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How India's kirana stores can battle the Covid 19 crisis with the help of technology

By Srikanth RP   On Apr 13, 2020

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In the wake of the COVID-19 outbreak, the retail ecosystem has seen some drastic changes. In India, it is estimated that there are near 12 millions small and medium neighborhood stores, out of which only 25 lakh stores are functioning currently. With the Government enforcing strict regulations, retailers selling essential goods are experiencing challenges in a very different way. Some of the challenges include slowed down operations owing to logistics issues, cash flows, maintaining social distancing and ways to serve the consumers with online ordering and delivery.

With continued lockdown across major cities in India, consumers are returning to their neighborhood kirana stores for their daily needs. They are not well equipped to serve customers in their channel of choice be it phone, whatsApp or even online ordering. GOFRUGAL which works with over 5000+ Kirana stores across the country understood that Kirana stores are all-season business and it's important to help them become omni-channel.

Working with aggregators for ordering and delivery or building their own platform costs them time or money. Empowering them with an online ordering app with their own brand also brings them added control as they are able to provide better experience to his favorite customers. While kiranas are doing their bit to contribute to the society, GOFRUGAL wanted to ease/reduce the financial burden of these retailers. Today, the company made a landmark announcement when it said that it was waiving the cost of its online ordering and delivery management applications for up to 6 months till September 30.

Kumar Vembu, CEO and Founder, GOFRUGAL, shares with us, how kirana stores are using technology to not only compete, but also thrive successfully against well established giants who are struggling with last mile delivery issues.

Some edited excerpts:

1. How many Kirana stores are operational in India (approximately)? How many of them have access to technology (like an app for enabling customers to book orders)?
According to a survey report by Mitsui & Co. Global Strategic Studies, there are about 12 million kirana shops in India with about ten stores per 1000 people, the highest density compared to any other county in the world. Of that approximately 15k kiranas have digitized their operations on ordering, delivery or payment with mobile apps. The overall adoption is still less. The challenge is that, majority of Kirana store owners are not mentally prepared to go digital. They are happy to survive and sustain, but the changing consumer, need for convenience on payment, quality products, and competitive price has forced them to adopt ways to serve the next-gen consumers.

2. How many kirana stores has GOFRUGAL enabled digitally? What is the potential?
Today GOFRUGAL has 30,000+ across 70 countries has powered more than 10,000 kiranas with their solution. We aim to see increasing adoption year on year, we can foresee to automate about 100,000 kiranas by 2025.

3. What are the lessons for Kirana stores from the Covid-19 crisis?
Kirana stores have understood that they are an all-season business. When all the other stores are closed, the Kirana and Pharmacy store owners are continuing to serve the community by taking all the precautions required to safeguard their staff. As more and more customers are placing orders by phone call, WhatsApp, online and requesting home delivery, the Kirana store owners are becoming omni-channel business by chance.

4. What are the opportunities in this crisis for Kirana stores? What can they do?
Lockdown and the 21-day curfew across major cities in India have seen as a boon to Kiranas today. With most of the big supermarkets forced to closedown or do remote deliveries to reduce crowding & community spread of the Coronavirus, consumers are returning back to their neighborhood Kiranas for their daily or weekly essentials.

The nature of Kirana businesses, size, location, inventory mix are forcing them to operate their businesses for their daily livelihood. But one challenge Kiranas are facing today is keeping their stock up to date and mostly because of their disrupted supply chain as major distribution players are forced to closed down their production and manufacturing businesses. Except for milk, vegetable groceries and some % of pharma distributions are continuing their distribution to the retailers. But some of the Retailers have planned to strengthen their own supply chain and serve the customers in time of need.

The continued lockdown has led to faster adoption of technologies by consumers today. Not just for remote working, technology is used by Kiranas for online ordering, digital payments, and contact-less deliveries. User-friendly apps are able to capture the current location with google map of the consumer and able to deliver effectively. There are separate apps for Kiranas to monitor delivery to the consumer orders just like Swiggy and Zomato today. Vendors like GOFRUGAL have made it easy for anyone to operate and use, with minimum or least skills required, in situations where businesses are running with minimal staff. Such apps are seen a significant game-changers as even in such crisis situations, businesses are able to get their grow and serve their customers.

5. Please give us some examples of kirana shop owners who have used your technology to provide services to their end customers? What have been they able to do compared to other traditional kirana owners who are not technologically enabled?
Mani Malliagai, a 3 outlets store based in Pollachi, Tamil Nadu is owned by a tech savy businessman Mr Anand Zoey. He is always keen on trying new technologies and ways to attract his customers. He, in fact, was an early user of our online ordering app and have seen rapid growth in his orders using online ordering. On an average day he used to get 8-10 orders but today he is getting more than 500 orders/day.

The COVID 19 situation is a good driver for not only increased adoption but he is also seeing increasing orders every single day. Before App, he used to use Phone order taking or WhatsApp where he felt that there order accuracy was not good because of manual ordering and all the more that order has to be keyed in manually inside the POS. Sometimes the orders were taken on no stock and thus resulting in unhappy customers. With online ordering app, users can see only items that are currently available and place the order accordingly. The retailer can instantly update his backend and this is visible to all the users live. Hence there is 100% accuracy, lesser staff, more efficient ordering, and happy customers.

Smart Baniye a 4 outlet based chain in Lucknow has seen significant growth in the orders about 1000 orders/day after having implemented an online ordering app of GOFRUGAL. Ajay Rawat and Vivek Singh's dream was to build a world-class home delivery system in Lucknow. While orders were flowing continuously, they are setting up the supply chain to perfect the home delivery experience. With most of the shops closed and not functional in his area, he has seen the business grow drastically especially during the COVID crisis situation. The customer also ran some campaigns offline to educate his customers on the online ordering and currently, he has more than 1000+ App users.

With such digital capability and easiness in ordering and instant delivery, consumers will continue to use these channels and he is confident to get to 10k users shortly. With no experience in retail business, they have redefined the home delivery creating similar experiences that exist in metros. They plan to add more quality products and strengthen the SmartBaniye supply chain to process 1 lakh orders in a month, knowing that the city has the potential for much more. They also want to expand to more cities in UP to replicate the success in Lucknow.

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