

Transformation of Kirana Stores Essential to India's Economic Growth, According to Report from Accenture and TRRAIN

Retail modernization can boost consumption and generate nearly 3.2 million new jobs

NEW DELHI; Jan. 28, 2021 — The transformation of just 10% of the 13 million traditional grocery retailers in India, known as Kirana stores, could boost retail consumption by more than 5% and generate approximately 3.2 million new jobs in India, according to a new report from [Accenture](#) (NYSE: ACN) and Trust For Retailers and Retail Associates of India ([TRRAIN](#)).

Titled "[Transforming Kirana Stores to Drive Economic Growth](#)," the report outlines a strategic approach for unlocking value by transforming Kirana stores through a seven-stage framework that focuses on store location and layout; technology; store funding; and product placement, among other factors.

"The rapid changes in consumer behavior and acceleration of online commerce, mandate that the Indian retail ecosystem transform to meet emerging consumer needs," said Piyush N. Singh, India Market Unit lead, Accenture. "As the lifeline of the Indian retail sector, a digital led transformation of Kirana stores can result in significant economic gains, including a nearly 1% employment growth in India. The transformation process needs to be expedited with comprehensive policy intervention, technology support, and, most importantly, collaboration between key ecosystem players."

"The modernization of Kirana stores will not only help improve consumption and local employment but will also have a positive impact on the retail ecosystem in terms of new growth opportunities," said Sameer Amte, a managing director in Accenture's Strategy & Consulting business in India. "We believe with an improved, intelligent supply chain infrastructure, easier access to technology and funds, these stores can redefine the future of the Indian retail landscape."

The report provides a framework for the modernization of Kirana stores, focusing on six key areas:

1. **Location assessment** — essential to identify the customer profiles, demographic and social parameters, income class and external drivers such as competitors.
2. **Funding assessment** — considers the in-store capital expenditures and the cost of the space; if the store is rented, the rent should not be more than 3% of sales or one-fifth of the gross profit, whichever is higher.
3. **Store layout** — influences the customer's perception of the store; ideally, 75% of the space should be devoted to sales, 10% to office space and 15% to storage.
4. **Technology** — modernization requires a fully integrated retail enterprise resource planning software solution and a point-of-sale machine along with digital wallets registration.
5. **Product placement practices** — can be improved by classifying products inside the store into three categories: destination, convenience and impulse.
6. **Customer engagement** — can be improved with promotional activities and discount offers.



“India is a nation of shopkeepers, and Kirana stores play a crucial role in the Indian retail sector, which in turn contributes nearly 11% of the nation’s gross domestic product and 8% of its total workforce. Kirana transformation will not only help store owners improve profitability but also add value to the customers and overall ecosystem. This report puts the spotlight on the pivotal role of the Kirana stores in the community and the impact of their transformation not just on them and the industry, but also on India as a whole,” said B.S. Nagesh, founder of TRRAIN. “We believe the report will serve as a foundation as we march ahead in our journey to impact millions of Kirana store owners in India.”

The report also mentions the importance of building an enabling ecosystem for the transformation of Kirana stores and promoting inclusive development. Among the report’s recommendations:

1. Fast-moving consumer goods should implement innovative retailing techniques such as Kirana-specific merchandising, customized programs for product trials and assortment.
2. E-commerce and cash-and-carry retailers can leverage Kirana stores for last-mile delivery in remote places and in turn support them with digital technology such as digital payment solutions at the point of sale.
3. Intermediary players such as wholesalers and logistics providers need to modernize to fulfill the needs of the transformed retail ecosystem.
4. Retail associations and non-governmental organization (NGOs) should support the education and skill-building of Kirana store owners and collaborate with government bodies to facilitate the modernization process at scale.
5. Government can enable transformation with policy change to stimulate growth in consumption, gross domestic product (GDP), tax contribution and employment, also providing the impetus for other stakeholders to play their part.

Research Methodology

Accenture Research, in collaboration with TRRAIN, modelled the economic impact of Kirana transformation for India. To estimate the economic potential of Kirana transformation, we analyzed key macroeconomic, demographic, social development and industry indicators across India and the retail sector. We also used economic value modelling across several scenarios based on the analysis of macro-economic indicators. This was further validated by retail expert interviews, in-depth interviews of transformed Kirana store owners and analysis of consumer behavior in transformed Kirana stores.

About Accenture

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About TRRAIN

Trust for Retailers & Retail Associates of India (TRRAIN) is a public charitable trust formed in 2011 by B.S. Nagesh, with the vision of empowering people in retail and works to achieve immediate and lasting change in the lives of retail associates in India. TRRAIN is solely committed to upgrading the lives of people in retail, both at work and at home. To know more, visit www.trrain.org

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