

Business

Retail's worry: Consumers may get used to making do with less even after lockdown lifts

Updated : April 17, 2020 10:53 AM IST

- Kirana stores are using technology to manage inventories and service customers better
- Suppliers worry that shut stores and a faltering supply chain could gradually lead to demand suppression



JUDE SANNITH
@JudeSannith24

Share



Even as Lockdown 2.0 has kicked off and will continue till early May, the focus has already turned to the country's exit strategy. One of the major challenges to restoring normalcy, is getting a mammoth retail supply chain back on its feet. Experts feel that task could be harder than what meets the eye.

"Fruits, vegetables and dairy are the most vulnerable parts of the food chain," said Suresh Narayanan, Chairman, CII National Panel on Food Processing, in an exclusive chat with CNBC-TV18.

Narayanan acknowledged that labour, transportation and shortage of trucks were some of the major challenges that that industry would have to deal with, even though the situation was improving. "Many e-commerce platforms have started operating, and retail spaces in metros are operational now," He added, "We are not back to satisfactory levels, but have come a long way."

'Unorganized retail struggling'

However, several players on the ground are dissatisfied with the lack of a structured exit strategy from the government, especially in the unorganized sector.

"Nearly 95 percent of shopping sales in India happen in corner shops and kirana stores, and nearly half these stores have been closed," said Srikumar Misra, Founder and CEO, Milk Mantra Dairy.

Suppliers worry that shut stores and a faltering supply chain could gradually lead to demand suppression. "Demand could be suppressed over a period owing to the supply shock because people will start getting used to a new status quo or a different level of product utilization," Misra added.

Tech to the rescue

Amid this worrisome scenario, kirana stores are using technology to manage inventories and service customers better. Apps like StoreSe and OrderEasy have enabled owners manage stock better through Enterprise Resource Planning (ERP) software, while those like GoDeliver have helped these stores deliver products to households that order them.

"In the wake of the COVID-19 pandemic, the retail ecosystem has seen some drastic changes, and retailers who sell essentials are experiencing challenges that include slowdown of operations owing to logistics issues, scarce resources and cash flows," said Kumar Vembu, founder and CEO of GoFrugal, which built the OrderEasy and GoDeliver apps. Vembu's start-up has offered to let kirana stores subscribe to these apps free of charge for six months, to tide over the crisis.

While these innovations are helping unorganized retail cope with difficult times, the fact remains that an exit strategy for these stores is the need of the hour.

"An exit plan has to be formulated now, so that when we reach the second week of May, nearly 60 percent or 70 percent of kirana stores start opening," said Misra, "By the time the quarter comes to an end, we should be back to a full service provided planning the exit begins now."

Also read: [Maruti will do a dry run post April 20 before starting operations on May 3](#)

Tags [lockdown](#) [Retail](#)

TRENDING ON CNBC-TV18

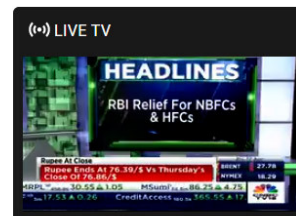
Four gadgets you should invest in for good health



Market
India's economic growth likely to pick up soon, says Morgan...



Economy
We should remove exemptions and deductions in a phased



RECOMMENDED FOR YOU



Economy
Debt incurred over fiscal spending due to coronavirus could...



Finance
S&P Global lowers ICICI Bank, Axis Bank rating outlook to...



Economy
Need to keep some juice for the reconstruction phase, says...