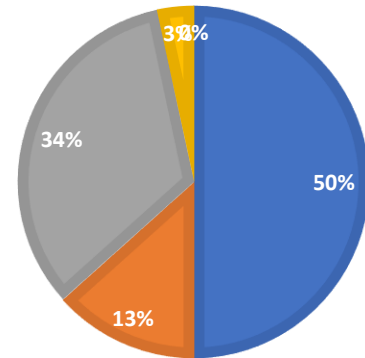
HOW MUCH IMPORTANCE DO YOU GIVE TO ORGANIC FOOD?

■ (A) A LOT ■ (B) NOT A REAL REQUIREMENT
■ (C) OK WITH ANYTHING ■ (D) NOT IMPORTANT



WHICH TYPE OF FOOD YOU OFTEN EAT(LOVE) THE MOST

■ (A) IDLY ■ (B) PAROTAS
■ (C) CHAPATTIS ■ (D) NATURAL CURD
■ (E) PANEER ■ (F) DOSA



AWARENESS:-

Marketing strategies as the focus is to create awareness, build trust and maintain relationships. Keeping “low cost of operation” in mind, social media is used to directly approach customers and handle queries and complaints in real time. A disruptive marketing strategy was adopted by installing ‘Trust Shops’ in few apartments in Karnataka, Tamil Nadu and Kerala called as “iD Trust Shop”. The firm has installed “visi-coolers” which are more like a vending machine and installation of these vending machines has helped to build trust and connect with the target group as there are no cameras to monitor the buyers and check whether they drop cash for whatever they pick from the ‘Trust Shop’. iD Fresh Foods launched an outdoor media campaign in Bangalore. The campaign was done by Accord Advertising on 14th February, 2015.

How well have they transformed their products to fit the current generation?

- Eye catching packet designs
- Innovative packing for vada batter (Yet to be released)
- Wide varieties of wheat products
- Wide range of idli flavors.
- Natural paneer with just pure milk and lemon just like the ones a mom would make.
- Pure and fresh curd

PR and Marketing Strategies Adopted by the Company:

Starting from wet idly dosa batter, the company currently offers a wide range of products to its customers. With its wide array of products, the company seeks to customize its products to cater to the Indian palate. The company has introduced some of the Indian breads like “just heat” whole wheat parota, “just heat” whole wheat chappathi, “just heat” malabar parota, “just heat” whole wheat parota junior, “just heat” mini parota, besides udupi style idly-dosa batter, natural gms–Rs.30 (a cottage cheese) traditionally made by adding lemon to it unlike commercially available cheese made with citric acid and natural curd.

The CEO of the company claims that iD fresh products are only helpful aids to the homemaker and their products will always remain ready to cook and not ready to eat. The products are intended to reach the kitchen first and not directly onto the dining table.

iD Fresh adopts a 360-degree marketing and branding approach that includes ATL (Above the Line Advertising) and BTL (Below the Line Advertising). The ATL strategies have been planned to enhance brand recall and visibility among Mumbai customers by using medium such as bus shelter campaign, gantry advertisement, attractive digital screen at airports and metro stations. The other ATL strategies includes digital print, radio, social media, public relations etc with a major focus on OOH (Out Of House) advertising to encourage people to eat healthy preservative- free food and to cease the stereotype related to packaged food.

The BTL strategies include the launch of viral advertisement on YouTube, social media marketing, newspaper and magazine advertisements. With the aim of creating awareness about the difficulties of the families of Indian martyrs and to motivate the common people to contribute to their families, the company has tied-up with the Directorate of Indian Army Veterans and has created a digital campaign.

To lock in “price-sensitive” customers, many sales promotion tools like Rs. 20 Paytm recharge on purchase of iD fresh batter and Rs. 60 Freecharge offer are being used consistently.

Using the digital medium is key to its marketing mix strategies as the focus is to create awareness, build trust and maintain relationships. Keeping “low cost of operation” in mind, social media is used to directly approach customers and handle queries and complaints in real time. A disruptive marketing strategy was adopted by installing ‘Trust Shops’ in few apartments in Karnataka, Tamil Nadu and Kerala called as “iD Trust Shop”. The firm has installed visi-coolers” which are more like a vending machine and installation of these vending machines has helped to build trust and connect with the target group as there are no cameras to monitor the buyers and check whether they drop cash for whatever they pick from the ‘Trust Shop’.

iD Fresh Foods launched an outdoor media campaign in Bangalore. The campaign was done by Accord Advertising on 14th February, 2015.

Range of products offered

- Idli and Dosa batter
- Udupi style idli batter
- Vada batter
- Just heat Malabar parotta
- Whole wheat parotta
- Whole wheat chapatti
- Natural Paneer
- Natural Curd

Commonly used Organic Ingredients in Products

- Rice, Rice rava, Rice flour
- Urad dal
- Fenugreek
- Refined palmolein oil
- Gluten
- Baking powder
- Refined wheat flour
- Edible common salt

Possible suggestions for improvement:

- Enhance their marketing strategy than develop more variants of their products.
- iD brand of idli dosa batters aren't aware of how their distributors would store and sell their products. Their policy is strictly against the use of preservatives. Consequently, the idli-dosa batter is sold only through stores that do not switch off their chillers or refrigerators at night, which amounts to about 6,000 of the city's 65,000 retail outlet
- To drive growth the product has to reach a larger number of consumers and iD must focus on increasing its social connections to attain its objectives and break through the clutter.

- The preservation of the products is an issue, since there aren't any preservatives or additives added, raw materials can be supplied from the main branch to smaller production units where the final production and packaging is done and is ready to be delivered to the nearby markets.
- The type of ready to make products produced can be increased by not confining to vada and Idly by introducing Upma, Halwa batter and making ready to eat products like Dhokla and Poha would attract a wide range of customer base from North India.
- Market can be expanded into countries like the United states and Canada which have a high percentage of Indian population, who would very much appreciate ready to make and natural Indian food.

Contribution of Each Member

Since there were 10 people in the project, our plan was to make 5 people work on the abstract which was given to us in the beginning as review 1 and the rest 5 people would work on the progress document for review 2.

For Abstract (Review 1)

- Ravi teja – Brief history of startup
- M.chaitanya – Possible ideas or problems regarding our chosen startup
- Vamsi – Why should a 3rd person read our proposed case
- Tharun – What are the implications of the proposed case
- Umesh (Team lead) – Compiling and editing the final draft

For Progress Document (Review 2)

- Naga chaitanya – PR and marketing strategy used by the company
- Sai venket – Latest Ventures
- Spandan – How well they have transformed the products to fit in the market
- Abhinav – Possible Suggestions for improvement
- Abhijith (Team Co-lead) – Compiling and editing final draft

6. CONCLUSION

Staple breakfast options in a South Indian home, idli and dosa, was turned into a remarkable business venture by Bangalore-based iD Fresh Food. With the promise of convenience and homely taste, iD Fresh started its journey by producing readymade idli and dosa batter. Slowly but steadily, the brand gained a strong foothold in urban kitchens and diversified its product range to become 'a trusted kitchen assistant' who does all the tedious backend process.

iD Fresh Food has benefited tremendously. There are many benefits like Real-time access to Key Performance Indicators across the business, Deep insights into Sales, Operations and Finance, Ability to develop Predictive Analytics for manufacturing planning and reducing waste.

7. REFERENCES

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