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CHAPTER 1

The Digitized Corner Shop Opportunity

Why the Corner Shop, Why Digital Services

Around the world, corner shops are colorful and varied. Tiny and often stacked to the ceiling with everything from everyday essentials like rice, eggs, and shampoo packets to products such as cold medicine and phone chargers, they are a near-daily stop for neighborhood consumers.

Corner shops come in all different sizes and names and offer a variety of services and products. In Indonesia, ride hailing drivers stop at the local warung for a cup of tea before making their deliveries. In Egypt, where these shops are called koshks, shopkeepers offer short term credit, allowing customers to pay their tab on a weekly or monthly basis. In Brazil, customers pick up a freshly baked pastry at the neighborhood mercearia on their way to work.

Shop owners know many of their customers by name, as well as their favorite orders. These relationships matter: A full 70% of Indian consumers reported choosing their kirana because of the quality of service and longstanding relationship with the shopkeeper.

In a business sense, corner shops are remarkably similar across the globe. They are usually small, family-owned or independent retailers, with low capitalization and store management based on intuition. In many countries they represent a high share of grocery sales and a critical last-mile outlet for household staples. Globally they constitute a $900+ billion global industry.¹
Corner shops are indispensable in their neighborhoods, providing convenient shopping, access to fresh groceries, and an assortment of ancillary services, like package pickup, deliveries, store credit, and prepared meals.

The consumers we surveyed across four countries say they depend heavily on corner stores. That reliance only increased during the Covid-19 pandemic as proximity and convenience became a top priority. Fifty percent of consumers visit their corner shop daily, and 24% regularly use a store tab to purchase items on credit.

With our research, we found that the corner shop is the only source of groceries for many consumers. In Egypt, 46% of consumers buy all their groceries there, and 58% in India. Looking forward, nearly all consumers plan to rely on their corner shop just as much and one-third of those surveyed expect to increase their usage.
Positive Consumer Perspectives on the Corner Shop

Despite their essential role, corner shops face external challenges. Competition is increasing from supermarkets, megastores, and online retailers—all leveraging streamlined supply chains and the latest digital tools to cut costs and anticipate consumer needs. Consumers are seeking more access to home delivery, quicker service, and contactless payments.

Meanwhile, internal challenges are a drag on corner shop business management. A single shopkeeper often deals with dozens of different suppliers—and sometimes as many as a hundred—to stock the store's inventory. Most use a paper-based accounting system to manage orders, bookkeeping, and the credit tabs they offer customers. Merchants are also having trouble adapting to serve their customers online, with little access to e-commerce platforms that are not tailored to the needs of small grocery shops.

Although consumers value brick-and-mortar corner shops, they reported increased use of e-commerce and contactless payments during the pandemic. During Covid-19 lockdowns, consumers reported that:

- 39% increased use of non-cash payments in Brazil
- 78% increased use of grocery delivery services in Egypt
- 24% purchased more of their groceries online in India
- 22% purchased more of their groceries online in Indonesia
New digital platforms can provide a real opportunity for corner shops to compete, and shopkeepers have demonstrated a desire to use them. In Indonesia, 84% of corner store merchants use communications apps like Facebook Messenger to coordinate with their inventory suppliers. Yet these personal apps are not designed for business use and do not address the underlying business challenges of coordinating pricing, purchasing, deliveries, and inventory management across dozens of different suppliers.

Shopkeepers are eager for digital tools that truly address their business needs, with more than 80% in Brazil, Egypt, and India and nearly half in Indonesia planning to increase their use of digital tools going forward. Digital-led business tools could transform the corner shop, helping these stores access the resources they need to thrive in their local communities. Entrepreneurs are pioneering promising models to digitally serve the corner shop, with different approaches to their needs and market infrastructure challenges in each geography.
Launched in 2018, Ling Shou Tong remains the global leader in corner shop digital services, serving more than 1.5 million convenience stores in China. For many of the new digital platforms emerging across the globe to serve corner shops, Ling Shou Tong is a clear inspiration.

As far back as 2016, Jack Ma of Alibaba shared his vision for New Retail—seamlessly blending offline, online, and logistics businesses to create an integrated retail sector. The concept rests on three key pillars:

- Supply chain and distribution logistics
- Value-added services to producers and retailers
- Integrated shopping experiences for consumers

Despite Chinese consumers’ technological sophistication and embrace of e-commerce, Alibaba recognized that more than 80% of retail in China happened through the neighborhood store. There are six million such stores in China, and more than 80% are owned and managed by someone over the age of 45.

To address this market, Alibaba launched Ling Shou Tong ("Retail Integrated" in Mandarin), starting as a free, digital inventory management platform for small merchants. Ling Shou Tong enables shopkeepers to seamlessly restock directly from Alibaba with digital payments and one-day delivery.

The system also offers a host of value-added services, such as data-driven insights on sales trends, supplier credit to finance inventory, and airtime. Select stores become a “Small Corner Store” with greater product selection, a point-of-sale (POS) system with integrated inventory tracking, in-store signage, and advertising.

Ling Shou Tong grew from ~160,000 retailers and $1–2 billion GMV in 2017, to ~1.3 million retailers and $20–25 billion GMV in 2020.²
There are many possible approaches for start-up entrepreneurs to create value through digital technology. To start, entrepreneurs should identify pressing corner shop pain points they can solve with relatively easy shopkeeper adoption (what we call a “hook” product), as well as technology and financial solutions that deepen the relationship (or “engagement” products).

It is important to think about the entire corner shop value chain and identify inefficiencies and gaps ripe for digital disruption. To help entrepreneurs evaluate and prioritize these opportunities, we developed the following framework, based on our research.

This solutions-based framework breaks down shopkeeper pain points by the primary business functions any corner shop must do: buy goods, manage their store, sell to customers, and access financial services.

The Corner Shop Solutions Framework

<table>
<thead>
<tr>
<th>BUY</th>
<th>MANAGE</th>
<th>SELL</th>
<th>FINANCE</th>
</tr>
</thead>
</table>
| Sourcing and logistics  
Purchasing, loyalty programs, and price comparison  
Order tracking | ERP system  
Store performance tracking  
Inventory management, shelf monitoring, and store layout  
Store improvements  
Employee management | Online sales and marketing  
Sales monitoring, pricing, and promotions  
Dark store capabilities  
Customer delivery | Working capital loans, asset finance, and real estate finance  
POS, QR codes, and online payments  
Risk mitigation and asset protection  
End customer credit  
Other small business banking services |
BUY

How Shopkeepers Get Inventory

In emerging markets, purchasing and receiving goods is inefficient for corner shops. Given the fragmentation of these small, independent stores, many consumer packaged goods (CPG) suppliers focus on larger supermarket chains and franchised stores, leaving corner shops to go through multiple intermediaries. Shopkeepers can deal with as many as 100 different suppliers or spend many hours traveling to wholesale markets. This results in higher markups, opaque pricing, slower deliveries, more frequent stockouts, and lower shopkeeper productivity.

Addressing these buy-side challenges is fertile ground for technology entrepreneurs who can aggregate demand through B2B marketplaces and streamlined logistics operations, allowing for convenient purchasing, easy price comparisons, and timely product delivery. In parallel, this creates economies of scale efficiencies for digital platforms and better sales visibility for CPG companies.
MANAGE

How Shopkeepers Run Their Store

Although emerging market corner shops are gradually moving toward digital payments, their bookkeeping remains largely cash based. With handwritten records, shopkeepers lack tools for invoicing, collections, reconciliation, taxes, basic accounting, and other daily business needs.

Business management software can help merchants save time, manage cash flows, reduce unpaid receivables, manage inventory and store design, and better understand their business.
How Shopkeepers Serve Their Customers

Today, solutions for end-sales (such as online purchasing and delivery to the end customer) are generally too expensive or not available to small shopkeepers across the emerging markets. This presents an opportunity for tech entrepreneurs.

While the physical presence of the corner store will always be an advantage, online sales and delivery platforms can help shopkeepers expand their presence, run digital marketing campaigns, design product promotions, and set up customer loyalty programs. With the right tech services, corner shops can double as micro-fulfillment centers, with last-mile distribution and pickup for online orders.
FINANCE
How Shopkeepers Manage Their Money

Corner stores are underbanked, often relying on informal channels for access to credit and using cash-based and paper-based systems for managing their money. Brick-and-mortar banks and other traditional financial institutions have often struggled to serve corner stores effectively, given their small size and high degree of informality.

Tech platforms have the potential to become natural “owners” of retail finance relationships, making corner shop banking accessible, intuitive, and affordable by embedding financial products and services into their apps. With a ready set of existing customers and better visibility into corner shops’ business cash flows, technology platforms have an opportunity to offer tailored financial products at a lower cost and lower risk.
Across Brazil, Egypt, India, and Indonesia, shopkeepers told us that they struggle most with the “Buy” functions: purchasing and receiving inventory. For more than half of the respondents, sourcing their inventory was one of their top three pain points, as shopkeepers today spend large amounts of time navigating purchases across many suppliers. In parallel, corner shops’ limited product variety was the top pain point for consumers in all four countries.

Another top pain point for shopkeepers is inventory management more broadly: avoiding stockouts, knowing which products to buy, and knowing how best to allocate shelf space in the store. Access to formal financial services also remains a challenge. For example, across Indonesian shopkeepers, two-thirds rely on informal credit or are unable to access to a loan.

Many surveyed shopkeepers plan to adopt additional digital solutions in the coming 1–2 years, with the greatest focus on the “Buy” and “Sell” stages of the value chain. Yet on average, only half feel very comfortable with new apps. To be successful, new digital tools must be simple, intuitive, and build on existing digital behavior patterns.

### Shopkeeper Pain Points and Digital Aspirations

<table>
<thead>
<tr>
<th>Biggest pain points</th>
<th>Planned digitization (next 1–2 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUY</strong> Shopping at wholesalers</td>
<td>Sourcing &amp; delivery from suppliers</td>
</tr>
<tr>
<td></td>
<td>55%</td>
</tr>
<tr>
<td>Ordering &amp; receiving products</td>
<td></td>
</tr>
<tr>
<td></td>
<td>51%</td>
</tr>
<tr>
<td><strong>MANAGE</strong> Managing inventory, product placement</td>
<td>Cash register &amp; bookkeeping system</td>
</tr>
<tr>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>Managing employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17%</td>
</tr>
<tr>
<td><strong>SELL</strong> Attending to customers</td>
<td>Online sales, communications &amp; delivery</td>
</tr>
<tr>
<td></td>
<td>39%</td>
</tr>
<tr>
<td>Coordinating customer deliveries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18%</td>
</tr>
<tr>
<td><strong>FINANCE</strong> Rely on informal lenders or cannot get access to a loan</td>
<td>Have considered or applied for an online loan</td>
</tr>
<tr>
<td></td>
<td>65%</td>
</tr>
</tbody>
</table>

Responses from 816 customers in Brazil, Egypt, India, and Indonesia. Finance data for Indonesia only.
“It often takes a full week to receive products, and I have to follow up to make sure that my goods arrive. Purchasing my products online will save time and ensure timely delivery.”

Layering Digital Solutions to Shopkeeper Pain Points

Entrepreneurs must consider both shopkeeper pain points and the growth stage of their technology platform when considering what solutions to develop.

Initial shopkeeper adoption is the first barrier to overcome, with a “hook” product that is easy to try out and establishes trust by simplifying a key element of shop management. Later, add-on services can be layered on top, deepening shopkeeper engagement.

“Hook” products are frictionless and intuitive. With little to no effort from the shopkeeper, they solve a critical pain point.

The best “hook” products provide instant value to shopkeepers, often by demonstrating immediate impact to the bottom line through lower costs or higher revenue. They are usually free and easy to implement, automating tasks and working in the background. This builds trust and builds an active shopkeeper base on the tech platform.

“Engagement” solutions foster a long-term relationship with the corner shop, integrating with more aspects of the business. Because they are more complex, they depend on the shopkeeper’s goodwill and early success with “hook” products to drive adoption.

A good engagement solution is “sticky,” meaning that it deepens the relationship with the shopkeeper over time. It becomes embedded in corner shop operations, generating proprietary data that tech platforms can analyze to help shopkeepers better run their stores.

Hook Product
- Solves a critical pain point
- Easy to implement
- Zero cost to the customer

Engagement Product
- Frequent touch points
- More complex
- Deeper view into operations
CASE STUDY

Mercê do Bairro: B2B Marketplace in Brazil

Shopkeepers in Brazil encounter a number of challenges purchasing and managing inventory. Brazilian shopkeepers typically source products from wholesale “cash & carry” warehouses, spending—on average—four hours purchasing in person, then taking public transportation or ride-sharing cars back to their stores, loaded down with their wares. Inventory purchasing can be inconvenient and time consuming, and reliance on “cash & carry” warehouses leads to inconsistent pricing, frequent stock-outs in corner shops, and little access to working capital credit.

Mercê do Bairro addresses these pain points with its web app for inventory purchases and 24-hour delivery service. By aggregating demand, Mercê can negotiate product pricing, passing on 2–10% savings in discounts to shopkeepers and ensuring timely deliveries. Mercê also provides shopkeepers with working capital loans via extended payment terms on their purchases.

Through its easy-to-use app, quick and reliable deliveries, and fair pricing, Mercê has seen high levels of shopkeeper satisfaction and retention, developing a strong and loyal shopkeeper base through their core inventory purchasing “hook” product. Mercê is actively exploring a more robust service offering that could include bookkeeping systems, a broader financial services suite, and branding and store makeovers.

“I really like to purchase through Mercê. Before, I had to close my store every time I had a product stockout so I could purchase more inventory at the wholesaler warehouse. Having inventory delivered right to my store from Mercê saves me so much time.”

Mercê’s value proposition

- Online ordering and next day delivery
- Price comparisons and merchant discounts
- Management tools including inventory guidance to reduce stock-outs
- Revolving credit for inventory purchases

61% of shopkeepers said that Mercê saves time, allowing them to focus on other areas of their business

50% reported that Mercê helps them access more competitive prices

41% reported an increase in store earnings
TaniHub: Vertical Integration from Indonesia’s Farmers to Corner Shops and Beyond

A large majority of Indonesia’s 40 million agricultural workers are smallholder farmers, geographically isolated from commercial centers with little access to buyers and limited access to financing.

On the other hand, buyers—primarily small businesses such as corner shops (known as warungs), restaurants, and street food stalls—face inconsistent supply, poor quality products, and a time-consuming process to source from a chain of suppliers.

TaniHub addresses these challenges through its integrated B2B e-commerce, logistics, and financial services platform, creating a direct market linkage between farmers and Indonesia’s warungs and other small businesses.

By reducing inefficiencies in agricultural value chains, TaniHub improves prices for both farmers and the small businesses they serve. Farmers typically achieve income increases of more than 20%, and warungs report cost savings, time savings, and increased income.

TaniHub’s impact

26% of shopkeepers said that TaniHub saves time, allowing them to focus on other areas of their business

45% reported that TaniHub helps them access more competitive prices

46% reported an increase in store earnings
CHAPTER 3
How to Monetize: Approaches to Value Capture

Value Creation: The Digital Efficiency Opportunity

Digital platform solutions and embedded finance offerings have the power to meaningfully impact corner shop profits. Based on an analysis of corner shops across multiple countries, we estimate that these solutions can improve store profitability by 60–100% or more.

Sourcing and logistics innovations have the potential to reduce cost of goods sold by 10–30%, translating to immediate and tangible time savings and gross margin impact for shopkeepers, while also boosting sales through improved product mix and fewer stock-outs.

Business management tools could increase merchant productivity by 15–25%, reducing time spent on activities such as purchasing, bookkeeping, and inventory tracking, and thereby reducing operational expenses over time.

Sales and delivery platforms could increase merchants’ customer base and help optimize sales, leading to 10–25% increase in store sales and driving top-line revenue growth.

By embedding financial services into these platform offerings, cost of credit could decrease by 20–60% or more, reducing debt servicing costs.
Potential Efficiency Gains Across the Solutions Framework

60–100%+ potential increase in corner shop profits

BUY
- 30%
- 10%

reduction in cost of goods sold, improving gross margins

MANAGE
- 25%
- 15%

increase in merchant productivity, reducing operational expenses

SELL
- 25%
- 10%

increase in store sales, driving top-line revenue

FINANCE
- 20%
- 60%

decrease in cost of credit, reducing debt servicing costs
The Monetization Opportunity

To monetize their tech platforms, most entrepreneurs today focus on one or more of the following approaches:

- **Supply chain margin efficiencies**: Companies such as Jumbotail and Udaan in India and Chiper in Latin America generate margins at the “Buy” stage: sourcing and logistics. By aggregating small players and creating a more direct route to suppliers (cutting out middlemen), they create efficiencies and split the savings with the corner shop.

- **Fee-for-service products**: Some companies are pursuing a subscription-as-a-service (SaaS) freemium or fee-for-service model for “Manage” solutions. For example, QueueBuster in India charges a fixed subscription fee for its retail billing, reconciliation, and inventory management software. Vyapar offers a freemium model in India where users typically start with a free feature product before graduating to other modules sold on a subscription basis.

- **Profit-sharing and royalties**: Online marketplaces and customer delivery services often charge merchants a fee per sale. Mercê, the Brazilian marketplace for corner shops, is exploring franchise models for its shopkeepers, helping merchants improve store design, product layout, pricing, and more.

- **Embedded finance offerings**: Financial services such as working capital loans, asset finance, or insurance can be bundled with other platform solutions, reducing cost and risk for shopkeepers.

Monetization Across the Solutions Framework

<table>
<thead>
<tr>
<th>BUY</th>
<th>MANAGE</th>
<th>SELL</th>
<th>FINANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain margin efficiencies</td>
<td>Free-for-service products</td>
<td>Profit-sharing and royalties</td>
<td>Interest rates, interchange fees, and premiums</td>
</tr>
<tr>
<td>Take rate on goods supplied</td>
<td>Software-as-a-service fees for bookkeeping, receivables management, inventory management, and other management tools</td>
<td>Free per sale for online marketplace transactions from customer deliveries</td>
<td>Working capital finance for inventory, asset finance for store improvements, real estate finance for store expansion, and end-customer credit</td>
</tr>
<tr>
<td>Fees for logistics and delivery</td>
<td></td>
<td>Fraction of profits for franchise model</td>
<td>Fees for POS, QR codes, and online payments</td>
</tr>
<tr>
<td>Earnings from in-house white label product line</td>
<td></td>
<td></td>
<td>Business income insurance, property insurance</td>
</tr>
</tbody>
</table>
Several early stage companies—including many cited in this report—are beginning to embed financial services for corner shops into their technology platforms as a path to monetization.

Corner shops are among the vast majority of emerging market MSMEs (micro, small, and medium enterprises) that are underbanked. Customer acquisition costs tend to be too high, and transaction sizes too low, for traditional banks and other standalone financial institutions to make the unit economics work for credit, insurance, or other banking services. Limited access to company information and the informality of these businesses make it difficult to underwrite corner shops for loans.

While many rely on cash-based systems and informal finance, merchants that can access formal credit still face a number of difficulties, such as high interest rates, poor payment terms, and complex application processes. This is where embedded finance provides solutions.

Technology platforms that help corner shops solve pressing “must-have” business needs can become natural “owners” of retail finance relationships. Services such as working capital, payments solutions, and business insurance are natural adjacencies that can be embedded into the core platform offering.

Technology platform providers can use their core business offerings to build strong customer relationships and get better visibility into their customers’ business cash flows. This in turn allows them to better match financial solutions to shopkeepers’ needs, reduce cost and risk, and create financial offerings that are simple and intuitive, woven into everyday business activities with no lengthy application processes.

The benefits of embedded finance offerings transfer to all parts of technology platform operations. For example, for a sourcing and logistics platform like Egypt’s MaxAB, embedding working capital for inventory purchases helps corner shops better stock their stores and increases the platform’s throughput, creating higher utilization of delivery fleets and lower logistics costs as a percent of sales.

**Traditional finance challenges**

- Small business informality leads to less overall access to financial services.
- Limited ability to evaluate risk leads to poor pricing and terms.
- External documentation and collateral requirements lead to onerous application process and slow processing times.

**Embedded finance differentiators**

- Integration into shopkeeper operations makes financial services seamless and intuitive.
- Proprietary data expands visibility into business operations, lowering risk and cost.
- Automatic access to alternative data allows for rapid, integrated underwriting and processing.

Photo courtesy of Mêrce do Bairro
ShopUp: Embedded Credit for Bangladeshi Shopkeepers

More than 95% of retail in Bangladesh is sold through the country’s 4.5 million mom-and-pop stores, yet these small corner shops face steep business challenges.³ Shopkeepers don’t have direct access to formal suppliers, which leads to limited product availability, high prices, and inconsistent deliveries, with logistics costs running 3x that of formal, larger retailers. In parallel, 84% of shopkeepers lack access to formal financial services. Without access to credit to purchase inventory, shopkeepers face a large cash crunch, as two-thirds of their sales are through a store credit “tab” instead of cash or digital payments.

Bangladesh’s B2B commerce platform ShopUp addresses these challenges by providing easy access to B2B sourcing and last-mile logistics through its:
- B2B commerce platform, providing access to a wide range of products at the tap of a button.
- The widest last-mile logistics network in Bangladesh, offering quick, reliable delivery at lower cost.
- Digital embedded finance solution that provides supplies on credit, helping to alleviate the cash crunch that shopkeepers face in their daily business.

ShopUp monetizes across its tech stack offering through sourcing and logistics efficiencies and an embedded credit offering, helping corner shops grow while building “sticky” shopkeeper relationships.

ShopUp serves more than 500,000 small businesses, has 200 distribution hubs, and has achieved large-scale growth. ShopUp is expanding its embedded finance offerings through such acquisitions as PayWell, which provides mobile phone top-ups, bill pay, insurance, and more.
When to Invest, When to Partner

For tech platforms serving corner shops, knowing the market infrastructure within a region is critical in determining the right approach to product design and bundling. Providing high-quality, reliable service depends on suppliers, last-mile delivery, smartphone penetration and wireless data coverage, a strong financial system, and other ancillary services.

The logistics, digital, and financial infrastructure available in each market determines what a tech platform will build itself, buy, or provide through partnerships.

**Capital-lite** businesses rely on a network of partners to provide services such as commercial warehouses, logistics & delivery, or POS devices for bank card payments.

**Capital-intensive** models own and operate these services in-house, often managing warehouses, delivery vehicles, on-the-ground agent networks, and more.
While capital-lite partnerships can provide the flexibility to launch quickly and pivot as needed, a more capital-intensive model allows for greater control over quality of service, customer relationships, and revenue streams.

The maturity of a region’s market infrastructure has implications for a tech platform’s decision to invest in-house or partner externally. It shapes what services a tech platform can offer shopkeepers—and how to offer them.

Developed with Bain & Company, our Market Infrastructure Continuum framework can be used to evaluate a market’s existing level of infrastructure for corner shops and help determine when to invest versus partner for tech platform solutions.

**Logistics:** Distributors, suppliers, last-mile delivery services.  
**Look for:** How many intermediaries are there between suppliers and corner shops? How reliable are third-party logistics providers and what level of service can be guaranteed?

**Digital ecosystem:** Smartphone penetration, wireless broadband, digital adoption.  
**Look for:** Do shopkeepers and their customers use smartphones, messaging apps, and other digital tools?

**Financial landscape:** Digital payments, access to credit, other financial services.  
**Look for:** How many shopkeepers accept digital payments or purchase inventory digitally? How easily can they access formal credit for working capital or asset finance?
The Market Infrastructure Continuum

NASCENT MARKETS
Significant white space across the value chain

What this looks like:
- Fragmented supply chain leads to many intermediary distributors, higher prices, and inefficient delivery times
- Shopkeepers are cash-reliant with little/no access to formal financial services
- Low 3G/4G penetration, less smartphone app usage, paper-based bookkeeping, and little to no online presence

What this looks like:
- More white space and fewer partnership opportunities means more likely to take an asset-heavy approach, developing solutions in-house (e.g., full warehousing, logistics, and last mile delivery operations)
- Limited digital engagement often requires more investment in feet-on-street agents to acquire and onboard shopkeepers

CONNECTED SERVICES
More opportunities for partnerships with existing infrastructure players

What this looks like:
- Existing infrastructure across logistics and payments, but inefficiencies and gaps remain
- Some merchants use digital bookkeeping tools, but solutions are fragmented and rarely tailored to the corner store
- Higher levels of smartphone usage often relying on communication apps (WhatsApp, Facebook, Messenger) to run their business

What this looks like:
- More partnership opportunities, leading to asset-light or hybrid models and easier digital customer acquisition
- Higher digital engagement means easier adoption of new products, although feet-on-street agents likely still required
The Role of Incumbent Players

By building an alternative channel to reach corner shops, start-up technology platforms have the potential to be valuable partners to the established fast-moving consumer goods (FMCG) players. At the same time, incumbent FMCG players and large retailers have begun to develop their own technology solutions for informal retail, building on existing direct sales distribution systems with massive reach. In Latin America, BEES, founded by the beverage company Ambev, serves as a B2B marketplace for Ambev’s own products as well as other FMCG partners, and Juntos+ provides similar platform services for Coca-Cola. Similarly, in India, Unilever’s Shikhar app provides a B2B marketplace for informal retail, while retail giant JioMart has ramped up its kirana network for e-commerce grocery sales.

Incumbent consumer goods players represent both a partnership opportunity and a potential threat to technology entrepreneurs seeking to serve corner shops. While outcomes will vary by market, we believe that innovations from both FMCGs and start-ups can empower corner shops, helping improve their ability to run their stores, increase their earnings, and access better financial services.
MaxAB: Building the Infrastructure for ‘Pull-Based’ Sourcing in Egypt

Egypt’s 400,000 koshks represent 98% of total retail space,⁴ but they face infrastructure challenges that large supermarket chains do not: fragmented supply chains, reliance on cash, limited access to formal financial services, and few digital tools.

MaxAB bridges this gap with its online B2B marketplace, aggregating shopkeeper orders and a broad collection of FMCG products for one-stop shopping and 24-hour delivery through its mobile app.

FMCG brands in Egypt struggle with inefficient supply chains and lack of visibility into corner shop inventory needs. Wholesalers charge high rates and run “cash vans” to stores: trucks with a best-guess product mix, often returning with 60% of goods unsold. MaxAB takes this “push-based” system and makes it “pull-based,” offering shopkeepers wider product choices, better prices, promotions, and the ability to order a custom basket of SKUs. At the same time, MaxAB helps FMCG companies better forecast demand.

Given the limited logistics, digital, and financial infrastructure for shopkeepers in Egypt, MaxAB decided to build its own. The company manages 30 warehouses and operates a fleet of 400 delivery vehicles. They have deployed ~13,000 POS devices that retailers can use to process airtime and bill payment purchases for their customers. They also offer shorter-term working capital loans to their retailers, enabling them to increase buying power. To help shopkeepers navigate the transition to online app purchasing, they have built a team of 300 on-the-ground agents.

As of 2022, MaxAB serves 50,000 monthly active retailers and is one of the largest platforms of its kind in the region, partnering with 150 suppliers across more than 2,000 SKUs. MaxAB is expanding throughout North Africa with the acquisition of WaystoCap, a Moroccan logistics company.

MaxAB’s impact

- 73% of shopkeepers said that TaniHub saves time, allowing them to focus on other areas of their business
- 53% reported that MaxAB helps them access more competitive prices
- 70% reported an increase in store earnings

Photo courtesy of MaxAB
ApnaKlub: A Capital-Lite Model for Hyperlocal Distribution in India

India boasts a relatively strong infrastructure, with a powerful wholesaler network, the India Stack platform, high smartphone and internet penetration, and the emergence of MSME digital business management solutions.

Yet India’s 12 million corner shops—known as kiranas—still face a highly fragmented grocery supply chain, particularly in smaller cities where multiple intermediaries can lead to 15 percent cost increases for shopkeepers.⁵

B2B wholesale platform provider ApnaKlub streamlines grocery sourcing and distribution across India’s smaller Tier 2 and Tier 3 cities by connecting buyers and brands through a single platform. ApnaKlub’s catalog app allows shopkeepers to access a wider range of products at better prices, while helping wholesalers and FMCG brands better predict demand. As ApnaKlub scales, they are exploring embedded supply chain finance for these shopkeepers.

India’s connected infrastructure and digital penetration have allowed ApnaKlub to rapidly launch its platform using a capital-lite approach, fully digitizing its workflow, optimizing inventory-on-hand parameters, and partnering with wholesalers as well as retailers. As a result, ApnaKlub has been able to quickly build a customer base and deliver value to its customers.

Quote with Indian shopkeeper photo: “There is no need to visit wholesalers in person because I can order everything through ApnaKlub and they deliver to my doorstep. Their online catalog has saved me time and money.”

ApnaKlub’s impact

- 37% of shopkeepers said that TaniHub saves time, allowing them to focus on other areas of their business
- 45% reported that ApnaKlub helps them access more competitive prices
- 55% reported an increase in store earnings
Closing Remarks

Corner shops are vital to the global grocery market and to their local communities. With this research, we found that corner shops can continue to fill a critical role in the last-mile distribution of groceries and other staples. Technology platforms are well-positioned to help them by addressing long-standing shopkeeper pain points and helping shopkeepers grow and improve their stores.

Endnotes

1. The Business Research Company, Convenience, Mom And Pop Stores Market 2021
2. Bain & Company analysis
3. Bangladesh Bureau of Statistics Economic Census
4. Research and Markets, Wholesale and Retail of Food in Egypt 2019
5. Redseer, Indian eGrocery 2021

Acknowledgements

Flourish partnered with Bain & Company, 60 Decibels, and digital platforms ApnaKlub, MaxAB, Mercê, and TaniHub to conduct a survey of 810 shopkeepers and 816 corner shop customers in India, Egypt, Brazil, and Indonesia, developing a framework to understand the digitized corner shop opportunity. We thank the many corner shop merchants, customers, and other stakeholders who participated in our survey and contributed to our findings.

This report was authored by Stella Klemperer, Flourish Director of Strategy & Insights and Arjuna Costa, Flourish Managing Partner, with contributions from Flourish regional investment teams Ameya Upadhyay and Efayomi Carr (Africa), Anuradha Ramachandran and Harsh Gupta (India), Diana Narváez (Latin America), and Smita Aggarwal (Southeast Asia).

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