



2022 GLOBAL REPORT

# Digitizing the Corner Shop



INDONESIA SPOTLIGHT



Indonesia's corner shops—known as *warungs*—are vital to the local economy



USD \$180 billion

corner store market

3.5 million

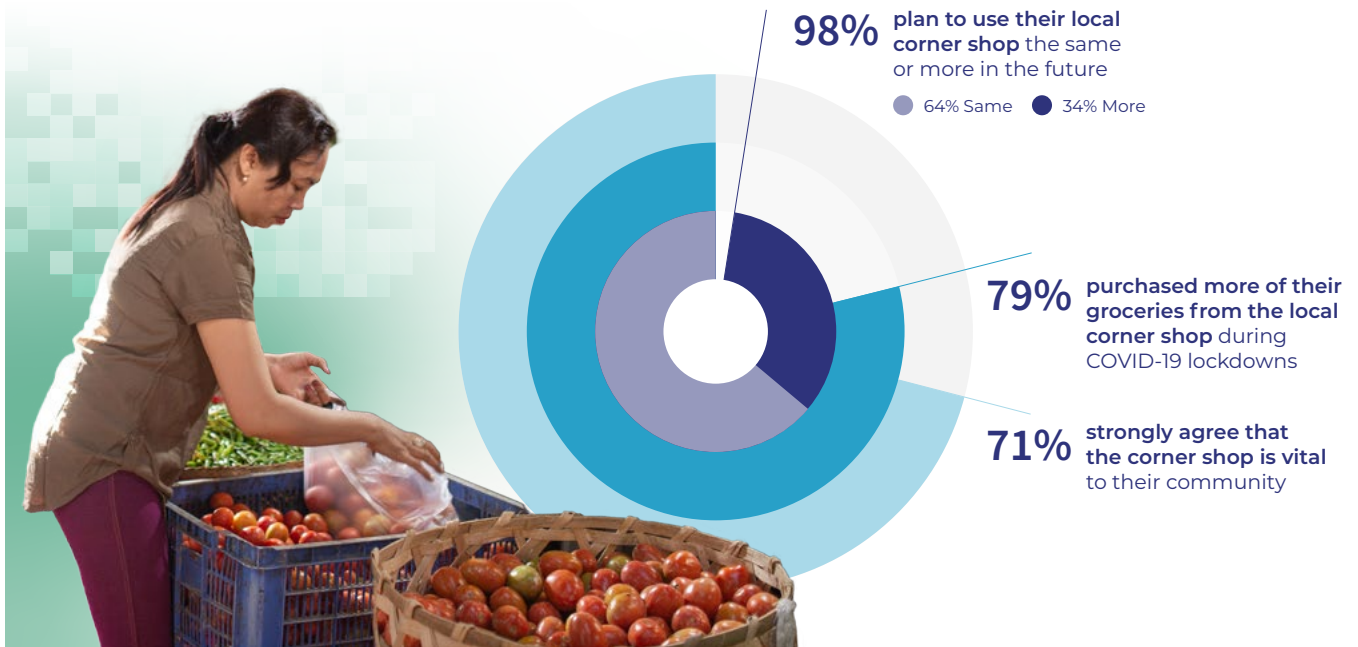
*warungs*



We spoke to 200 *warung* merchants and 200 of their customers.  
Here's what we heard.

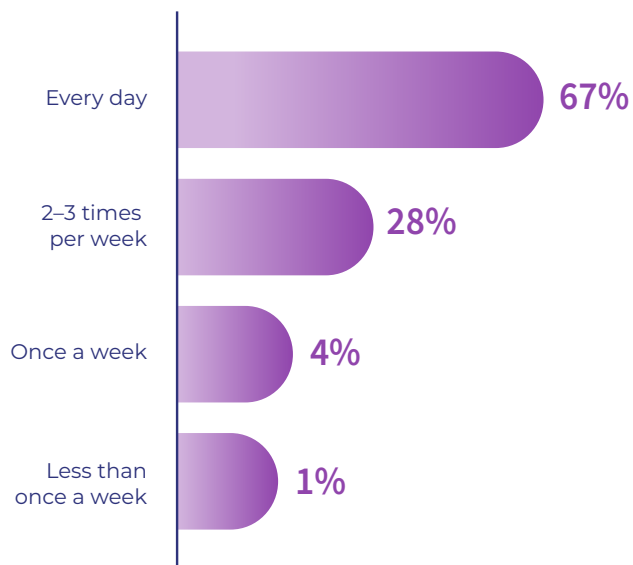


## The *warung* is here to stay: 98% of consumers plan to shop as much or more

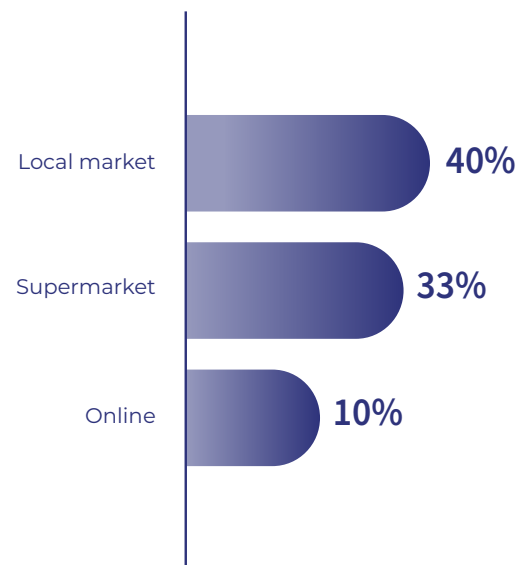


## The local market is still relevant: Most customers shop daily at their local *warung*, versus only 10% who shop online

Purchase Frequency at Local *Warung*



Other Grocery Destinations





“I stop by the neighborhood warung every day. It’s nearby, affordable, they sell a wide range of products, and the owner always has a smile for his customers—I have known him for a long time.”

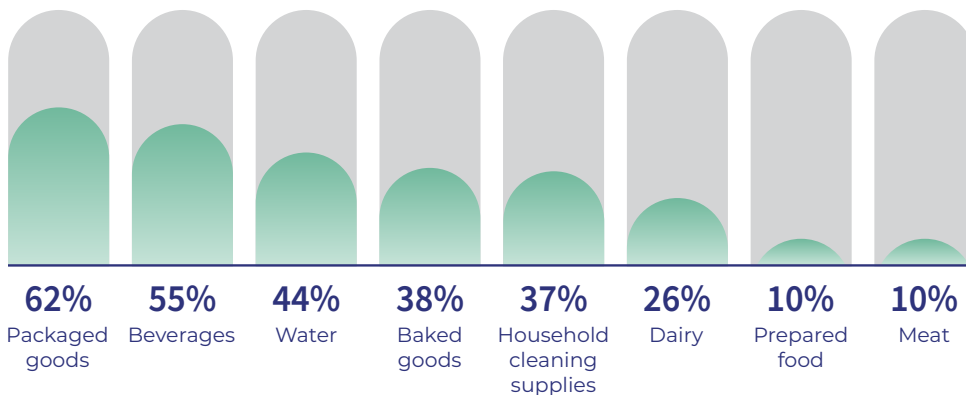
The *warung* plays a valuable role in the community, providing convenience, customer service, and credit

What Customers Value About Their *Warung*



**80%**  
cite good customer service as a differentiator

What Customers Buy at Their *Warung*



**22%**  
regularly use a store tab to purchase items on credit





## Shopkeepers are adopting digital tools and are eager for more

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

Messaging apps to communicate with suppliers and/or customers **84%**

Social media marketing tools **30%**

Customer delivery apps **23%**

Apps and websites to purchase inventory **22%**

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

Online sales, communications and deliveries **25%**

Sourcing and delivery from suppliers **8%**

Digital payments **7%**

Cash register and bookkeeping **4%**

Inventory management **3%**

**22%** of shopkeepers started using new digital business tools during the Covid-19 pandemic

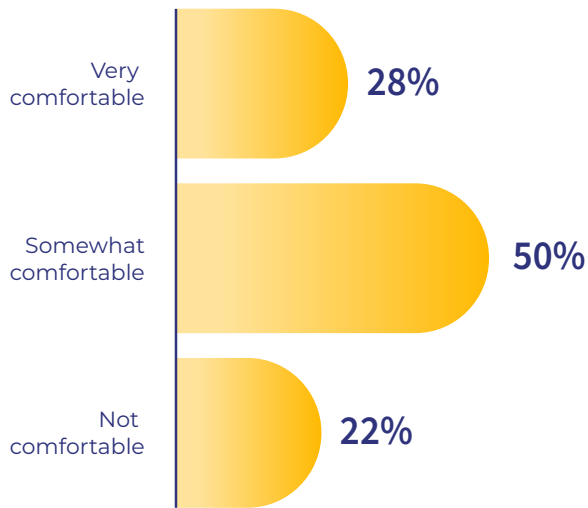


Photo courtesy of TaniHub

“I didn’t have many customers when I first opened, but I’ve been able to sell much more because of my online presence. I don’t have to go to wholesalers because I can buy online at a reasonable price. Digital apps have greatly helped me buy and sell goods, so of course I’ll use more of them in the future.”

# Most shopkeepers have some comfort with digital tools, but barriers remain

## Comfort With Digital Tools



“I don’t have information about the digital tools that I might actually need. I might use more if there were salespeople who could introduce me to them and help me use them.”

## Barriers to Adoption

- 41%** difficulty learning or adopting new tools
- 25%** privacy and data security concerns; lack of trust
- 22%** monetary cost of digital tools

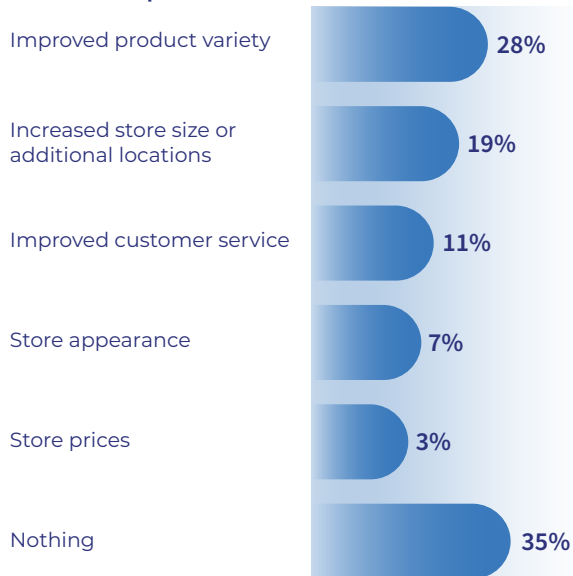


“I’m busy taking care of my physical store, and so I don’t have time to build an online store presence.”



## 35% 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

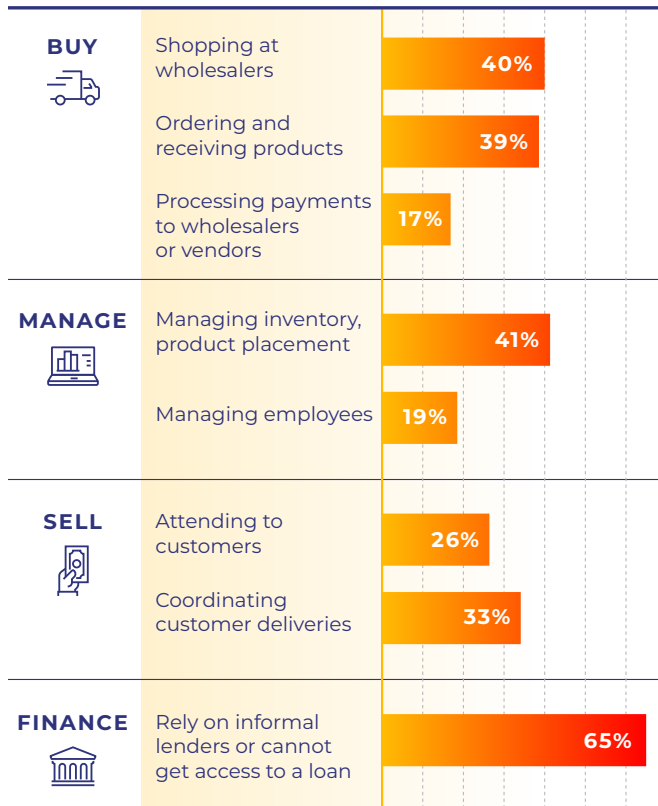


### Merchants' Biggest Challenges to Long-Term Success



# Shopkeepers face difficulties purchasing and managing inventory and serving their customers

## Biggest Day-to-Day Pain Points



“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.”

“I work with nearly 100 different suppliers to stock my products, which is very time consuming. I spend a lot of time checking deliveries to make sure I received the right products.”

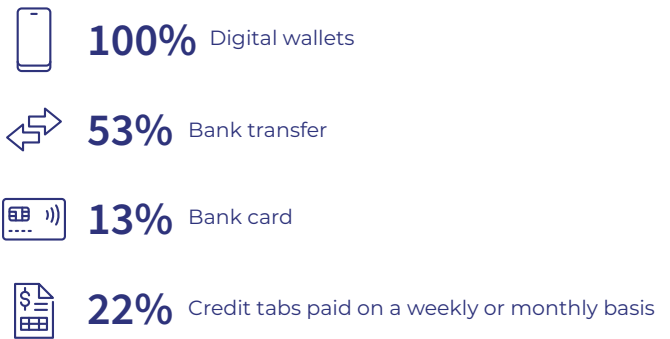




## Warungs accept a wide range of payments in their stores

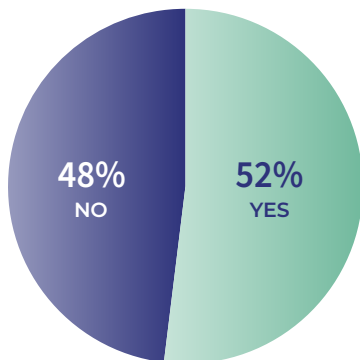


### Percent of Stores That Accept Non-Cash Payments



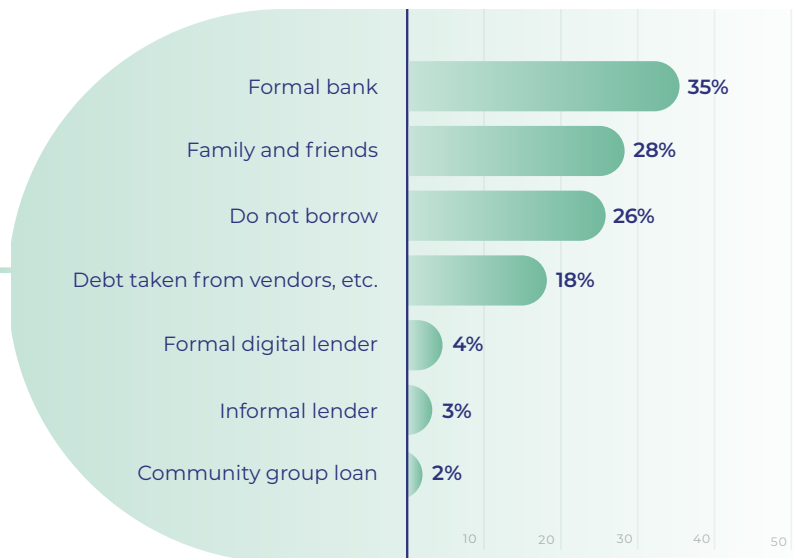
### Facing Cash Crunch

Do you face a cash crunch in running or growing your business?



### Sources of Borrowing

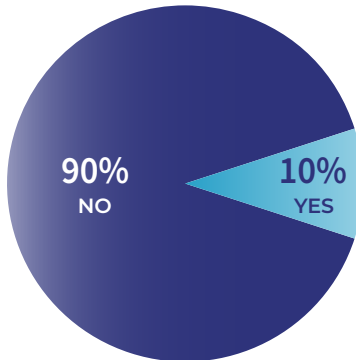
Where do you borrow from during these periods?



# Embedded finance can unlock opportunities that have eluded traditional financial institutions

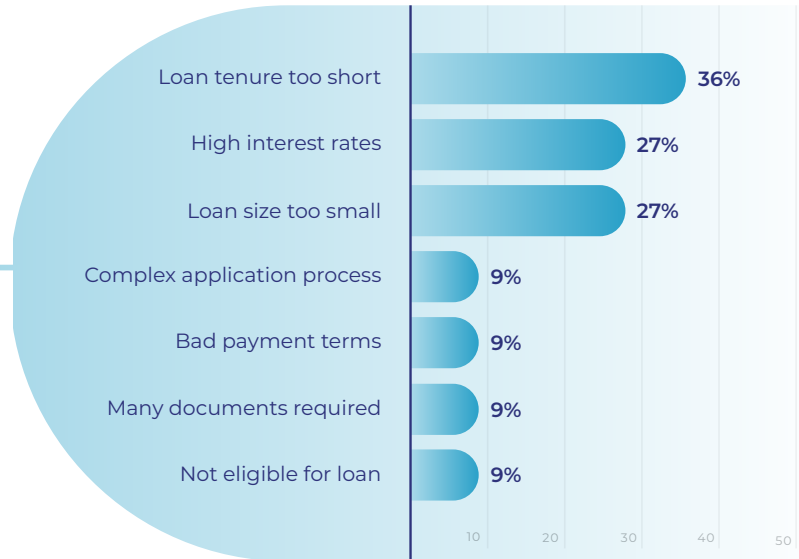
## Barriers to Using Digital Tools

Have you considered or applied for an online loan before?



## Difficulties With Loan Application Process

What difficulties have you faced when applying for an online loan?

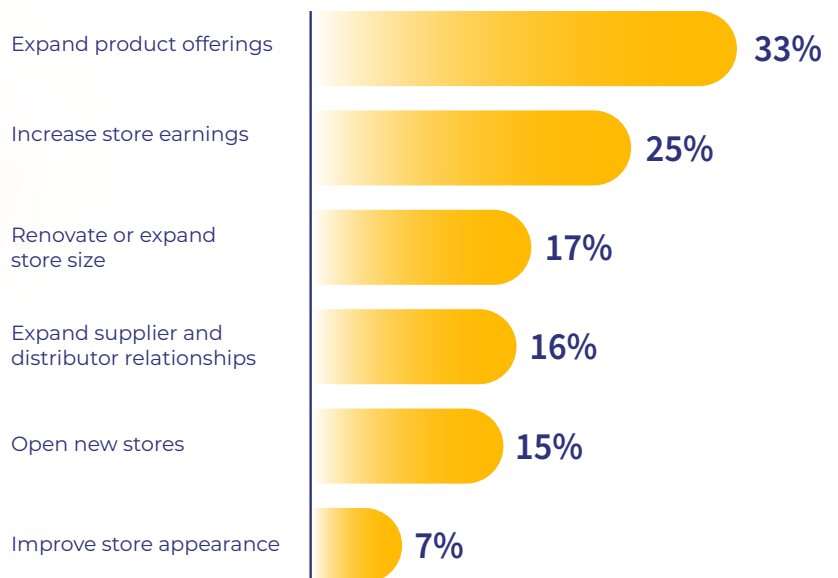


Warung shopkeepers have ambitions to grow and improve their stores so they can continue to play a vital role in their communities.

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

## 200 Warung Merchants Across 5 Cities

<b>GENDER</b>	<b>AGE</b>	<b>STORE TENURE</b>	<b>NUMBER OF SKUS</b>
<b>41%</b> Female	<b>22%</b> 20–29	<b>13%</b> Less than 1 year	<b>73%</b> Less than 500
<b>59%</b> Male	<b>36%</b> 30–39	<b>20%</b> 1–2 years	<b>9%</b> 500+
	<b>28%</b> 40–49	<b>15%</b> 2–3 years	<b>19%</b> Not sure/prefer not to answer
	<b>14%</b> 50+	<b>12%</b> 3–5 years	
		<b>42%</b> 5+ years	

## 200 Warung Customers Across 3 Cities

<b>GENDER</b>	<b>AGE</b>
<b>55%</b> Female	<b>5%</b> <20
<b>46%</b> Male	<b>24%</b> 20–29
	<b>29%</b> 30–39
	<b>27%</b> 40–49
	<b>16%</b> 50+

## 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 e-commerce platform TaniHub, we surveyed 200 Indonesian corner shop owners and 200 of their customers to learn firsthand about their business pain points, competitive threats, aspirations, and digital behaviors.

Authors: Smita Aggarwal, Stella Klemperer



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](https://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](https://60decibels.com)**



TaniHub is Indonesia's leading agritech and e-groceries start-up that connects farmers to supermarkets, warungs, hotels and restaurants for supply for fresh produce and food products.

**[tanihub.com](https://tanihub.com)**