

# Factors Accelerating Digital Transformation: A Study on Kirana Stores in India during COVID-19 Lockdown

Irfat Ahmad

<sup>1</sup> Research Scholar & Corporate Professional, Amity Business School, Amity University, Lucknow Campus, Lucknow, India

(email-Irfat76@outlook.com. Orcid id-0000-0002-7136-5483)

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## Abstract

The outbreak of Covid-19 and the resultant lockdown has impacted the very dynamics of the retail sector in India. While organized players kept on struggling to service their customers, the unorganized sector led by neighborhood grocery stores (Kirana Stores) came as a big relief for millions of Indians to source food and grocery items. While lockdown has increased the trust for kirana stores from across segments of consumers, it also influenced these stores to relook their business processes and increases their dependency on technology to provide a safe and hygienic shopping experience of their customers.

This research paper aims to study the factors that emerged during the lockdown phase post-covid-19 outbreak in India which have accelerated the journey of the digital transformation of kirana stores which had started a few years ago.

The methodology adopted in this study is qualitative, deductive, and Interpretive approaches to research. All the interpretations are drawn with the content analysis of existing research, industry reports, and empirical evidence.

The study identifies five factors across consumers, supply chain, and ecosystem in which Kirana stores operate that have positively influenced the kirana stores to increase the use of digital technology for store operation.

This study can help organized retail players, tech start-ups, and researchers a deeper understanding of factors that have influenced the digital transformation of kirana stores.

**Key Words:** Covid-19, digital transformation, kirana stores, digital transaction, format blurring

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## I. Introduction

There is no doubt that neighborhood grocery stores, popularly called kirana stores are the lifeline of Indian consumers, and the kind of services they offered during the lockdown period post-outbreak of the coronavirus in India was the testimonial of this fact. Kirana stores have been on the frontline of the fight against covid-19, helping millions of households to shop food and grocery items without any challenge. At a time when most of the organized retail players and e-commerce giant were struggling either to operate due to restrictions or were unable to serve their customers in absence of delivery manpower and logistics support, these kirana stores stood strong and kept on operating without any hassles and served their existing as well as new customers. According to a report by the consulting firm Redseer, there are 13 M kirana stores in India on a population base of 1.3 Billion, making it one store at a population of 100. Because of such deeper penetration, these stores were instrumental to ensure the supply of essential items during the lockdown phase while in many other countries consumers were seen lining up before supermarkets in serpentine queues and struggling to obtain the supplies of basic food items. These stores ensured every possible safety measure at their stores to maintain social distancing and to meet the demand of consumers for contactless shopping, provided customers the facility to place online orders and digital payments. Despite the challenges of manpower, these stores ensured home delivery to most of their customers also to meet their expectations. The lockdown period has been the time when kirana stores in India displayed their adaptability, agility, and resilience towards change and won both the trust and wallet of consumers.

Kirana stores are quite similar to corner stores in western countries that sell a range of products from essential food items, grains, processed foods, dry foods, drinks, personal care, and household items (Maruyama and Trung 2007). These stores are mostly owner-managed and operate form area less than 500 square feet (Goswami and Mishra 2009). These stores are spread across India from urban to rural towns, generally located in residential areas and stock products according to the needs of local consumers (Sathish and Raju 2010). The preferred source of buying goods for these stores is wholesalers and company distributors and they generally prefer cash transactions. Proximity to people and their ability to read, know, and understand the consumer trends

and behaviours make these stores a treasure trove of insights for changing consumer trends and buying behaviour. In the Indian Food and Grocery market, these stores are an important player with close to 90% share despite increasing penetration of organized retail. While in the overall retail segment, the current share of these stores is 84% which has seen a decline since the last few years as per a report by consulting firm Red seer.

Food and Grocery is a growing segment in India with market size of USD 858 billion (IBEF, 2019). The sheer size of the segment makes it a battleground for both organized and unorganized players. While the unorganized sector is led by kirana stores, the organized sector has seen the entry of many local and global players both offline and online. These organized players have been doing everything possible to gain market share by providing altogether a new shopping experience to consumers by using technology and standardized global services. While increased penetration of smartphones and the internet led the digital revolution in India, most of the digital disruption in the retail sector can be accounted to these organized players besides increasing penetration of which forced kirana stores also off late to revamp their business processes to maintain their share both in business and in consumers.

Kirana stores started their digital journey a few years back intending to meet the changing preference of consumers and to reduce the cost of operation to invest in building new processes to remain competitive in the market. Despite willingness for change, initially, the response of kirana stores was slow for this change due to lack of working capital, knowledge, skill sets, and anxiety for the use of technology. While India was getting younger with 30% population in the age group of 18-35 years according to a report by Morgan Stanley and was more digitally connected, kirana stores were slightly hesitant to start their digital transformation due to the fear of losing existing customers who were not very tech-savvy

Digital transformation includes a change in strategy, business process, learning, and knowledge and involves the whole socio-technical system (Orlikowski, 2009) and not only about investment in technology (Burton-Jones and Gallivan 2007). Digital transformation for kirana stores was aimed at bringing required changes in the business process by using digital technology to manage and enhance the experience of existing and new customers while building efficiency in operating processes to reduce the cost of operations to increase profitability.

A report by CDFI and IIMB (2017) said that 45% of stores intend to deploy a POS terminal (penetration at that time was 5% only) seeing 35% of consumers having access to debit or credit cards. According to this report, 94% of kirana stores had a mobile phone, out of which 41% was a smartphone. This data clearly suggests initial readiness and willingness of kirana stores to use technology in their operation but still, there was some inertia to use technology in the core operation of stores. Organized players which were a threat to these stores, realized the importance of kirana stores and started building partnership with them to supply goods directly cutting the role of intermediaries. These organized players also started working to find out more avenues of partnership to create a win-win situation for both store and themselves.

Digitization had shown possibilities for new avenues to build business for kirana stores but because of their social and behavioural background, most of the store owners were hesitant to deploy technology in its true spirit. Covid -19 and resultant lockdown worked as a catalyst to help these stores understand the true benefits technology can offer and how technology can support them in expanding their business. This phase has seen more focused efforts by kirana stores to speed up their digital transformation due to the two reasons - out of necessity to manage new customers and greater acceptance of technology by its existing customers also which so far were quite hesitant and were making kirana stores also wary of moving to a digital journey. This phase witnessed more stores online, greater acceptance for online selling and buying, reducing the resistance for digital payments, and increased interest to use technology for inventory management and bookkeeping. These efforts rebuild the trust of consumers for kirana stores as a study by Mckinsey says that that grocery shopping in kirana stores during the lockdown has witnessed a 39 percent growth and 29 percent of shoppers have shown an intent to go back to their good old neighborhood kirana stores even after the pandemic subsides

The present study is aimed at identifying the key drivers which emerged during the lockdown phase which have influenced the kirana stores to accelerate their journey of digital transformation. The paper highlight the role of the growing population of digitally connected consumers increased acceptance of digital payments, a partnership between online and offline players, and the immediate need to build a digital supply chain as key factors which influenced the store during the lockdown phase and speed up their journey for digital transformation.

### ***Growing Population of Digital Consumers***

One of the key drivers of the digital transformation of kirana stores was to meet the changing need and expectations of the consumers. Purposeful focus on elevating the customer experience is an internal driver that prompt retailers to select innovative techniques for their business operation (Zomerdijk & Voss, 2010). Changing the need of the customers in the Indian market was largely driven by the changing demographics of

the customers. A report by Morgan Stanley (2017) states that 400 million population of India is in the age group of 18-35 years which is almost 30% of the total population in India. This population is always termed as digitally connected and was a source of growth for social media and OTT platforms in India in recent years. Because of their nature and profiling, a perception was built that these consumers will always prefer retail formats that are digitally connected like them and provide them an altogether different shopping experience. Deloitte (2017) in its report on digital disruption in India termed this population as a key driver for the digital transformation of the retail segment in India. But with deeper penetration of smartphones and the internet and with increased affordability of mobile data, the count of digitally connected consumers grown across all age groups. According to the latest report published in 2020 by Morgan Stanley, there are 670 million internet users in India now and 20% of these users prefer to shop online. These users are spread across rural and urban towns of India and rural internet users are even higher than urban users as per the last data released by COAI and Nielsen in November 2019. Most of these users access the internet via their mobile phone and thus driving the count of mobile subscriptions also which is close to 1.2 billion now IBEF (2020). Digital consumers in India remain no more only millennial but started coming from every segment of consumers irrespective of age, income, and educational background. These digital consumers have obliterated traditional retail in general and food retailing specifically.

Covid phase influenced increased use of the internet and online shopping from the convenience of home among consumers from across segments leading to a growth in the population of digital consumers. Travel restrictions, work from home, online classes for children's and closures of malls and cinema halls can be termed as a driver for the growing population of digital consumers. A report by research firm KalaGato said that daily active user (DAU) base across online streaming platforms such as Netflix and Amazon Prime video shot up by 122% and 72% month-on-month, respectively, between February and April. Covid period saw an increase of almost 1.5 hours per week on social media according to Statistica. Growing internet penetration is leading to another trend in mobile apps. These apps are quickly emerging as one of the most successful global marketing tools to attract consumers both online and offline. Although mobile apps were initially viewed as a successful tool for attracting online shoppers, now retailers are also using their multi-functional properties to attract consumers to their stores (Hopkins & Turner, 2012). Hyper local formats have used these apps as a common platform to connect consumers and suppliers from the neighborhood for timely deliveries. These apps have become the most compatible tool for consumers and retailers, as they offer reciprocal communication and various innovative incentives. A report by consulting firm Cape Gemini suggests that 67% of Indian consumers interact via a mobile app with a growth of 10% from pre covid period, while the global average during the covid period stood at 52%. These interactions with apps are driving online shopping as most of the retailers are now have registered themselves to one or two apps or having their low-cost app to connect with their consumers. Report by Kalagote further states this increased penetration of mobile apps has led to the growth of almost 50% in daily active users for online grocery platforms like Big Basket and FreshoHome during the covid period.

More time on the internet and various social media platform have further invigorated the expectation of consumers for their shopping experience using technology. During a lockdown when online platforms failed to deliver the goods due to logistics issues despite all technological support, these consumers turned towards kirana stores which despite all odds were operational and servicing the customers in offline mode. Kirana stores were also quick to understand the trends and themselves allowed people to place an order via phone, WhatsApp, and some of the locally designed apps and make payments also via digital mode to ensure less physical movement at the store. The stores which were not in habit of home deliveries due to lack of manpower or out of inhibitions build partnerships with third-party logistics partners to ensure seamless home deliveries. Food delivery start-ups like Zomato, Swiggy, and Uber Eats which were struggling to maintain a large delivery workforce due to the closure of restaurant and eateries also joined hand with these Kirana stores to utilize their manpower for the delivery of grocery.

During this entire phase, the most prominent indicator which emerged is the increase in usage of the messaging app WhatsApp. A report by Kanter (2020) says that there has been an increase of 51% in WhatsApp usage during the lockdown period. Since WhatsApp is easy to use and writing can be done in vernacular languages also, hold the potential to be used as a medium to place an online order across a segment of consumers and can well be accepted by kirana stores also. Reliance Jio was quick to read the trend and they announce a partnership with Facebook to use WhatsApp for connecting millions of consumers with their Kirana stores via their retail venture Jio Mart.

The kind of information, these digital consumers generate and act had the potential to transform the operation of any business. These consumers have almost replaced the linear path to purchase in a checkered path to purchase due to easier access to a wide range of information. Technology has transformed today's consumers into an 'all-knowing and all-seeing' person (Mathewson and Moran, 2016) as they prefer to switch channels effortlessly while shopping and keeps on moving from offline to online (Angel, 2016) depending on their convenience. This trend of consumers has forced retail players as well as kirana stores to have an Omnichannel

presence to meet the requirement of modern age consumers as the future seems a combination of brick-and-mortar, e-tailing, and mobile.

During the covid scenario, most of the digital consumers shifted their preference to kirana stores due to the convenience of being supplied goods at home and acceptance of digital payment by the stores. Although the delivery issues with their preferred online or organized format were another key reason for their turning towards kirana stores and this influenced the stores to provide the same experience by taking orders via messaging apps or on phone and accept cashless payment while ensuring home deliveries. Most of these consumers prefer to visit the kirana stores physically also to pick the already placed orders and probably check the quality and freshness of the items.

A research report by Mckinsey in April 2020, found a 39% growth in grocery shopping in kirana stores during lockdown because of switching loyalties by one-third of customers surveyed. The factor of proximity was cited as a key driver for shifting to kirana stores by most of the customers who change their format.

Consulting firm Ernst and Young did a study on kirana stores in 12 cities of India during lockdown found that pandemic has led to a renewed trust in the local kirana store with a surge in new consumers visiting the local store both in metros and non-metros. Most of these new consumers used to buy food and grocery items either from online or from a supermarket. This study further highlights that there is 20% of the kirana stores across metros and non-metros towns who have already started leveraging technology and online platforms to improve and enhance their existing capabilities to serve their customer better.

These research findings indicate the agility and resilience of the kirana stores to meet and serve the changing demand and influx of consumers even during the peak of a pandemic by creating a simplified online journey with messaging apps for taking orders, providing a contactless delivery, and receiving cashless payments using digital mode.

### **1.2 Increased Acceptance for Digital Payment**

Digital payment is a gateway for technological advancement (Slozko and Pello, 2015) and is termed as a key driver for the digital transformation of retail business. Digital payments are electronic funds transfer that is initiated by a person by way of instruction, authorization, or order to a bank to debit or credit an account maintained with that bank via electronic means. Mobile-based payments are the most popular one out of various modes available for digital payments like RTGS, NEFT, UPI, and mobile wallets due to ease of use. Dinez (2011) describes the mobile payment as payments made or enabled through digital mobility technologies, via handheld devices, with or without the use of mobile telecommunications networks. In the beginning, the adoption of digital payments was low among kirana stores due to connectivity issues, inadequate acceptance of infrastructure, lack of familiarity, delay in complaint resolutions and security and privacy while consumers were also wary of using this due to the fear of losing control over expenditure and transaction (Seethamraju and Diatha, 2018).

Post demonetization in 2016, the acceptance towards digital payments grown substantially in India. Awareness created by government bodies and at the same time by fintech companies were instrumental in allaying the fears of consumers and retailers. The adoption of digital payments by kirana stores was initially motivated by the demand from consumers and primarily used for consumer transactions only. But later digital payments became more acceptable for kirana stores when they started sourcing a larger portion of their requirement from E2B2B players like Walmart and Metro cash and carry due to cost advantage and home delivery options offered by these players. Growing collaboration with hyper-local formats also supported and motivated kirana stores to use digital mode of payments. Digital payments have been now termed as a critical driver for the digital transformation of kirana stores as a recent report by Red Seer suggests that the one-fourth of kirana stores who have any kind of digital touch have started their journey with payment platforms only.

During Covid-19 scenario, when the focus was on less human contacts by any means and kirana stores were the most popular medium to source and shop food and grocery items, digital payments received greater attention and acceptance from both sides – consumers and stores. Many indicators have emerged during and post lockdown periods from across markets which suggest a deeper penetration of digital payment leading to the accelerated digital transformation of kirana stores.

POS machines are one of the first instruments which were used to derive digital payments in India where the consumer can swipe their debit or credit cards to make the payments but penetration of these machines was always an issue due to connectivity and cost factor. But a recent report by the Reserve Bank of India suggests at least a 3 times jump in the density of these machines from one machine per 1120 people in 2014 to one machine at every 358 people now. Another report by consulting firm Cape Gemini which is based on a consumer survey post-Covid 19, said that 83% of consumers in the age group of 36-45 years are using the digital payments followed by 80% of consumers in age groups of 56-60 years. The report further said that usage of digital payments among Indian consumers in the current scenario stands highest at 75%, followed by China at 63% and Italy at 49%. The percentage of Indian consumers interacting on mobile apps for digital payments rose to 67%

from 57% in pre covid scenario. On the overall quantum of digital transactions in India, the month of March 2020 recorded 3 Billion transactions just before the onset of long lockdown while the government is now targeting 1B transaction per day according to Niti Aayog, the policy think tank for the Government of India.

Lockdown has not only influenced the digital payments, but it went one step ahead and fintech companies and tech start-ups used the opportunity to convince kirana stores to use technology for their bookkeeping activities also. This period witnessed wider acceptance for fintech start-ups like KhataBook and Raseed book, which enables Kirana stores to keep a record of every transaction including the credit one also. Khatabook was able to enroll 8 million active merchants in the period on its platform. Leading player Paytm also launched its version of business khata in January 2020 and observed four times growth in terms of a transaction as well as a merchant during the lockdown period. During the lockdown, increased penetration of digital payments has been widely attributed to reason for "buying essentials" according to another report by research firm "Local Circles". This report establishes that lockdown has made digital payments widely acceptable among kirana stores as well as consumers and kirana stores were the only working format to source essential during the lockdown period.

### **Digital Supply Chain**

Supply chain management has been a pain area for kirana stores due to the constraint of space & capital and lack of visibility in wholesale markets. These stores generally buy from wholesalers or FMCG distributors but in between lot many intermediaries exist which eats up a good fraction of cost paid for the goods procured. The overdependence of wholesalers leads to irregular supplies, a limited range of products, high prices, and longer delivery time which further creates issues of frequent stock-outs at the retail shelf. Besides this, a long supply chain and limited infrastructure are somehow responsible for creating wastages in the system, especially for food items.

When kirana stores started their digital journey a few years ago supply chain management was one of the key challenges they were looking to overcome with the help of the technology. Their focus was to overcome the challenges of procurement, inventory management, and storage and space management. The initial adoption of integrated POS terminals was one positive step towards improving the inventory management processes with the help of basic data. During the process, they further realized the need to have more technological solutions to overhaul the existing processes to reduce the cost and provide a better experience to customers in terms of varieties and range. Most of the research studies pointed out varieties of product available at a store as criteria for selection of that store by the consumer for their grocery shopping (Yadav, Verma and Singh, 2016)

A typical supply chain for kirana stores consists of every step from the procurement of goods to its delivery to consumers. Broadly it covers procurement, logistics and warehousing, and inventory management. The need for the hour for kirana stores is to build a faster, flexible, and more granular digital supply chain that can integrate various processes related to procurement and inventory management into one system. Digital Supply Chains are managed with a wide variety of innovative technologies to drive a smart, value-driven, and efficiencies process to generate revenue and business values by leveraging newer technologies and analytical methods.

Kirana stores themselves can't build a digital supply chain and they need partners around to support and train them. During covid -19 scenario, when these stores won laurel for their services, they realized the gaps and issues in the existing chain. Procurement and maintenance of supplies became critical as wholesalers and distributors were not able to supply the goods to these stores due to their issues. E B2B players and cash and carry formats came as a big respite for stores during that time as they had their logistics to supply the goods and were using the app-based solution for the placement of orders to avoid any physical visit to their stores.

Many other tech-based start-ups also used this opportunity to channelizing the product flow across the traditional retail chain by connecting brands/ distributors directly with retailers and hence removing the wholesalers. Out of the necessity to maintain supplies to serve customers, kirana stores were more than willing to work with these players and shown enough readiness to use apps and digital mode of payments.

E-B2B is about selling, buying, and trading of goods and services through an online sales portal between businesses. Since both parties involved are business entities, the transactions are more rational than impulsive. These players source directly from farmers as well as FMCG companies and maintain their own logistics which came as an advantage. They allow kirana store to order anytime/ anywhere and provides them access to a wide range of products and support kirana stores with credit also for better cash flow management. Companies such as Udaan, ShopX, jumbo tail, Ninja cart, and many more were instrumental in connecting brands/manufacturers to different buyers and sellers through their technology platforms and witnessed a growth in demand of 40-60% during a pandemic. The Source of increased demand was mostly from kirana stores as other players were struggling badly at that time.

Cash and carry retailers such as Walmart, Metro, and Reliance started direct distribution to their kirana partners during the pandemic. Walmart has 28 stores while the metro operates with 27 stores across India. During covid, these players changed their business models and ramped up their deliveries directly to kirana stores as because of travel restrictions and paucity of travel passes, visiting stores was not feasible. Metro Cash & Carry had launched its wholesale app in mid-April during the lockdown and had recorded a lakh plus downloads of its app in less than three months. The app, which is called "Digital Shop" can be accessed through smartphones and will help kirana stores digitally track their daily and monthly sales, manage their inventory, place orders with Metro, offer digital payment options to customers, etc. This initiative would not only help in digitizing the kirana stores but would also provide analytics for managing their business.

During covid time, kirana stores did experience a break down in their supply chain when their regular wholesalers and distributors could not supply them stock while they were experiencing an influx of consumers and inventories were not built for the emergency. This situation led to the growing acceptance of e-B2B players and cash and carry formats which were endeavoring to support the kirana stores with stock, service, and technology also. This acceptance led to a closer partnership which grown substantially due to the convenience of sourcing and logistic support. It has driven the digital journey of kiranas stores as most of these platforms used app-based ordering and kirana stores were happy to use technology for ensuring supplies when traditional wholesalers and distributors were struggling bad time. A report by consulting firm Red seer says that

The share of kirana stores in overall sales of e-B2B players has grown to 40% from 20% in pre covid scenario with a 100% growth. This number is an indicator that how the covid scenario influences the faster adoption, usage, and diffusion of technology by kirana stores to overcome their operational challenges. To prove it further, there is a study by Ernest and Young, which found that 40% of kirana stores are considering to partner with online supply and delivery platforms to improve their overall supply chain requirement during and post lockdown phase.

#### **1.4 Blurring of Formats**

Online retail sales still represent a minority of total sales in India, increased acceptance is leading its growth and somehow outperforming the growth of brick and mortar stores. The current contribution of online sales in India is 4% and is expected to touch 8% by 2025 according to a report shared by Red seer. While many researchers across geography think that traditional channels are in the process of losing control, the Indian market still gives hope that it would not be easy to write them off completely. It is very unlikely that traditional retail sales will disappear rather both the channels will complement each other in satisfying the need of consumers (Zhang et al., 2010). However, a proper strategic response is required for traditional retail to sustain its relevance and role. The critical factor driving online shopping is technology (Shankar et al., 2011). Another factor driving online shopping is a convenience to shop (Willems, 2002). With the advancement of technology and its adoption and acceptance by traditional retail, the previous motives associated with shopping only in brick and mortar stores or online market place have started to converge and formats are getting blurred. This convergence has caused traditional models to move from linear to nonlinear and continuous (Arnone, 2017). Format blurring is a situation where retailers also sell the items which don't belong to their line of merchandise (Berman, 2010). During the covid scenario when only the grocery channel was operational, they were selling almost everything related to managing a typical household. The blurring of formats is dependent on technology as the integration of formats, channels, and people require technological support. These supports are ready to open new channels of retailing and give new customer experience and reduce the cost of the retailer also.

The partnership between online and traditional business in India started for the last 3-4 years but the lockdown situation worked as a catalyst for faster convergence between these two formats and this phase witnessed substantial growth as a long term strategy to generate demand and serve the customers. Amazon and Flipkart have already partnered with these stores to not only help in their procurement but also utilize their locational benefits to build their logistic support and ensure deliveries of an order placed on these platforms through kirana stores. The retail arm of Reliance and its telecom company Jio, have come together as JioMart, providing digital terminals to offline shopkeepers, for inventory management and service orders from Reliance's network of wholesalers. Recognizing the further potential for growth, Facebook has recently invested USD 5.7 billion for a 9.99% stake in Jio Platforms. The entity envisages to on-board 30 million small businesses on its digital platform, thereby enhancing their revenues, generating employment, and also resulting in consumer benefit with faster delivery of goods.

This partnership between online and offline players further got strengthen with the arrival of the hyper-local format for grocery business when players like Grofers and Big basket started a closer working with these kirana stores. During Covid -19 period, the hyper-local format was able to service the consumers to some extent with the help of localized support.

The partnership between kirana stores, online players, and hyper-local formats is trying to help all the formats to develop an omnichannel presence. For kirana stores, it's a new business opportunity to reach a new

segment of customers and to learn new business processes as well. This partnership has given birth to another model where consumers can place orders online and then pick up their goods from nearby kirana stores by making payments while online platforms and kirana stores have the understanding to share the margins. While these partnerships have given a competitive advantage to kirana stores to expand their consumer base, it has also motivated them to increase the use of technology in their business operation as any of this partnership is dependent on the willingness and readiness of stores to do online business transactions using technology.

### ***Increased Localization***

Broad bridge and Calderwood (2002) suggested in their research that the survival of traditional stores from the increased competition from large retail stores greatly depends on the commitment and willingness of traditional retailers to meet the local community needs. This displayed a commitment to developing trust among consumers for any retail channel. Indian kirana stores score very high on the trust parameter because of the familiarity with consumers as they serve the immediate neighborhood and know most of their consumers by name. The ability of stores to instill a sense of familiarity in the customer leads to building trust and commitment for the stores which impact the speed and efficiency in shopping (Wahl, 1992). This familiarity leads to frequent visits to the store (Laine, 2014) and strengthens the trust part. The factor of trust plays an important role in the online transaction also (Mittal, 2013).

During the lockdown, the only format which has risen to the occasion is the neighborhood Kirana stores and it helped in building trust among consumers. Because of restriction consumers were looking for stores near their home to shop for their food and grocery items and kirana stores were the only option seeing their deeper penetration (one store at a population of 100 people). A survey by research firm Velocity which was done in April said that more than two-thirds of people consider local kirana stores safe to buy groceries while supermarkets were least preferred due to issues of social distancing and hygiene. This can be further established by the fact that even after opening up the malls and supermarkets in some areas of the country, malls have witnessed a degrowth of 77% in the first half of June 20 compared to the same period last year. This decline in consumer traffic from malls has been diverted to local kirana stores which have seen a surge in their sales and footfall both. The prolonged lockdown has already had its impact on consumer eating habits also as they are getting more inclined to eat and cook at home. A report of Nielsen predicts a higher growth for food and grocery items in the influence of this emerging trend where consumers will buy from local trusted stores to have fresh and quality items. The changing behaviour of consumers and their habits under prolonged lockdown is motivating them to go local to source food items and buy them from stores that are trusted and know personally.

## **II. Discussion and Conclusion**

Before the outbreak of Covid -19, online retail was gaining traction while kirana stores were losing the interest of consumers. These stores were struggling to maintain their share which was declining and was estimated to decline further but lockdown gave a fresh outlook for kirana stores. The consumers whose preference was only organized format found themselves in a position where their preferred formats were unable to service them even for the essential food and grocery items while neighborhood kirana stores maintained their operation even by risking their own lives. This period witnessed increased localization when due to travel restrictions, the consumer had left with no choice but to visit and shop kirana stores near their homes as only these stores were operational. This provides an opportunity and created a need for these stores to revamp their existing business model and transform the business processes to meet demands from these new set of consumers. This phase of lockdown has established that digital transformation is the new imperative across the grocery ecosystem which has the potential to eliminate silos of information and enables business processes to quickly evolve and adapt to current conditions.

Covid 19 has accelerated the shift in a digital transaction that has been established through research reports and empirical evidence would boost the transformation of kirana stores as in most of the cases, adoption of digital payment has been termed as the first step towards digitization of kirana stores. The growing population of digital consumers is another factor that will push kirana stores to reduce their friction towards technology and embrace digital solutions to provide a platform for consumers to shop and transact. Increased localization and greater partnership between online and offline channels have also accelerated the digital journey of kirana stores as they found values in buying from e-B2B platforms both in terms of cost advantage as well as freed them from concerns of inbound logistics. As Davis (1989) suggested that perceived ease of use and perceived usefulness are the key driver of digital transaction, for kirana stores usefulness of technology has been established and validated during the lockdown phase when established organized players joined hands with them to help them increase their business and reach were in turn, organized players found a partner in these stores to ensure deliveries till the last mile for their consumers.

The way kirana stores have adopted to innovation, change, and digital technologies like digital payments, online order facility for customers and contactless home deliveries besides the partnership with organized players to manage their supply-side issues with much-reduced friction towards technology has made them won appreciation not only from their customers but the suppliers also. It can be concluded that lockdown and trends emerged from this phase has accelerated the digital transformation of kirana stores in a big way and a report by consulting firm Red seer validate this proposition when it stats that almost 70 percent of kirana stores in big cities and 37 percent in smaller towns are prepared to use technology in their stores during and post lockdown.

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