

'Kiranas are the backbone of India's consumption story'

German business-to-business wholesaler, METRO Cash and Carry has recently completed its 16 years of operations in India. Since its entry in India in 2003 in Bengaluru, METRO has built a strong brand equity and trust amongst its small and medium enterprise (SMEs) customers.

As part of its next phase of kirana digitization program, METRO has recently partnered with a Fintech startup ePayLater and has co-created a mobile application - 'Digital Shop'— that enables kirana owners to use their existing smartphones to digitize their business operation instantly without any additional investment on a device.

In an exclusive interaction with Point-of-Purchase, **Arvind Mediratta, MD & CEO, METRO Cash & Carry India**, talks about its journey in India and also how it is transforming and enabling the kiranas to digitize their operations.

METRO Cash and Carry has recently completed its 16 years in India. How has been the journey so far?

METRO has evolved and has come a long way after its foray in the Indian market in 2003. In the last 16 years, we have been part of countless growth stories of independent businesses and small and medium-sized enterprises (SMEs) across multiple sectors. Our purpose of statement is being 'Champion for independent business'. Today, we anchor close to 3 million customer base in India across an expansive network of 27 wholesale outlets. We have become the voice of independent businesses, small traders/kiranas and we believe their success is our business. 99% products that METRO sells today are 'Made in India', locally sourced from these SMEs and local suppliers to help fuel the independent businesses and entrepreneurial eco-system in the country.

We are now leading the way in kirana digitization by enabling the kiranas to digitize their operations and modernize their backend



Arvind Mediratta, MD & CEO, METRO Cash & Carry India



systems. We are also offering interest free credit solutions for traders & kiranas, helping them optimize their working capital. In addition to this, we run a 'Direct Farm' program wherein we have set up six collection centers to procure fresh fruits and vegetables directly from farmers. We source over 12,000 MT of produce per annum positively impacting over 5,000 registered farmers across the country.

How do you position yourself in this competitive market?

For us at METRO, 'Customer Centricity' is of utmost priority. As part of our effort to provide value-proposition to our customers, we highlight our competitive pricing of our own brand articles through 'switch and save' communication to emphasize the product's value for money proposition. Additionally, as an organization whose roots are German, we follow a robust quality



assurance protocol and global best practices for product development process for own brands. Our supplier selection for own brands is also very stringent in compliance with our global standards of quality & safety. All factories and manufacturing units are audited as per the FSSAI / BSCI requirements.

How do you engage with Kirana stores in India?

We have close to 12 million of these neighborhood kirana stores dominate the domestic grocery retailing with a whopping 90 per cent share. In line with the company's purpose statement of being a 'Champion for Independent Business', we have rolled out the 'Kirana Success Center' to empower the kirana community with one-stop modernization & digitization solution to help them attract more footfall and profitability.

Kiranas have embraced this transformation with great success; For eg: MP Stores in Bengaluru transformed itself from a traditional closed format store to open format one in December 2018. In the last 6 months, the store has witnessed an increase of customer footfall from 600 to 740 per month, and a 25% increase in revenue in just one month's time.

Another example of an age old and small grocery store in Malleshwaram known as Prabhu stores moved from traditional to open format along with digitization in May 2018 has witnessed an increase of customer footfall from 240 to 900 per month. The owner of the store, Nagesh Prabhu is been recording 30% increase in sales compared to previous year.

So how is METRO Cash and Carry helping kirana go digital and modernise their operations?

As part of the modernization drive and to empower the Kirana ecosystem, we have provided sustainable

solutions such as point-of-sale (POS) system which can be bought on EMI. The point-of-sale system enables kiranas to track their inventory, sales and revenue; they can refer to the dashboard wherein they can track the slow- & fast-moving items like any modern retailer. They

can run special promotions for high-value consumers and even send text messages and emails for promotions to their customers. They can also print GST-compliant invoices for their customers. We are also offering interest free credit solutions for traders & kiranas, helping them optimize their working capital. We have helped modernize operations of over 500 kiranas across the country. The kiranas are the backbone of India's consumption story and crucial in generating employment opportunities and value creation for the economy. Through the Digital Shop app, we aim to transform the traditional kiranas into omni-channel stores.

Going forward, what are your retail plans?

When India was defined as a market for accelerated expansion in 2014, we held the belief that profitability for our India operation will be realized via new store openings. The last few years of METRO India's development have shown that we can reach profitability by improving our existing infrastructure, by better understanding of the local customers and by enhancing our offers and services.

Our commitment to expansion has been further underlined by



the reorganization of our India operations, which included a split into North-East and South-West. This helped sharpen our regional focus – a key element to manage the peculiarities of customers and markets successfully. North and South markets have been our traditional strong-holds and there is plenty of room for growth.

With our capex-light expansion strategy, in the past two years, we have managed to open nine new stores and are working consistently on growing our footprints in newer geographies. Three new stores were launched in Meerut, Nashik and Ghaziabad in the last fiscal FY17/18.

Going forward, we will continue exploring options while keeping an eye on emerging markets in tier II and III cities. We are exploring opportunities in Karnataka, Delhi NCR, Mumbai, UP, Telengana, West Bengal. We want to leverage our existing supply chain and economies of scale by opening and operating in the same geographies. ■

Smita Sinha