**THE BIG JUGAAD** Your neighbourhood store is changing with canny store owners realising the benefits of going digital, from payments to having inventory online. **Priyanka Sangani** tracks this visible change

# The Kirana is a Tech Shop Too

Platinum Supermarket —with a small, dusty counter top and heaps of consumer goods piled on shelves—was till a few years ago a standard format kirana (corner) store in the suburbs of Pune, where customers would wait for their turn and pay by cash.

Now, of course, the dusty counters are gone, replaced by a newer supermarket layout where shoppers can browse through a far improved product selection, and opt to pay through a variety of means — debit, credit card or any of the Unified Payments Interface-based apps.

This is perhaps the most visible sign of change in the neighbourhood grocery store. Behind the scenes though, things are changing more rapidly.

From ordering supplies to managing inventory and getting analytics on customer behaviour, the kirana store owner suddenly has all kinds of technology tools at his disposal.

And, canny store owners are realising the benefits of going digital, whether in payments or in having their inventory online, which allows them to plug into hyperlocal delivery firms.

This is where players such as the Bengaluru-headquartered Jumbotail, an online wholesale marketplace for food and grocery that connects kirana stores to producers and distributors, play a vital role.

The business-to-business firm, which has tied up with 21,000 small and medium grocery retailers, is working to modernise kirana stores at scale.
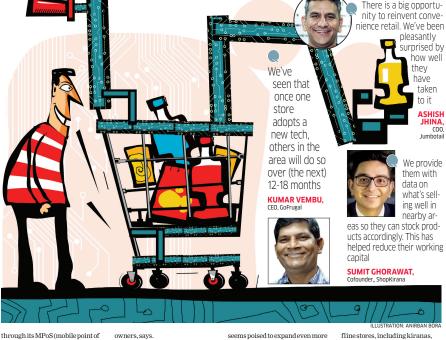
While the store owner places orders through an app, Jumbotail manages the delivery process, right down to offering e-payment options.

"There is a big opportunity to reinvent convenience retail. We've been pleasantly surprised by how well they (store owners) have taken to it," Ashish Jhina, Chief Operating Officer of Jumbotail, says. This is quite contrary to the widely held view that kirana stores would be the last ones to turn to technology, since by all indications they seem to be thriving despite doing things the same way as before.

There an estimated 12 million mom-and-pop stores in India, ranging from large stores in cities to tiny village shops servicing a few hundred people. A significant number of these stores sell food and groceries, along with other household supply products.

Even with the spread of modern trade, it is estimated that over 90% of food and grocery shopping in India still takes place through these stores, which is one reason why everyone from large corporations to startups see this as an opportunity in the making.

Last year, Reliance Jio said it would work towards digitising 5 million kirana stores by 2023

through its MPoS (mobile point of sale) devices. Although a number of companies like Snapbizz and NukkadShops offer similar digital solutions, the scale and reach that Jio would bring has turned the spotlight back on this sector, which forms the backbone of the Indian food and grocery trade.

Earlier this week, Amazon.com's founder Jeff Bezos said it would invest $1 billion to help digitise small and medium businesses in India.

Such steps by big companies help create awareness around the sector, says Kumar Vembu, CEO of GoFrugal, an enterprise resource planning provider for small businesses.

"We've seen that once one store adopts a new technology, all the others in the area will do so over (the next) 12-18 months," he says.

In addition to automating operations and processes like filing GST returns, GoFrugal also offers stores the option of creating their own app so that customers can order online and to help push email or SMS marketing campaigns.

"Three years ago, there was no interest in this offering, but we're starting to see momentum build up now," Vembu, who currently works with about 5,000 kirana store

owners, says.

To be sure, technology adoption is still at a very nascent stage in this sector, but those who have done so are happy with the results, says Pinakiranjan Mishra, Partner and Leader, Consumer Products and Retail, EY India.

## TRENDSPOTTING INC

Trend is contrary to the view that kirana stores would be the last ones to turn to tech

"With GST and the movement to digital payments, store owners are realising that it is inevitable. While it's not that widespread yet, the shift is happening," Mishra says.

One reason why technology adoption has been slow is that these are typically single family-run stores with no major overheads.

Most of the investment goes towards inventory and the store owners have figured out an effective system to operate profitably. Early adopters are, however, helping drive growth and the segment

seems poised to expand even more quickly now.

"SMEs are now understanding the value of technology and we've worked at getting our product-market fit right over the last few years," says Sumit Ghorawat, cofounder of ShopKirana, an Indore-based B2B platform connecting brands with retailers. The past year has been significant with its business starting to scale, he says.

"The market is maturing, and we are very focused on operating in the Tier 2 grocery business," Ghorawat says. ShopKirana operates in eight cities but intends to ramp that up to 30 cities by August.

For a typical corner store owner, the focus is on inventory, and all other expenses are often viewed as non-core to the business. These retailers typically invest only in inventory and are not keen on investing in technology, says Anil Talreja, Partner, Deloitte India.

"Their biggest advantage is the last-mile delivery and speed, along with the familiarity with the consumer."

This core competence is what e-tailers like Amazon and Flipkart are trying to tap into.

In 2019, Amazon launched Amazon Easy, an India-specific initiative, by teaming up with off-

line stores, including kiranas, where customers could walk in and get help to browse and shop on its website.

"Being part of the neighbourhood, the store owner is a trusted face and the nearby community is welcoming and open to make their first purchase on Amazon. in, guided and assisted by the store owners," said an Amazon India spokesperson. "The trust and the positive shopping experience slowly translate into the frequency of purchase and increase in basket size, too."

These store owners also make deliveries for Amazon within a certain area, adding to their earnings.

Amazon Easy currently runs across over 20,000 stores in India across 22 states and will expand over the course of this year.

Rival, Walmart-owned Flipkart, too, uses kirana stores for last-mile delivery. During its Big Billion Days sales event last year, nearly a million shipments were delivered through corner stores.

"Flipkart's kirana program for last-mile delivery is a completely digitised program where the store owners are digitally upskilled through a kirana app, containing a dashboard of deliveries to make

along with inventory management...," said a company spokesperson. "The kirana approach can become a game-changer in alternative delivery models by providing superior customer experience, providing flexibility in the last mile supply chain," the spokesperson added.

Flipkart has 10,000 general trade stores to assist shoppers in 700 cities and another 25,000 kirana stores for last-mile delivery.

For most such stores, digital payments are typically the first step towards digitisation, driven in recent years by factors such as the ban on high-value currency notes in 2016 and the proliferation of digital wallets and UPI-based apps.

The biggest challenge, of course, is internet connectivity, with rural India still lagging and, therefore, not all tech solutions can be introduced as seamlessly as in cities and small towns.

One startup, however, resolved to ease the inventory-dependent model of stores in rural India.

StoreKing CEO Sridhar Gundaiah made 57 visits to convince his first store owners to sign onto their digital ordering platform.

Traditionally, store owners used to buy products from wholesalers depending on the deals that were available. The product selection did not matter usually as their consumers took whatever was on offer. However, the advent of satellite TV and smart phones meant consumers started to demand specific brands from their local retailer.

StoreKing had the answer to this problem.

"We provide them (store owners) with data on what's selling well in nearby areas so that they can stock products accordingly. This has helped reduce their working capital from Rs 4 lakh to Rs 1.5-Rs 2 lakh as they are no longer stocking products that aren't selling well," said Gundaiah.

In the first two years, the company signed on 450 stores, but in the next two, this grew to 50,000 largely through word-of-mouth.

StoreKing has launched a loyalty card where customers can redeem their bonus points at the same store, driving sales and loyalty.

On the other end of the spectrum, creating apps in various regional languages, like Jumbotail and StoreKing have, also helped drive adoption among kirana stores.

Be that as it may, technology adoption has been slower compared to other industry segments. Things have, however, started changing in the last two years and most industry watchers believe that over the next five, kirana stores will be a very different beast, as convenient as online ecommerce platforms, but certainly not going to be replaced by them.

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