



BATTLEGROUND KIRANA

India's ubiquitous kirana stores are finding themselves in great demand as a slew of companies across payments, ecommerce and supply-chain tech vie for their loyalty and customers

:: Rahul Sachitanand

There is an air of familiarity around Prabhu Stores, a small grocer on the fringes of Malleswaram, a Bengaluru neighbourhood. It is nearly 5 pm on a Friday evening and as the evening rush hour begins to build, Nagesh Prabhu, whose family has owned the store for the better part of five decades, is getting set for business.

Along with his wife, Prabhu operates the store from early in the morning to late evening, providing for small purchases of regular customers, ranging from one-off items such as a bar of soap to extensive monthly grocery lists. Over time, Prabhu Stores has become something of a landmark, with locals happy to point you in its direction. Until 12 months ago, the store, which is around 100 square feet and stocks under 1,000 items, typified the mom-and-pop store that's ubiquitous around India. The interiors were dim and disorganised, billing was ad-hoc and most transactions were in cash. The Prabhuses, who live right next to their store, take turns minding the till. The business wasn't exactly booming, but just like the old neighbourhood, coasting along happily.

Over the past year, the store has undergone a transformation, rendering it nearly unrecognisable for long-time customers. Even as the Prabhuses have tried to keep pace with change (they visited German retailer Metro Cash and Carry's India store the day it opened its first India store in Bengaluru, 18 years ago, and source from there regularly), it is the more recent actions that have turned heads. First, in mid-2019, Prabhu decided to sign up with Metro for its

point of sale, or PoS, machine to hand out digital bills and better manage the inventory.

This also helped piece together a list of some 800 customers to whom he could push special offers. Later, the store itself was overhauled and remodelled, bringing in fresh design and pleasing lighting, effectively opening up the store, making it more accessible to customers and store help alike. (Another unintended consequence: newly installed cameras detected a helper was pilfering groceries.) "The store has completely transformed in the past 12 months, but we have retained old customers and brought in new ones," says Prabhu. With the addition of a

range of digital payment options and the slow adoption of apps to manage suppliers, certain change is in the air.

There are an estimated 12 million small retailers such as Prabhu Stores, meeting customer needs in every nook and cranny of the country. They are now the focus of two transformational forces – one that seeks to modernise such stores, using technology to bestow the efficiencies and tactics of modern retail, and another that seeks to make them the pulsating nerve centres of a coming ecom-



merce and digital payments revolution focussed on smaller cities and beyond, by hooking them up to virtual hubs of demand, supply and transactions.

Fintech companies such as Paytm, PhonePe and Google Pay are all jostling to become the payments bridge between the store and the customer. While store owners pay some of these companies a fee to receive payments, they also get commissions as volumes grow, opening up a new avenue for earnings. Companies such as Reliance, Metro and Amazon have offered glimpses of plans to make the kirana store a big part of their groceries and daily needs ecommerce play and also as delivery hubs and pick-up points for other goods. They have made a beginning by helping such stores better manage their inventory, refurbish the premises with cheap credit and gain more business.

Catching the Corner Store

Away from the visible consumer-facing side of the business, a range of supply chain tech upgrades are underway, with everyone from Udaan to Ninja cart looking to get a kirana owner's attention. Then, a bunch of startups in catalogue management and inventory, including the likes of Store King and Snapbizz, are helping kirana owners sort their stock and better understand their business.

While tech companies get a chance to wire up a new set of customers (and hope to grow in parallel with them), consumer goods firms, including Hindustan Unilever and Future Group, are hoping to benefit from accessing tonnes of customer purchase data.

"Kirana stores are fast evolving with the adoption of technology to serve changing shopper aspirations and needs. HUL is experimenting with different business models in collaboration with retail partners," an HUL representative said. Historically, companies have struggled to prise business out of India's small retailers. Bogged down by limited funds (mostly focused on meeting working capital needs), they have struggled to modernise their businesses.

However, over the past two or three years, a range of businesses, ranging from fledgling ventures such as Perpule, a provider of self-check-out technology, to global retail bellwether Walmart, wants a piece of this action. "We believe kiranas' success is our business ... We understand their needs and know the existential dilemma they are facing in the current competitive environment," says Arvind Mediratta, MD & CEO, Metro Cash & Carry India.

Metro provides a PoS solution (available on monthly instalments) to small retailers, enabling kiranas to track their inventory, sales and revenue; they can refer to the dashboard wherein they can track slow- and fast-moving items like any modern retailer. They can run special promotions for high-value consumers and even send text messages and emails for promotions to their customers. They can also print GST-compliant invoices. Metro is also offering interest-free credit solutions for traders & kiranas, helping them optimise their working capital. Metro has also extended the reach of its 27 stores with a new offering whereby small store owners can order products on the fly from visiting sales staff.



The Kirana Pie

12 mn kirana stores across India

90% retail market is unorganised

\$700 bn Current size of India's retail market

\$1 tn Projected size of market by 2020

350-400 mn Retail consumers likely to be digitally influenced by 2020

Source: Assocham and MRRS India

lous strengths of Jio's digital infrastructure and services... The 35 crore and growing customer footfalls at Reliance Retail stores... The 21.5 crore and growing Jio connectivity customers... The targeted 5 crore Jio Giga-Homes; and all the 3 crore small merchants and shopkeepers all over India who provide