

Then & Now

Eezy Kart, HSR Layout, Bengaluru

Then

100 sq ft store, sold 250 stock keeping units (SKU) daily, accepted cards for payment

Now

1,000 sq ft, 7,000 SKUs, multiple digital wallets for payments, apps to connect with suppliers, piloting own wallet



What's new:

- 20-30% incremental business after digitisation
- 65% store earnings from digital payments

“Technology has completely changed the customer-facing operations and backend function for my business”
Srihari Srinivasan, proprietor

the last-mile physical market connectivity,” he announced.

Reliance's focus on small retailers is part of its broader strategy that encompasses its retail, telecom and diverse tech interests. For example, it has piloted its mPoS solution across Gujarat and will soon try it in other states, too, before a national rollout. The firm wants to reach five million retailers by 2025.

India's richest man can expect some stiff competition in the race to woo India's small retailers. The world's largest retailer, Walmart, thinks it has the secret sauce to crack the market. The retail giant is offering small retailers a combination of store modernisation and its own PoS offering, to woo mom-and-pop stores keen for a tech upgrade. “With our knowledge of the country, retail expertise and because of our decade-long work with kiranas, we are in a unique position to understand their pain points.” Krish Iyer, chief executive, Walmart India, told ET in May this year.

In HSR Layout, on Bengaluru's eastern periphery, Srihari Srinivasan is keeping his options open. Over the past six years, his store Eezy Kart has grown ten-fold in size from a 100 sq ft outlet. Along the way, he has also used a combination of customer feedback and technology to tweak what he sells – Uncle Chipp's was a smash hit with his customers as were Dove's products for men – even as he has added multiple digital payment options and apps to manage his supply chain.

If Bengaluru is arguably India's startup capital, then HSR is emerging as the laboratory for retail innovations. Retailers tend to offer more payment options, easier home delivery (on WhatsApp) and are more open to trial new products.

“Technology has completely changed both the customer-facing operations and the back-end function of my business,” says Srinivasan, proprietor of Eezy Kart, on a slow Friday afternoon. He is supervising a fresh consignment of 15-litre mineral water bottles that has just arrived, as he waits for business to pick up. Today, two-thirds of his transactions take place digitally and supplies are sourced using a combination of apps, including Amazon, Ninjacart and Udaan.

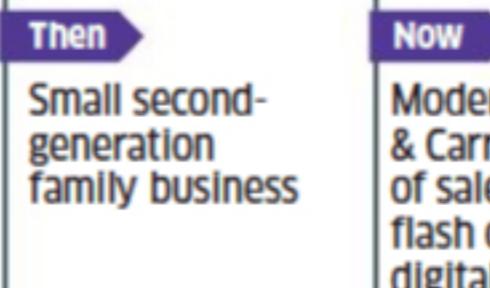
Despite this, he's cautious



Prabhu Stores, Malleswaram, Bengaluru

Then

Small second-generation family business



Now

Modernised by Metro Cash & Carry, has a digital point of sale (PoS), flat screen to flash offers, multiple digital payment options



What's new:

- Streamlined operations
- Closer tracking of inventory
- 20% additional business

“The store has transformed in the past 12 months. We have retained our old customers and brought in new ones”
Nagesh Prabhu, proprietor

about the sweeping plans of the likes of Reliance. “I want to be able to have the choice – and give my customers the choice – of what products to have on my shelves,” he says. “Reliance private labels, Jio mobile and an mPoS also from them narrow these choices.”

Having these options suits companies such as PhonePe just fine. The payment solution of the Flipkart-owned company, which is inching towards becoming India's next unicorn (a company valued at a billion dollars or more), is used by over five million small businesses of all hues, with small retailers leading the way. “We plan to

work with seven million small businesses by the end of the year and retailers are a key target as they become tech-savvy and push for more incremental business from new-age tech solutions,” says Yuvraj Singh Shekharawat, head, offline business growth, PhonePe. Beyond digital payments, PhonePe now offers a platform for small retailers to manage their entire digital identity.

In February 2019, payments startup BharatPe announced it had bagged \$17 million in its Series A (first institutional round) funding, led by Sequoia Capital and BEENEXT, reportedly the largest amount raised at this juncture. This money will come in handy for the fast-growing firm. It already has signed up 800,000 small retailers for its business and thousands more are in the queue. CEO Ashneer Grover says business is on a tear – BharatPe signed up barely 70,000 of them as of December 2018. “We expect 3-4 times growth in all our metrics in the next 12 months as this digitisation wave grows,” he says. Rather than just add more businesses to its roster, he wants the company to do more with them – graduate from low-margin (or no-margin) payments to becoming a lender of small amounts of capital to retailers, before an NBFC application is processed and hopefully approved.

India's kirana stores are suddenly finding themselves in great demand. ■

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Five Change-makers

Reliance Industries

Core business: **Retail, telecom and oil & gas**

Plan: **Low-cost PoS solutions to small retailers (target is 5 million)**

Progress: **1,200 PoS being set up in stores in Gujarat**

Purpose: **Dominate Indian retail, counter Walmart, Amazon & Metro**



“We shall create this (technology platform) by integrating and synergising the power of Reliance Retail's physical marketplace with the fabulous strengths of Jio's digital infrastructure and services...”

Mukesh Ambani, chairman (in his AGM speech on July 5, 2018)

Metro Cash & Carry

Core business: **B2B retail**

Plan: **Modernise small retail stores, digitise PoS to track sales**

Progress: **Working with 500 kirana stores**

Purpose: **German retail giant plans 50 stores in India by 2020**



“We understand the needs of kiranas and know the existential dilemma they are facing in the current environment”

Arvind Mediratta, CEO

PhonePe

Core business: **Digital payments**

Plan: **App for retailers to manage inventory**

Progress: **Working with 5 mn small businesses**

Purpose: **Push digital payments into semi-urban areas**



“We plan to work with 7 million small businesses by the end of the year and retailers are a key target as they become tech-savvy”

Yuvraj Singh Shekharawat, head-offline business growth

BharatPe

Core business: **Digital payments & lending**

Plan: **Start with free payments for small retailers, monetise base by offering loans**

Progress: **Working with 800,000 retailers in 13 cities**

Purpose: **Provide a range of fintech solutions for small businesses**



“We expect 3-4 times growth in all our metrics in 12 months as digitisation wave rises”

Ashneer Grover, CEO

Walmart India

Core business: **Consumer goods**

Plan: **Store and PoS modernisation of 200-300 kiranas in cities**

Progress: **Pilot project in Lucknow, to be expanded to 100 stores**

Purpose: **Deals with small retailers to better understand consumers**



“With our knowledge of the country, retail expertise and our decade-long work with kiranas, we are in a unique position to understand their pain points”

Krish Iyer, CEO