



2022 GLOBAL REPORT

Digitizing the Corner Shop



EGYPT SPOTLIGHT

Egypt's corner shops—known as *koshks*—are vital to the local economy



USD \$54 billion
corner store market

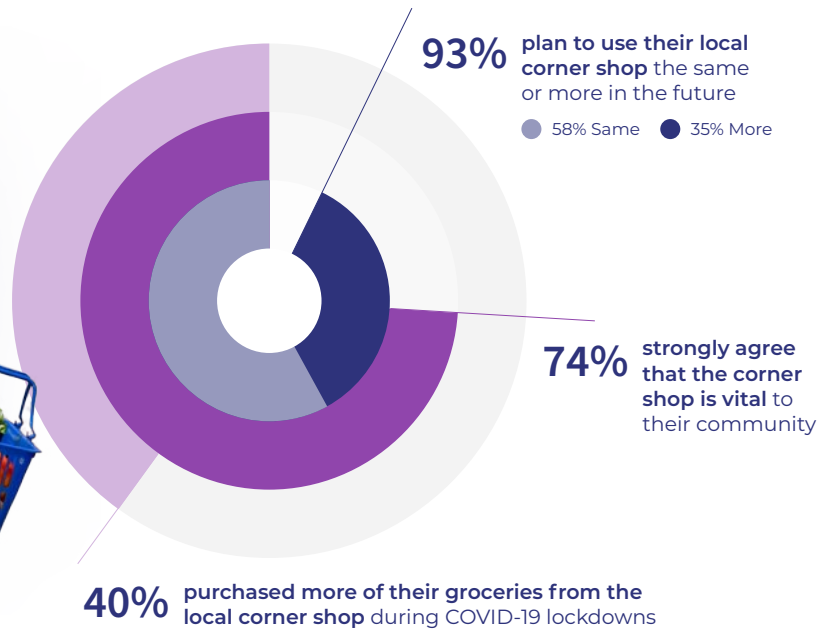
400 thousand
koshks



We spoke with 205 corner shop owners and 214 of their customers. Here's what we heard.



Egypt's corner shops are here to stay: 93% of customers plan to shop as much or more



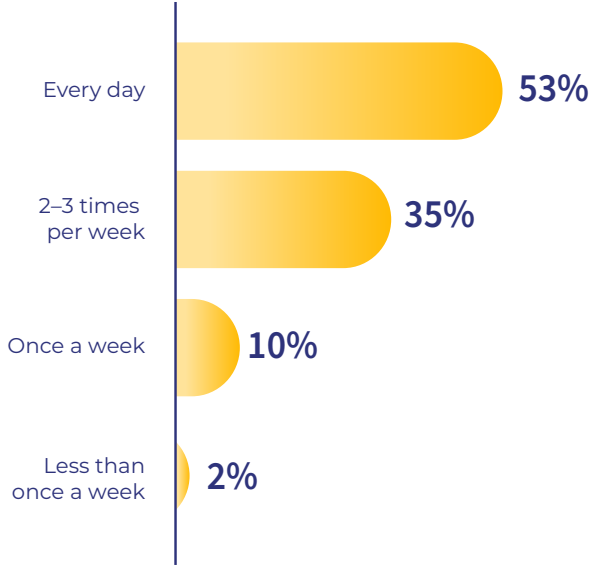
“I have a long relationship with the owner. I trust him and consider him a friend.”



“I’ve known the owner for years. He’s a very generous man and I love buying from him.”

Customers shop frequently at their local corner shop, while only 10% shop online for their groceries

Purchase Frequency at Local Corner Shop



Other Grocery Destinations In Addition to the Local Corner Shop

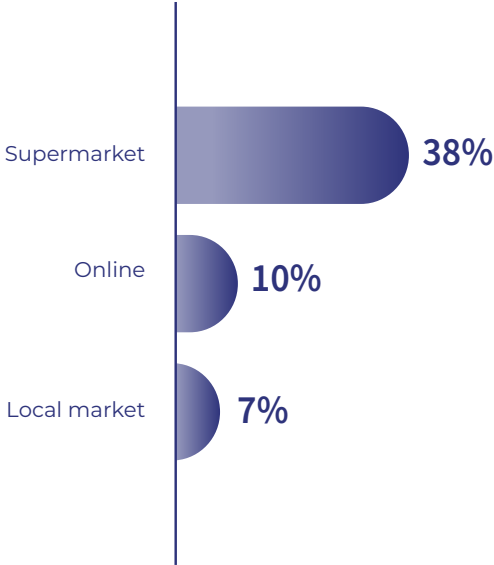


Photo courtesy of MaxAB



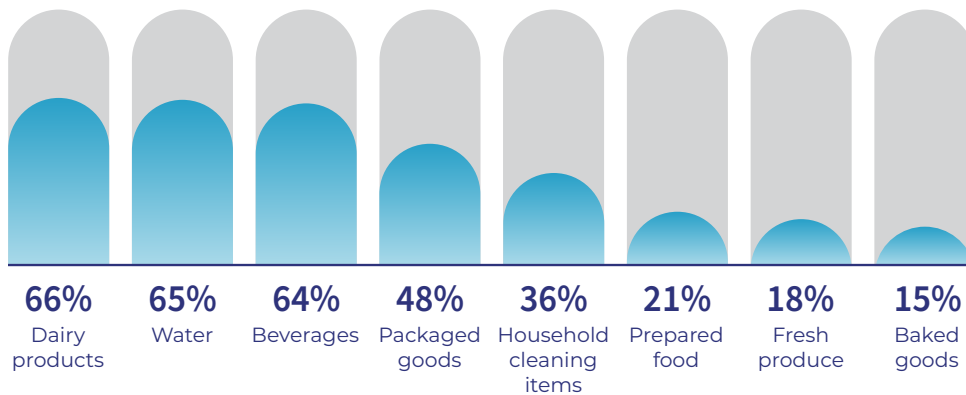
The corner shop plays a valuable role in the community, providing convenience, customer service, and credit

What Customers Value About Their Local Corner Shop



43%
cite good customer service as a differentiator

What Customers Buy At Their Local Corner Shop



25%
regularly use a store tab to purchase items on credit



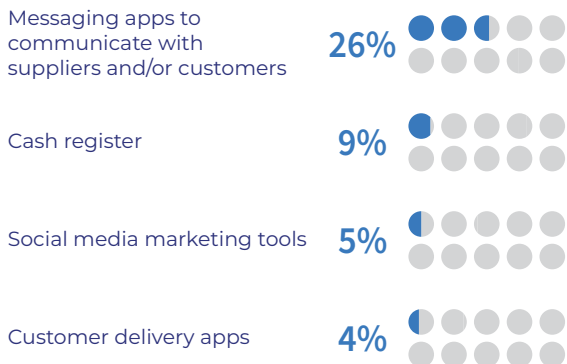
“My corner shop is very near my home, and I know the people working here. I trust them when I ask about product quality.”



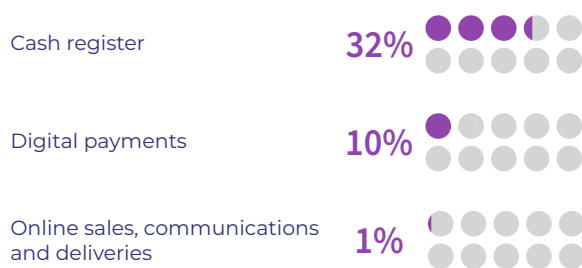
Photo courtesy of MaxAB

Shopkeepers are adopting digital tools and are eager for more

Percent of Shopkeepers Who Use Digital Apps to Run Their Business Today



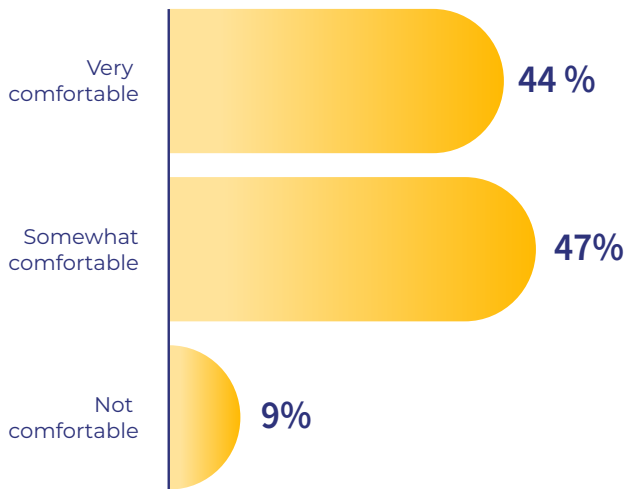
Percent of Shopkeepers Who Plan to Increase Digital Tool Usage in Next 1-2 Years



42% of shopkeepers started using new digital business tools during the Covid-19 pandemic

Less than half of shopkeepers say they are very comfortable with digital tools

Comfort With Digital Tools



Barriers to Adoption

- 29%** difficulty learning or adopting new tools
- 26%** monetary cost of digital tools
- 12%** privacy and data security concerns; lack of trust



“I have trouble using digital apps but my son uses them and helps me in the store.”



Photo courtesy of MaxAB

22% of customers had no complaints with their corner shop, while others cited a desire for more product variety

Customers' Biggest Complaint With Their Corner Shop



Merchants' Biggest Long-Term Business Challenges

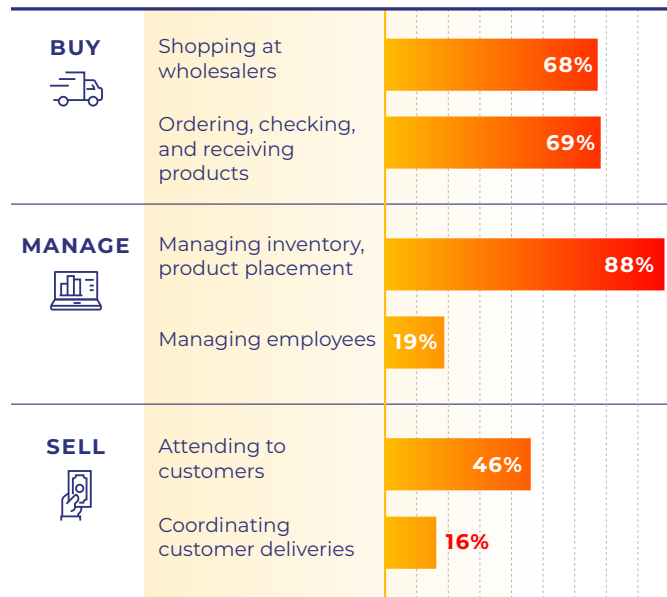


Purchasing and managing inventory are shopkeepers' biggest pain points in running their stores



“I worry about my inventory expiring. It’s hard to make sure I’m stocking the right things on my shelves.”

Biggest Day-to-Day Pain Points





“I waste a lot of time traveling to buy goods from a wholesaler, they don’t always have the products I want, and their prices are always changing—it’s hard to know if I’m getting the best price.”

Egypt’s corner shops remain almost exclusively cash-based, and a third of shopkeepers offer credit tabs to their customers

Non-Cash Payments Accepted in Store



4% Bank card



2% Digital payments



33% Credit tabs paid on a weekly or monthly basis



“The majority of my customers have a credit tab in my store, and this is a major challenge for me.”

Platforms such as MaxAB are addressing this digital payments and credit gap through embedded financial services



Photo courtesy of MaxAB

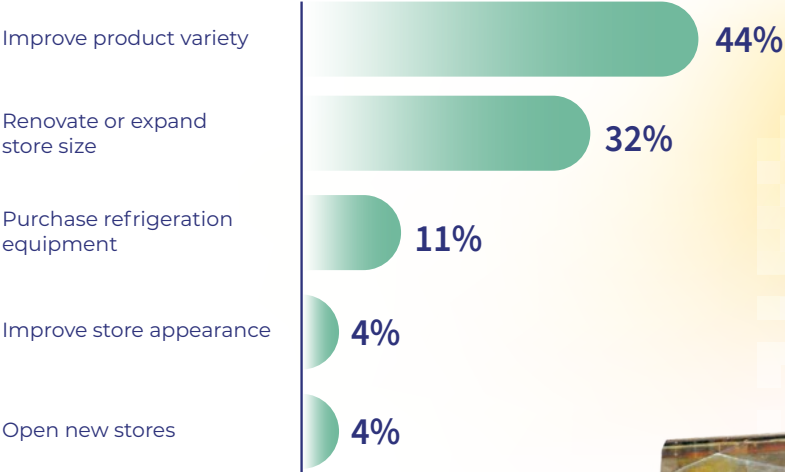
Embedded finance can unlock opportunities that have eluded traditional banks for centuries



Egypt's corner shop merchants have ambitions to grow and improve their stores so they can continue to play a vital role in their communities.

At Flourish, we believe digital platforms have an opportunity to support them in this journey.

Shopkeepers' Aspirations



Merchant and Customer Voices: Who We Spoke To

205 *Koshk* Merchants

| GENDER | AGE | STORE TENURE | NUMBER OF SKUS |
|-------------------|------------------|-----------------------------|--------------------------|
| 14% Female | 2% <20 | 13% Less than 1 year | 95% Less than 500 |
| 86% Male | 28% 20–29 | 17% 1–2 years | 5% 500–1000 |
| | 32% 30–39 | 16% 2–3 years | |
| | 16% 40–49 | 13% 3–5 years | |
| | 12% 50–59 | 41% 5+ years | |
| | 10% 60+ | | |

214 *Koshk* Customers

| GENDER | AGE |
|-------------------|------------------|
| 50% Female | 5% <20 |
| 50% Male | 37% 20–29 |
| | 27% 30–39 |
| | 14% 40–49 |
| | 10% 50–59 |
| | 7% 60+ |

About This Report

Flourish Ventures launched this research to better understand corner shops across the globe and share learnings on how digital firms can serve their needs.

In partnership with research firm 60 Decibels and B2B e-commerce platform MaxAB, we surveyed 205 Egyptian corner shop owners and 214 of their customers to learn firsthand about their business pain points, competitive threats, aspirations, and digital behaviors.

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Flourish is a global venture firm investing in entrepreneurs whose innovations advance economic opportunity and financial health for individuals and small businesses. We partner with industry leaders in research, policy, and regulation to better understand the underserved and help foster a fair, more inclusive economy.

flourishventures.com

60__decibels

60 Decibels is a tech-enabled social impact measurement and customer insights company working in over 75 countries. They combine deep impact measurement expertise, an integrated technology backbone, and a global network of 900+ researchers to make it easy for companies and organizations to listen to the people who matter most.

60decibels.com



MaxAB is a B2B e-commerce marketplace and fintech platform that connects food and grocery retailers to suppliers in Egypt's most underserved geographies.

maxab.io