

Digital Desh Report 9.0

Digital Evolution of Small Businesses Post COVID19 Wave II

Knowledge Partner



ASHOKA
UNIVERSITY

Table of Contents

About Digital Desh

Introduction

Retail

- Bhushan Sikka, Owner of Ashna Enterprises, Hyderabad
- Naagini, Owner of Pretty Little Things, Hyderabad
- Sri Krishna, Owner of Sri Krishna Enterprises, Hyderabad
- Minakshi Limaye, Owner of Shreyas Readymades, Pune

Healthcare

- Dr. Vipul Rastogi, Private Medical Practitioner, Delhi
- The Thuse Family, Owner of Vishwa Ayurvedalay and Medicine House, Pune
- Prasad, Owner of Unity Medicare, Pune
- Dr. Mohini, Owner of Anand Care Dental Hub, Hyderabad

Craftsperson

- Nandu Kharwade, Owner of Pooja Jewellers, Nagpur
- Manju Pothari, Owner of Green Jute, Hyderabad

Organics

- Abhimanyu, Kodai Cheese, Kodaikanal
- Gangadhar, Owner of Plant Nursery, Hyderabad

Hospitality

- Briju, Owner of Briju's Patisserie, Bhugaon
- Anagha, Owner of 3 Sisters Co. Kitchenette, Pune
- Yamini, Owner of Dough Re Mi Bakery, Hyderabad
- Rahul Mehta, Restaurant Owner, Meerut
- Parikshit, Co-Owner of Kitchen Cornucopia & Cloves Catering, Pune
- Anita Dashpute, D2C owner & Yoga Teacher, Mumbai

Services

- Drohit, Owner of Bhojane Electrical Repair, Pune
- Thomas, Owner of Rechal's Printing Shop, Hyderabad
- Rahul Dhaneja, Owner of Ndcomm, New Delhi

COVID19 Impact & Response

Social Media Platforms

Further Digitization

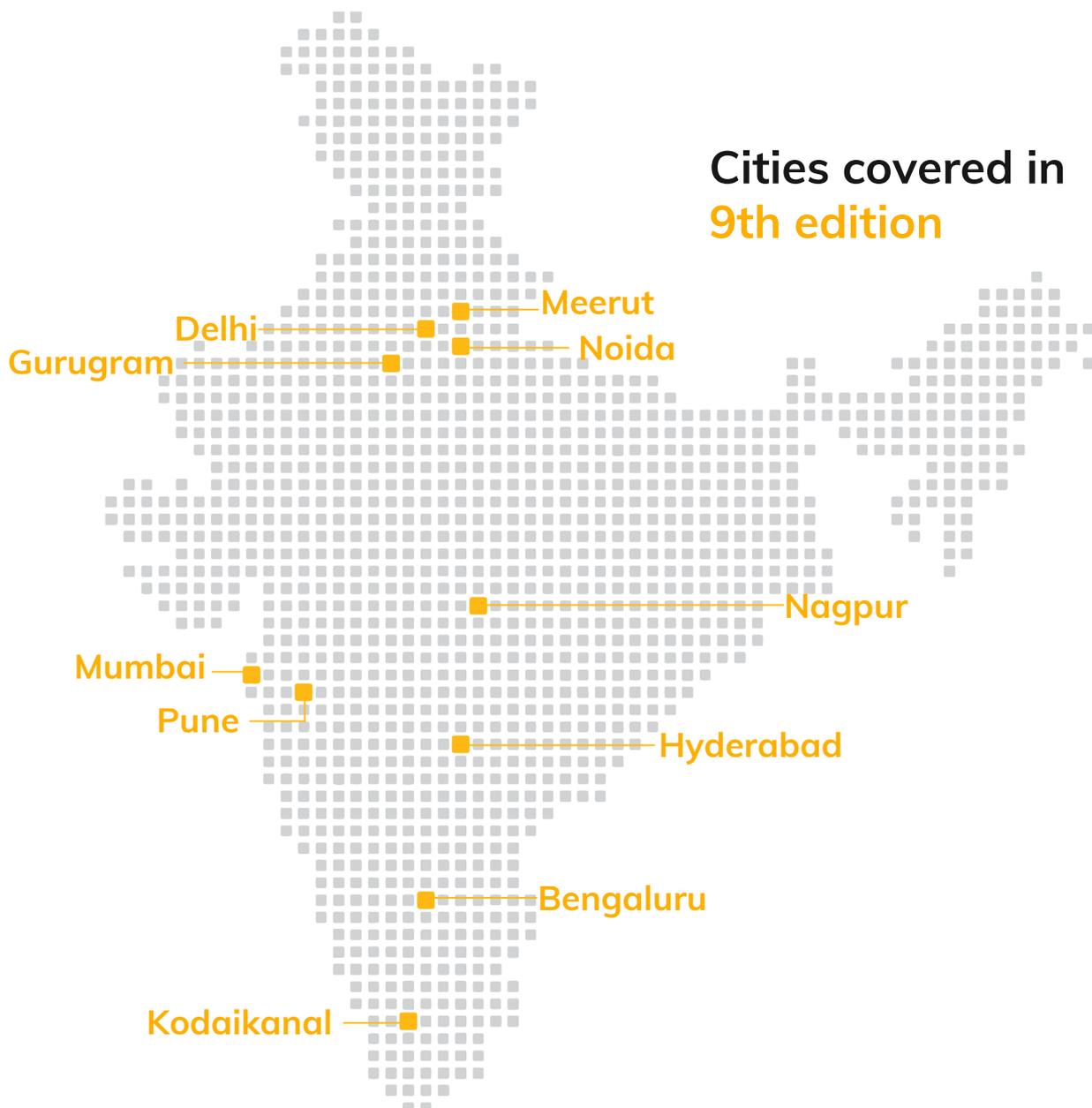
What Do Bharat's MSME's Need?

Meet the Team

About Digital Dosh

Digital Dosh is a research platform by NowFloats aimed at deeply understanding the inside of the internet of India. To discover the ever-changing behavior patterns around digital technology and to communicate these via stories that truly represent the spirit of the digital revolution currently driving India.

Over the past 6 years, since the first Digital Dosh Drive in April 2015, we have embarked on 8 drives and published 7 reports. These are available at DigitalDosh.in and [@DigitalDoshIn](https://twitter.com/DigitalDoshIn) (on Twitter)





Introduction

On March 11, 2020, the World Health Organization declared the novel coronavirus virus outbreak a pandemic. This coronavirus (or COVID19) has spread almost everywhere, across all the countries and territories globally.

In addition to the human toll, the sizeable economic impact of COVID19 becomes apparent now more than ever. The second wave has taken a toll on many sectors which have been hit hard by this wave of coronavirus in India.

The pandemic has not only changed our lives forever but has also changed the way we work, businesses work, and trends around us. Our goal here is to know how has it changed and what has it changed to?

It's been over a year since the first lockdown. Businesses have begun to see the potential and eventuality of digital adoption. Micro & Small Businesses across India are adopting digitalization not only to save money or to be safe, but also to gain an edge over competitors and create new opportunities in the industry.

The 9th version of the Digital Desh report contains stories and numbers collected from deep interactions with 30 small business owners from Hyderabad, New Delhi, Pune, Nagpur, and more. We reached out to these businesses with the intention of gauging their digitization levels and plans. We met strong, compassionate, and kind owners who were giving their all to maintain their businesses in this pandemic. These individuals are the backbone of Bharat and while they play a crucial role in this economy and in our private lives, they are also the ones most affected by the pandemic.

Digital Desh 9.0 aims to bring forth and share the journeys and lives of these individuals, the circumstances they are in, their wants, and most importantly, their needs.

This report is divided into six sections according to the business categories they fall under. These six categories are Retail, Healthcare, Craftsperson, Organics, Hospitality, and Services, include specific trends under each, the impact and response to COVID19, and stories from the owners who shared their personal and professional experiences. To tie it all together, the report provides some key insights collated from all sections, responses, and presents to the reader, the digital requirements of Bharat's MSMEs.

Retail

Current digital exposure

Supply-side: There is low confidence about digitization or using online platforms for buying from manufacturers.

Tight Relations: Many retailers prefer to buy supplies or equipment from local suppliers since they have known them for a long time and have built trust. Most believe that this is not achievable online.

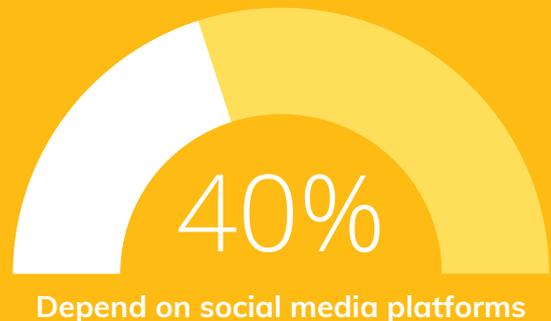
Discounts: Local suppliers at markets (like Begum Bazaar, Hyderabad, and Nehru Place Market in NCR) provide products at more competitive rates than online sites; though 40% also buy from companies directly.

In-person Shopping: Still preferred simply because one can see the product before buying.

Customer side: While digital maturity is comparatively higher on the customer-facing side, it is not significant.

Online Payment: Almost all of them use GPay, PayTM and/or PhonePe

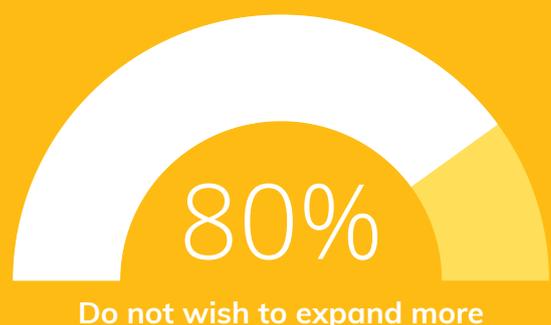
Traditional: All retailers depend on walk-ins for sales while 60% of them also use digital methods of promotion (40% depend on social media platforms and 20% use aggregator websites)



Thoughts about digital expansion?

COVID19 caused some of these businesses to lose up to 50% of their sales. Most of them are very apprehensive about expanding digitally.

80% are satisfied with the current level of sales and have never felt the need to expand digitally.



#1

“Vo khud hume dhoond ke aayenge”

Bhushan Sikka, Owner of Ashna Enterprises, Hyderabad



Bhushan Sikka opened his small business in 1995. The aim initially was merely to source income and provide employment. Since then, the business has seen many changes in market structures, products. It has also been able to adapt and structure around technological changes. Bhushan is now an authorized distributor of Samsung, Symphony Air-Coolers, and Kent in Hyderabad & Secunderabad. He also sells consumer and finished goods and was a manufacturer in the nascent phases.

Digital Behaviours

While technology has changed rapidly since 1995, one of Bhushan's first attempts to use it to make operations easier was employing Tally in 2005. Recently, he has also created accounts to ensure online payments through multiple platforms, easing the process for him and the large dealers he supplies appliances to. Bhushan does not use Google My Business or IndiaMart simply because he is satisfied with selling to local dealers. If any other dealers in the city need anything, they can find him. Since he is satisfied with his customer base right now, he does not wish to spend more time on online platforms.

He does use WhatsApp occasionally to keep in touch with his customers and take orders from them.

Bhushan uses a computer and a laptop to take work home and study the finances. Even while sourcing such appliances, Bhushan mentions that he buys them directly from big brands like Samsung and Kent at a discounted price, and has not used any online platforms for the same.

One Year Into COVID19

Not only did the sales of the business fall during the pandemic, but Bhushan also had employees testing positive which led to slowing down.

“Ab sab theek hai,” he mentions while adding that though there were small fluctuations in sales, the network of consumers has remained the same. Large dealers who would come to him before COVID19 still do. This has helped Bhushan maintain his overheads and other costs. He also does not face any local competition and therefore never felt the need to market online or promote the business anywhere.

Challenges

Talking about changes in the business over time, Bhushan mentions how some large retail stores that were his customers now choose to buy the appliances on their own because of the increased price of goods as they move up the supply chain (due to added profit margins). He mentions how, while he buys at discounted prices, he adds his own mark-up and then sells it to dealers. Some dealers like Bajaj Electronics have grown large enough to source directly from appliance companies.

Bhushan also does not need any digital assistance or platform presently because he is satisfied with profitability and the network he currently has.

#2

“Such a shop was never around, so we opened one”

Naagini, Owner of Pretty Little Things, Hyderabad.

Naagini's Pretty Little Things is a business born during the pandemic. It was not started solely for income but also because there was no other shop around for the convenience of women in Manikonda, Hyderabad.

“There were no shops that sold tiny things like imitation jewelry, bangles, earrings”

Naagini started the business with her friend and employs only one other lady in the shop. All three of them help keep the business afloat.

Digital Behaviours

Pretty Little Things is a shop set up for a niche set of customers, the partners believe. Their aim was to provide convenience and only targeted the women in the area. It was to ensure that any woman could come and quickly get what she wanted without spending too much. This is evident in their low-priced items, earrings start at as low as 15 rupees. The business does try to promote on WhatsApp - there are groups created to update customers, but apart from that there is hardly any Instagram or Facebook marketing because it does not cater to the customer base this business aims to target.

Even finances are noted on the one computer in the shop, there is no use of extensive software like Tally, and all details from bank accounts are put up on a sheet.

“We obviously use various payment platforms for the ease of the customers but it also allows us to keep track of the inflow very conveniently”



One Year Into COVID19

While the business has only started six months ago, it has not seen a change in sales due to the pandemic.

“Obviously there are fewer sales when lockdowns are imposed, like this one that happened recently”

But since the business is young, there is no rush for making profits but rather to ensure that products and the service are up and running for customers.

Challenges

Pretty Little Things faces no specific challenges right now, all products are sourced from various places and orders are easy to place. There is a large network of suppliers and any problem that arises is quickly dealt with by the partners as they ensure to work together.

#3

“I had to reach the right customers”

Sri Krishna, Owner of Sri Krishna Enterprises, Hyderabad



Sri Krishna, a middle-aged man, started his business two years ago as he needed a source of income and selling paints was something no one in his area was doing. From assisting customers with choosing the right colors to making the right paint mix and always informing them about where and how to use them, Krishna works hard to ensure his customers have the best experience.

Digital Behaviours

“A partnership with Urban Company is in the pipeline. It is hard to reach out to customers directly because not many individuals choose to paint their walls on their own”

Working with Urban Company would allow customers to receive the service and his product, increasing his customer base. His business is also not listed on Google but those interested can reach out to him through the Asian Paints website. Asian Paints has been a major supplier to him.

“I pay for their stickers too!” he jokingly adds.

When asked how this leads to profitability, Krishna says that he gets supplies at a discounted rate. On the other hand, he also provides discounts to his customers to build long-term relationships.

One Year Into COVID19

“I do not reach people like you, because, again, only a few paint their homes themselves”

Krishna’s business’s regular customers are painters, those who provide services. As their business went down, so did his. These painters usually came to him with large orders and a decrease in those affected his profitability hard. Krishna could then only rely on small orders and small painting jobs, which led him to seriously consider and then accept the Urban Company partnership.

Challenges

While the first lockdown in March 2020 was very challenging, Krishna talks about how he’s more hopeful now, which is what drives him to open his store every day. He’s ready to serve one customer too-anything that keeps the business running.

Krishna has not faced any problems from the supply side. With constant support from his suppliers, he is actively looking for ways to reach customers.

Businesses like Sri Krishna Enterprises are constantly looking for avenues to expand and ways to increase consumer engagement. While they try to increase quantity, the quality of their existing relations is not compromised. This is easily seen in the owner’s amiability around customers, trying to create an remarkable experience for them.

#4

“Online Only On-Demand”

Minakshi Limaye, Owner of Shreyas Readymades, Pune



Minakshi is the sole owner of a small readymade women’s clothing shop in the old suburb of Kothrud, Pune. Although, it is more of a multipurpose shop because she also sells ready-to-eat food items and children’s toys at the store. She started the shop 25 years ago and has been running it alone since then.

Digital Behaviours

Like other businesses that are more than 10 years old, most of her clientele comes from the locality. She has not thought about expanding her store or even doing deliveries to areas beyond her immediate surroundings.

No technology is used in the shop. Everything from billing to payments is done manually. She has installed a Google Pay barcode, tucked away in a corner of the store, for those customers who wish to pay using e-wallets. Minakshi uses a physical ledger book that she buys from the same store she used to since starting her shop.

“Your questions are more suited for the big businesses, we’re just small shops and our business is for the local customers so we don’t need to use anything digital”

During the lockdowns, she started to take pictures of the new items that arrived and sent it to those customers whose phone numbers she already had.

When the lockdown opened last year, she continued online orders on demand. If someone wanted to place an order via WhatsApp they would have to message her first. People became habituated to home deliveries and online orders but more people are willing to come to the shop recently, she says—not only to buy but also to just have a chat with her.

Almost all her suppliers, on the other hand, have gone fully online. She places the orders online and they deliver them to her, even before any advance payments. 80-90% of transactions are online, she says, A few people do not have bank accounts so they require cash.

“They know me for 25 years now so they trust me with the products and just send it to me before payment. They also give me credit for 2-3 months, no problem”

One Year Into COVID19

Business is down by 50% since last year and hasn’t picked up even after unlocking. People are just not willing to spend as much, she says. The store has started to focus more on selling food items to cover costs. She expects things to stay this way until the monsoon is over and the festive season begins.

“We shifted more into food items alongside our clothing, which is the old business. Keeping only clothes is not enough anymore, our shop will have to shut otherwise”

She sources her food items from local homemakers who produce traditional seasonal Maharashtrian food. It is a really good source of income for them as well, she says.

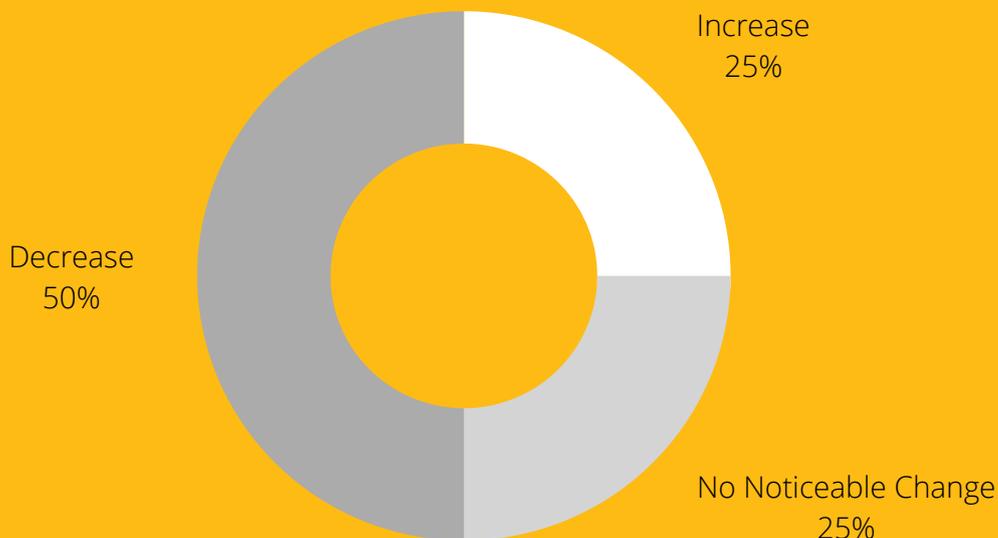
Challenges

Minakshi is quite comfortable with her set-up and has no incentive to move beyond paper-and-pen methods. Even though the pandemic nudged her a little to open online ordering, she has returned back to her tried and tested ways.

She notes that if her customers begin to prefer ordering items online, she might think about hiring someone to help her set up an online shop. Until then, online ordering will be only on demand by a few customers.

Healthcare

COVID19 Impact



Impact on No. of Customers

Only hospitals were working full-time during lockdowns. Small clinics had to shut down. Chemists operated normally but reported a preference for online pharmacies.

Those who reported an increase in customers or no noticeable change did not see an increase in revenue accompanying this increase. A decrease in revenue was reported by all respondents.

Digital Expansion

Current use is heavily dependent on Google My Business, walk-in customers and word-of-mouth marketing. Aggregators are also in high use but business owners are deeply dissatisfied with them.

Low level of confidence in use of a digital presence is leading to a low level of engagement with tech solutions. 75% have not felt the need for a digital presence at all.

No respondent is willing to invest in tech solution. Only 1 respondent has currently outsourced social media, rest depend on DIY solutions.



Never felt the need for a digital presence

#5

“Taking Expertise Online: A Necessary Evil”

Dr. Vipul Rastogi, Private Medical Practitioner, Delhi



Dr. Rastogi is a veteran general physician practicing at his clinic in New Delhi since 1995. Before the pandemic, he used to split his time between the clinic and as a visiting doctor at a hospital. Day-to-day operations have almost entirely changed for Dr. Rastogi. He now focuses only on his clinic and online consultations.

Digital Behaviours

All clinics in Delhi were closed during the first wave. The patients too preferred online visits because hospitals were the only other option. This moved all of Dr. Rastogi's over video or voice calls. Although Dr. Rastogi is registered on many e-medicine apps like Practo, NetMeds, and 1MG, he doesn't use any of them. He cites deep dissatisfaction with the apps and the convenience of just using WhatsApp for voice and video calls, as the main reasons.

“Patients called me directly on my number. I have no time to use any service like Practo”

Based on his experiences with Practo and 1MG, getting delayed payments for his consultations (sometimes by a month), unnecessary service charges and frequent app crashes make him mistrust these services.

He also does not see the need for aggregator websites for marketing. Most of his clients come to him because they're comfortable with his medical advice, he says. Paying Rs 1500-1800 for these services does not yield proportionate results for him.

Dr. Rastogi says that he uses all possible modes of online transactions now, including apps like Airtel Money that not many people use. The idea is that at least someone in their family, if not the patient, will have one of the different e-wallets.

One Year Into COVID19

Between the two waves, Dr. Rastogi had reopened his clinic for a short time but shut down again. He also stopped going to the hospital in early 2021 since he didn't want to work for somebody else. Moreover, his online practice was enough to keep him busy. Speaking of the second wave, he mentioned seeing at least triple the number of patients than last year. Even though he was only taking online consultations, the second wave was incredibly tough. He could not attend to more than 10% of the calls he was getting.

“I used to work around 22-24 hours every day for the past one and a half month or so”

He increased consultation fees, partly because of the demand and partly because online consultations were more cumbersome than seeing people at his clinic.

Challenges

Due to his bad experiences with apps, Dr. Rastogi has a deep mistrust of their usefulness.

“The people who develop the app make the most money”

Additionally, his patients are not always technologically adept. He has noticed that when patients send him reports, they are highly illegible. The camera angle is off, pages aren't chronologically arranged and reports of two different patients are intermixed. If the patient has a poor connection then they would have to call him multiple times. The patients also message him with questions beyond the call, which is not accounted for.

He says that apps like Practo are not made only for online consultations. They offer many more services like providing educational material or selling medicines. This dilutes their attention.

#6

“Business Was Booming But After 3 Months, It’s Reversed Completely”

The Thuse Family, Owner of Vishwa Ayurvedalay and Medicine House, Pune



The Thuse family has been running Vishwa pharmacy for the past 20 years, the oldest such shop in their area. The plain white signboards with hand-painted letters attest to its age and seniority among the newer, neon-lit shops around it. Currently, a husband-wife-father trio along with 6 employees run the shop.

Digital Behaviours

The Drugs and Cosmetics Rules Act, 1945 bars any medical shop from advertising medicines. The government has also put strict guidelines on margins retailers can get—8% on life-saving medicines and 12-13% on diabetic medicines. These restrictions rule out any expenditure on digital marketing. Most of their customers are walk-in from the area. The older residents are loyal, regular customers. The shop is listed on Google My Business, JustDial, and MagicPin. Although the owners claim to have a Facebook page, searching for it yields no results.

They say that most medical shops use the safest platform, WhatsApp. They receive pictures of prescriptions and orders from regular customers, then the delivery is sent out.

During the first wave, the Chemist’s Association of Pune District made WhatsApp groups of Chemists in each area. Sending a doctor’s prescription along with the address to a helpline before 6 pm would have your medicine delivered from whichever shop had the stock. Coordination would be done on the WhatsApp groups.

The only software used within the premises is PharmaRack. The free platform is endorsed by the Chemist’s association, and regularly gets inputs from them about pain points. Being directly connected with most distributors in Pune, they say that one gets to know which distributor has the stock without having to make multiple visits. 90% of medical shops in Pune use this platform according.

“Now we prefer to give orders online instead of going to the distributor and crowding at their shops”

For payments, consumers have a strong preference for Google Pay, he says. He notes that many times, he doesn’t receive the money even if it shows up on his customer’s PhonePe app.

One Year Into COVID19

Since the small clinics were closed during the first wave, non-COVID19 patients had to go to the hospital, even for minor ailments. Hospitals were seen as COVID19 hotspots so the customers responded by overstocking medicines and self-medicating. When the patients didn’t use the overstocked medicines, they return them to the shop. Already suffering from a lack of supply, the shops had no option but to buy them back at a 10% loss. Expired medicines were also wasted.

“It seems like a business for us was booming. But after 3 months, it’s actually reversed completely”

Challenges

Online pharmacies have caused massive disruption to their business. Pramod Thuse says that before the pandemic, only a particular class of people preferred online medicines. That is not the case anymore. Explaining that there is no law that regulates e-pharmacies, he claims that they are actually illegal.

“80% of their medicines are fake”

E-pharmacies get people used to the convenience but later on start overcharging them, according to him. He is also puzzled by their discounts since state regulations do not allow 20-30% discounts on medications. Unfair competition and strict government regulations are the biggest hurdles.

#7

“They Run the Country, Who Are We To Go Against Them?”

Prasad, Owner of Unity Medicare, Pune



Prasad opened his own pharmacy only 9 months ago in Bavdhan, a suburb in the outskirts of Pune. He had finished his B. Pharm from Latur and moved to Pune to work as a chemist for two years before opening this shop. Now, he employs two assistants and owns only the second pharmacy in a fast-developing residential area. He wants to open another outlet soon.

Digital Behaviours

Prasad doesn't consider himself to be a digitally savvy person. He only uses apps and software for his store when he needs to. Otherwise, there is a strong dependence on paper-and-pen methods.

His store is listed on Google My Business (GMB) and is updated with his contact number and location. A few months ago, he asked his customers to start putting reviews on his GMB page. Owing to this, he has 5 stars ratings from 4 months ago, but no reviews post that. He mostly relies on sending pamphlets to nearby societies and has a visiting card with his email id and WhatsApp number on it.

Only 20% of customers pay by cash, he says. Customers swiftly give their orders and use the QR code on his counter to pay till he packs the medicines.

His distributors on the other hand, never use any digital payments. They always use cash, no matter how small or large the order is.

“Any order, even if it's just 1000 rupees, they don't take online payments, I really don't know why”

The on-prem SaaS he uses, called PharmaRack, covers email and SMS marketing, inventory management, accounting, billing, and even has a mobile app to supplement it. Although he only uses it if a customer asks for a printed bill to give for insurance payments. Otherwise, he uses a physical book to write bills.

One Year Into COVID19

According to Prasad, sales increased during the pandemic because people were stockpiling essential medicines. Initially, people didn't know when shops could close so they bought everything at once.

But, profits did not necessarily increase with sales he says. More people are buying medicines online after the lockdowns. He only gets old customers or walk-in customers with a very small order.

“People don't care about the service, if they have a 5-10 rupee purchase they call us. If the orders are big, they order online because you can't place a small order online”

Challenges

Online pharmacies pose the biggest challenge to him. Because he has to go through a distributor, he only gets a 23% margin. Online pharmacies buy directly from the companies and get a 28-30% margin.

Even after giving a 10% discount and free delivery, he cannot compete with e-pharmacies, he says. To get on the same level, he has to give unsustainable discounts.

He spoke about ongoing legal action against e-pharmacy giants, not sounding very optimistic. He is skeptical about the usefulness of digitization in making his shop more competitive.

#8

“It was about more than just making money, so we had to keep going”

Dr. Mohini, Owner of Anand Care Dental Hub, Hyderabad



Dr. Mohini, a young microscopic endodontist, started Anand Care Dental Hub around 15 months ago in Hyderabad after working in various places as a dentist. She started her own place so she could practice her specialization freely but also help people around in the community and ensure everyone got the care they needed. Now, more than a year in, she works alongside two nurses and has been able to keep it up and running during the pandemic too.

Digital Behaviours

Dr. Mohini considers herself highly digitized. She spends up to 5 hours on social media and actively uses payment platforms for cashless transactions. The same has translated into her business model. From using the same payment apps to using Indeed and LinkedIn to employ more people, Dr. Mohini has weaved in digitization from the early stages. She also goes online for equipment.

“I use IndiaMart for any machinery, it is a national network. From there, then I can contact them individually to build relations”

Dr. Mohini has also used Practo and is registered on Google My Business for promoting her business. Practo allowed easy scheduling of appointments and promotion of the business on their apps and sites. All for an annual subscription fee and a commission from the consultation fee of each customer they got from the app (Dr. Mohini had paid Rs. 40,000 for the subscription and 20% of consultation fees from each appointment).

She also promotes WhatsApp, by using statuses to market in her circles, and uses it to connect with her clients and get and send updates to them.

One Year Into COVID19

While Dr. Mohini’s work was termed essential service, she did see a fall as large as 80% in times where COVID19 cases were high.

“In dentistry, we work a lot around the mouth and there are aerosols, so the risk is high”

She too did not encourage her patients to come to the clinic unless it was an emergency. She had to do this for the safety of her clients and herself. But when things got better outside, and cases fell, numbers in clients rose. She is very optimistic and does feel that it is enough that she can only cover her overheads. She also believes that she cannot shut her place down easily, so it has never been about making money but about servicing the people, at least in these difficult times.

However, profitability still fell and this led to Dr. Mohini canceling her Practo subscription. Paying the amount did not seem feasible for her, and now she relies on word of mouth to keep the clinic running.

Challenges

Dr. Mohini faces high competition but this does not discourage her. In the same building, there is another clinic with a woman who has the same specialization as her. She has been able to look at this positively and work around it.

“Competition is high, but it is not threatening. It is healthy”

Dr. Mohini also intends to create business accounts on Facebook, WhatsApp, and Instagram to promote her business. Her reliance on word of mouth and walk-ins is high, especially after she stopped using Practo.

Craftsperson

Comparison

We compare specialized craftsperson, who focus on one type of art, and those who diversify into different styles.

	Specialized	Diversified
COVID19 Impact	Lost 10% of the business sales	Lost 43% of the business sales, had to shut down one of the production units
COVID19 Response	Saw a decrease in sales, quickly started offering discounts to keep customers	Quickly restructured and started producing as per demands
Digital Maturity Level	Do not use any platforms to promote Use payment portals for small payments, but most are done by cash	Use aggregator websites (promotion + e-commerce platform), has own website to catalogue products and promotes on WhatsApp seldomly.
Customer Engagement	Allows customers to be creative and only makes what they demand	Constantly researching and looking for ways to innovate and try new designs to sell
Willingness To Expand	Does feel the need to and wants to expand digitally, but obstacles such as registration and low finances are slowing the process.	Not looking for any major expansion, at least now, as they do not feel the need to.

#9

“Hands and eyes are enough to keep this business running!”

Nandu Kharwade, Owner of Pooja Jewellers, Nagpur



Nandu Kharwade, started his jewelry business on his own 22 years ago. He learned the art through his father when he was 17. Today, at 58, he has spent 41 years making jewelry and is a proud owner of a small shop on the streets of Nagpur, where he makes jewelry on request and sells them to the customers. He can make anything out of gold and silver if you ask him to. He takes care of all the processes on his own.

Digital Behaviours

Nandu had not started the business with any digitization and a similar condition can be seen now. Apart for personal use, he only uses WhatsApp to keep in contact with his customers and give updates. Even Google Pay and PhonePe are only used for small transactions. For payment of jewelry, he accepts cash payments only.

“I need a hallmark registration for online selling, it is very difficult for businesses like us.”

Nandu mentions that an obstacle for online selling or even marketing and making his own website requires a hallmark that costs thousands monthly. Nandu mentions how it's not feasible for him and that it will lower profitability. While this is in the pipeline, Nandu also mentions he prefers for customers to come to him with any designs and requests and he makes the jewelry as asked.

One Year Into COVID19

While COVID19 has affected his business by 10%, Nandu's business does not require physical footfall, orders can be placed on WhatsApp itself. What has caused changes was the volatility of gold and silver prices in the pandemic.

Not only did it make the customers uncertain about investments, but it has also been hard for Nandu to source the metals at good prices. The wholesale market where he buys them from was also affected by these changes. However, he is grateful for the discounts he gets from them.

Challenges

Apart from the hallmark being an obstacle, Nandu also talks about local competitors and big showrooms. He mentions how, over time, customers have begun to prefer them.

However, Nandu provides as many as discounts as he can to provide a competitive rate. He reduces labor charges wherever possible to ensure that customer loyalty is maintained.

#10

“Product needs to create its own market, cannot pity buy”

Manju Pothari, Owner of Green Jute, Hyderabad



When GVK built an airport in the outskirts of Hyderabad, they ensured to build upliftment programs for the artists to whom the land had previously belonged to. This is where Manju Pothuri, a 53 year old, met the artists. She mentions how these individuals needed to be introduced to the right consumers and sell the right products so she started this business instead: manufacturing and exporting of Indian handicraft products to empower these artists. She now focuses on those artists that work on Kalamkari, Meenakari and sandstone art.

Digital Behaviours

Manju mentions how most of her customers still like to feel a catalog in their hands and how most products are introduced that way.

Consumers pay via bank transfers or via Venmo (if international) when purchases are made. When asked if they sell online, Manju says that they have partnered with Shopify and Faire, both sites allowing producers to sell to retailers at wholesale rates and amounts. Faire has been the best to use since they advertise for Manju, only take a commission of 25% and do not hassle the business with returned products, Faire takes care of everything after Manju has supplied them with the required amounts.

One Year Into COVID19

Manju mentions how selling in the pandemic seemed very un motivating.

“I did not know who would buy these bags or products especially in these trying times”

Her business shrunk by 43% and she had to close down one office and one warehouse. While most of her employees traveled back to their towns fearing loss of work, she ensured that those who stayed behind had a residence in their warehouses and took up any local order to ensure the business was running. She adds that she could not fire her employees easily because they had been on this journey with her for 10 years, losing them would lead to distress for the artists and the loss of 10 years of experience.

Challenges

Manju mentions how selling on Indian platforms has been extremely difficult. Retailers like Amazon do not reach the customers she wishes to. So, she goes out and gets research done by herself, studies markets, and sells to friends or through word of mouth. While Faire has provided an excellent platform for foreign customers, Manju and her husband still maintain a relationship with retailers and ensure constant communication. While she personally is not very active on her social media, she mentions how promoting through Faire has given her business enough orders to sustain.

Businesses like Manju's, which work with diverse people with diverse skills, rely on new market trends and the need to constantly revamp to meet consumers' needs. While it helps to have a large retailer site do the marketing, Manju still finds herself researching and studying markets to ensure the artists she works with have something unique to offer every time.

Organics

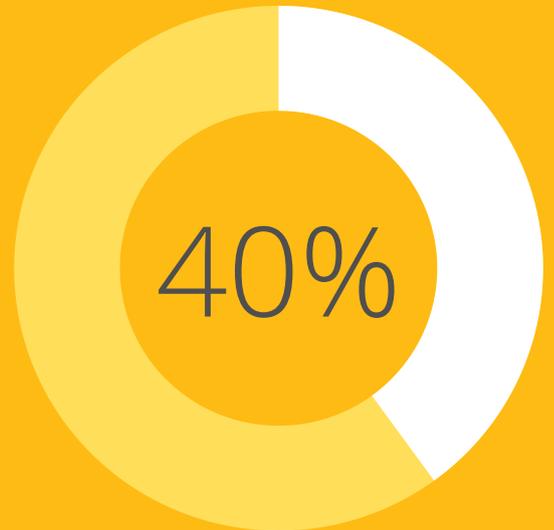
COVID19 Impact

Increase in number of sales: 40% of them reported an increase in the number of customers coming to their shop or buying their products.

The trend for a healthier and better lifestyle: the reason behind an increase in sales. While people were getting crafty in their homes with home cooking in periods of lockdowns, these businesses' products were demanded more.

A reduction in the number of customers: seen in 60% of the respondents. Business for some reduced to Rs. 500-1000 per day and one of them even had to close their shop for a few weeks as inventory stocked up.

Delivery: most of these are already delivering and servicing all parts of the city and some even plan to reach customers from different states.



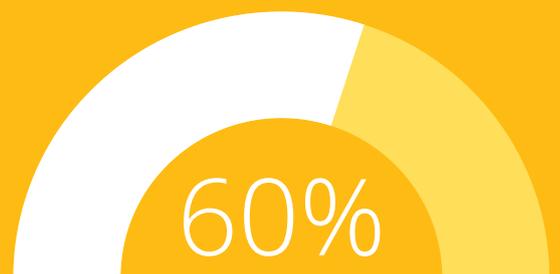
Saw an increase in the number of customers or the numbers remained the same

Current Digital Levels

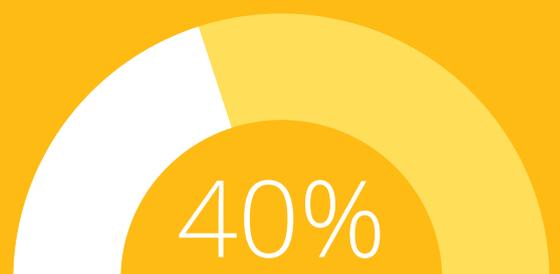
Non-digital Marketing: Businesses in this sector depended on word-of-mouth marketing and walk-ins 75% of all times compared to 57% of the times from all surveyed businesses.

Obstacle: Businesses were either owned by owners that were not highly educated and had low confidence in their abilities to go digital or were situated in non-urban areas where going digital was difficult due to internet connectivity issues.

100% Online: One of the businesses from this sector was completely online and had no physical set-up anywhere.



Use Google My Business



Use Instagram, Facebook and WhatsApp

Organics

Digital Expansion

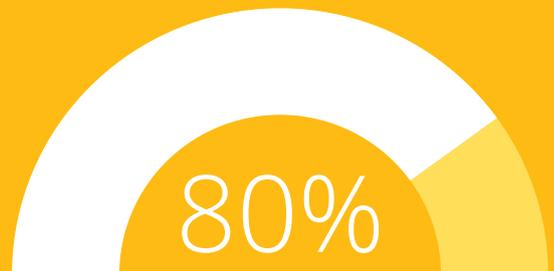
Lack of knowledge or experience: a hurdle when wanting to expand digitally, at least 80% of the businesses in this sector felt that.

Optimism: While businesses were facing obstacles, 80% also were very optimistic and willing to invest in a platform or app that would allow them to conduct business processes easily.

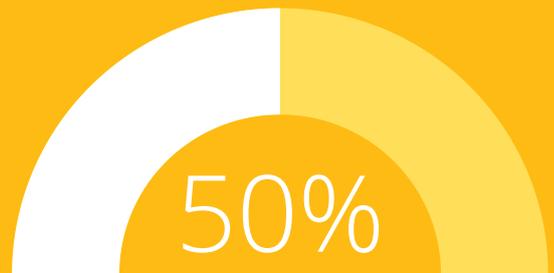
When discussing further investments into digitization, most of the respondents had similar needs

Customer Engagement: All of these were looking for interfaces that made customer engagement online easier. 60% of the respondents wanted a platform that promoted and marketed for them and 2 were looking for an e-commerce site.

Supply-side Management: A few mentioned how they wanted apps that allowed them to keep track of inventory, place orders for the same, and contact suppliers.



Did not have any experience or knowledge



Never felt the need to expand digitally in the past

80% are optimistic about further digitization

These businesses are ready to invest on a monthly, annually or one-time basis to use an app that makes doing business easier for them. One of them mentioned that they would be ready to pay up to Rs.10,000 per month if it significantly contributed to profitability.

#11

“The best way to add value to milk is to make cheese”

Abhimanyu, Kodai Cheese, Kodaikanal



Kodai Cheese Shop has been supplying quality and satisfaction to Indian customers for 49 years now. Passed down the heirs of a family, this shop is tucked into the hills of Dindigul, Tamil Nadu and is known widely for its organic and locally crafted cheese.

Abhimanyu, an essential employee in the business, who makes packaging for the brand and creates new flavor combinations, explains how Kodai Cheese is built on two ethos: sustainability & organic business procedures and high community engagement. They embed the former in the product and the way it is created, and waste management, while the latter is something they have extended beyond the walls of their factory to ensure high-quality cheese while uplifting the community. He also describes how they spend time educating the farmers to ensure that they understand what the brand needs and how to deliver it.

Digital Behaviours

While the store can be contacted after a simple search on Google and a provisional website is up on the internet, Abhimanyu rates the brand's digital presence at a mere 20%. They have never had the need to market digitally and had previously tried selling through IndiaMart or JustDial but realized that they were not reaching out to their target customers. Their target market is individuals who are constantly excited to create new experiences with cheese, who understand the value of organic and appreciate the local and what it has to offer.

This is also why Kodai does not consider big manufacturers of cheese their competitors, because they simply offer uniqueness. Kodai has outsourced the digital marketing aspect of their business after a prior tried and failed attempt. The business also only deals in cash at the store.

One Year Into COVID19

While COVID19 did not cause any personal challenges, Kodai's sales took a hit during the second wave. Abhimanyu mentions how in the first wave, they could still supply cheese as they were labeled an essential service; people too were getting crafty with food in their homes. However, the second wave is rather more “bleak” and customers have not been able to have the same energy. This is where requirements for online marketing and an e-commerce site sprung up.

“Our employees & community have allowed us to produce cheese at the highest standards, and we owe this to them.”

Challenges

Kodai has been able to outsource the marketing aspect of the business and work is underway. However, digital contact with stakeholders still seems a key issue. Abhimanyu mentions how if they have to contact farmers or factory people or even hire new staff, they have to go out and personally talk to people. While this has worked great until now, ensuring the experience is personalized, lockdowns and social distancing requirements make it hard or unsafe to do. Moreover, the internet is very average in Kodaikanal, where even uploading a video is difficult, making any online business-related work next to impossible.

While the business does have plans to better reach out to its customers, its brand name and the value it has created have allowed it to survive the pandemic, Kodai Cheese recognizes the need to be digital in these times. Their concerns echo other small businesses situated in rural areas who may want to go digital but do not have the means to simply because their area does not have the best internet or they do not have enough resources or knowledge to do so.

#12

“Plants are versatile, you just have to change the pot!”

Gangadhar, Owner of Plant Nursery, Hyderabad



Gangadhar belongs to a family of nursery owners. In fact, his relatives helped him set up his nursery in the midst of the busy streets of Hyderabad, where customers stop and often buy plants, seeds, and even pots which he sells as complementary products. Gangadhar mentions how he started when he was a 9-year-old boy (his education has also only been till 4th grade). While he has no formal training as such, his business has boomed for 12 years purely because of his experience.

Digital Behaviours

“Selling online was never the plan, and will not be too for a while at least.”

It takes time and effort to set up a platform and click pictures of all plants and put them online. His inventory is also very versatile and dynamic; one month there may be a surplus of hibiscus plants while they may be out of stock for the next few months. He sells plants that can be grown in that season and those that survive the specific Hyderabad weather (which changes often). This dynamic inventory is why setting up a platform, which requires some type of consistency is difficult. Ease is maintained through UPI payments and that allows a simple record of cash flow in the accounts for the business.

One Year Into COVID19

When the pandemic hit in March last year, sales went low due to lockdown. But this did not hit the business too hard as the nursery anticipates a downturn in engagement in the summers. As it was anticipated, they did not have to close down or fire our employees, he mentions. Orders still came from large gated societies and private property owners which helped sustain it during 2020. Now, only in lockdowns do they see a hit, but in general, sales have become normal.

On the supply side too, Gangadhar personally goes and reaches out to larger nurseries in Kadiyam, Bangalore, and Pune to buy from them. The pandemic did not lead him to reach out to suppliers online because Gangadhar never places orders beforehand.

“There are so many suppliers there, the choices are unlimited!”

As finding the right products was never a difficulty, Gangadhar prefers to go to his suppliers and choose from the largest variety.

Challenges

Gangadhar mentions that no challenge has been large enough to shut down the business. He also recently rented another piece of land to store larger and excess plants. He just needs to come and cater to the needs of saplings and transfer them across pots to ensure that when customers do come in they are healthy and lively.

While there has been a decrease in the number of customers, nurseries across Hyderabad have had consistent footfalls on a daily basis. This coupled with the relatively low cost of maintaining a nursery has allowed businesses like Gangadhar's to retain profits and has not incentivized or pushed them to sell or market online. While Gangadhar mentions that it is rather cumbersome, he also looks for services that could potentially allow online marketing to occur smoothly.

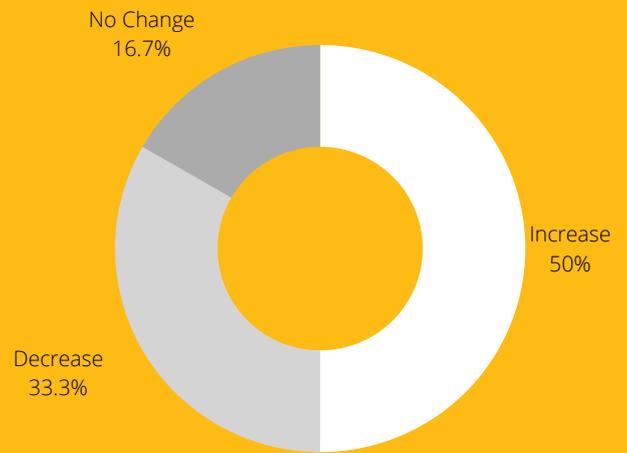
Hospitality

Covid Impact

Increase in Sales: Despite having to close physical restaurants & kitchens, home deliveries increased accessibility to customers.

Decrease in sales was only reported due to business owner voluntarily curbing orders out of safety concerns.

Delivery: Using services like Zomato or Swiggy were unsustainable due to compulsory discounts, high commission charges and less flexibility. Businesses that did not already have their own delivery service had to rely of Zomato or Swiggy.

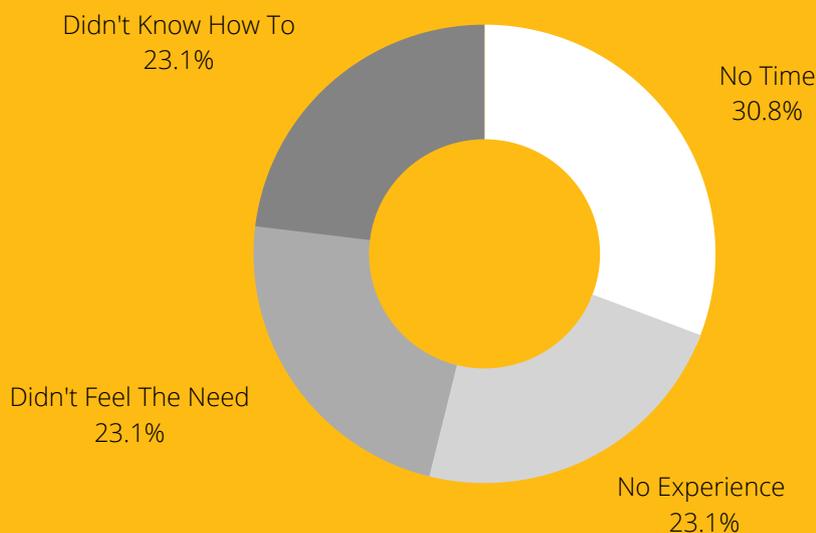


Change in Sales

Digital Expansion

Business owners report not having enough time as the most cited reason for not expanding digitally. Taking pictures for social media, setting up software and other appropriate equipment is too resource heavy. Many businesses were instead looking for an all-in-one service that covers pain-points from across the value-chain.

Other considerations like lack of knowledge, experience, and need were equally prevalent.



#13

“Jo Dikhta Hai, Vo Bikta Hai”

Brijju, Owner of Brijju's Patisserie, Bhugaon



A highly charismatic and ambitious gourmet chocolatier based in Bhugaon near Pune, Brijju embodies entrepreneurial rigor. Born in a family of farmers and businessmen, she has had intimate connections with the workings of a small enterprise. Having noticed a gap in the market for pure, rich chocolate, she started her business full-time in 2017. Motivated, in part, to give her children chocolate of the highest quality.

Digital Behaviours

As a high-quality gourmet chocolatier, Brijju's products are premium goods. The main challenge is in promoting a high-cost product in a market that is used to cheap and mass-produced variants. Finding customers outside a few niche clients is still a struggle for Brijju.

“I believe awareness and introduction of a good quality product goes hand-in-hand”

To expand her geographic reach and to build a brand image rooted in high-quality products, Brijju has dedicated time to updating her social media. She updates her Instagram, Facebook page, and website created through Google My Business. Also spending considerable time in photography, making sure the packaging and images are up to mark.

She started using Instagram in 2019 when she realized that having a digital presence is crucial for her to break outside the niche market. She values people deeply understanding her brand identity.

“Jo dikhata hai, vo bikta hai”

She had been on Zomato but since her products are made to order, she cannot produce chocolates instantly. No food order service has a pre-booking option. Additionally, being in a rural area, Zomato does not pick up there. Other private services had erratic and unaffordable charges (25/30 Rupees per Kilometres).

“If they are late, you are screwed up!”

To address this, she has her own spare car and pays a driver per kilometer to deliver her delicate chocolates in safe and hygienic conditions, all over Pune. Which totals to around the Ola/Uber price.

One Year Into COVID19

In 2021, the plan was to open a studio with an open view kitchen and a café-library setup. Aesthetics and close interaction with clients are the advantages of this design, she says. She also wanted to introduce European tea classic chocolates—something you cannot find even in nearby Pune. With the second wave, all those plans were put on hold. Brijju retreated back to aggressively marketing her products within her area and took advantage of the lockdown to build her clientele. Successful in big part because of her website and Instagram.

Even when there were no celebrations during COVID19, her sales actually increased. After the lockdowns, people have become more open to paying the price for homemade and high-quality goods, she says.

Towards the supply side, she had always used only online vendors. She says that supporting local vendors is important but the convenience online takes precedence. Although, she has noticed a few local shops open stores online, not many.

Challenges

Expanding digitally is time-consuming and takes a lot of effort. Having high confidence in the quality of her products, brand image is also extremely important to her. That is why she is skeptical of outsourcing the digital promotion work because she concerned about maintaining an authentic brand image—she would rather do it herself and do it right, even if it is taxing.

#14

“Entrepreneur of Love and Necessity”

Anagha, Owner of 3 Sisters Co. Kitchenette, Pune



Anagha moved from Mumbai with her son last year in the middle of lockdown to Pune. Although she had been taking classes and working with a small clientele in Mumbai since 2014, necessity made her into a full-time entrepreneur. Her husband had to leave his job due to health issues and the responsibility of running the household crashed upon her. Looking for a better market she made the decision to start over.

Digital Behaviours

Starting her business in the middle of lockdown with no client base was tough. To cover for physical marketing, Anagha chose to devote her time to making a digital presence. Starting with the comfortable platforms of Facebook, she slowly moved into Instagram business. Although most of her clients were found by sharing images on WhatsApp she says.

Anagha was already an avid tech user, but only for personal connections. Learning to maintain a business-oriented profile was tough. She struggled with learning to use Canva, even though it isn't complicated she says. Her aim was to move beyond stock templates but without any design experience, she struggled. After 5 months of learning and testing through YouTube, Pinterest and SkillShare, she regularly updates her profiles.

Attending Zoom baking classes was taxing. Not only does the cost of the product fall on the learner, but also the extra time required to make camera and sound arrangements.

“I am continuously updating skills because everyday trends change. I have to look at the needs of the client”

Her company has a Google My Business Page but is not on any other aggregator. She doesn't feel the need to be listed there.

She prefers to take payments from her clients only via e-wallets, citing the risk of infection. Even her vendors now use only Google Pay, unlike before the pandemic when they would only accept cash.

For deliveries, she has tried apps like Dunzo but has had bad experiences with them. Before the second wave, she used a private service that specialized in cake deliveries but that business has shut down. She now orders a passenger Uber or Ola and pays the driver extra cash to safely deliver her cakes—she has no other option she says.

Although she does not yet employ the use of any software for inventory management and accounting, she wishes there was an app that did both at once.

One Year Into COVID19

The business greatly suffered during COVID19. People were not ready to spend at all. Even when people started to buy, their preference was the lowest-priced goods.

But, being a home baker with hygienic conditions and close proximity, she did not suffer as much as restaurants.

“They prefer to buy food from somebody they know rather than some ghost”

Challenges

Anagha's drive to be ahead of the curve makes her well suited to adopt more tech solutions in the near future. Although, her current worries are finances and technical know-how. She says that although resources to learn DIY solutions are accessible, she cannot devote enough time to capitalize on them. For outsourcing, she does not have enough profits yet to reinvest in tech solutions.

She requires a cost-effective, all-in-one software solution, she thinks.

#15

“Vocal for Local Brand”

Yamini, Owner of Dough Re Mi Bakery, Hyderabad

Yamini built her baked goods business from her home in 6 months. Initially inspired by trying to give her daughter additive-free, hygienic and vegetarian confectionaries. Later, demand from those around her pushed her to go full-time. She now juggles between her duties as a homemaker and a home baker.

Digital Behaviours

Yamini says that she uses WhatsApp, Instagram, and Facebook, but very rarely. Even for personal use, her digital connection is limited.

Her business is not listed on Google My Business. She uses a Zomato page instead. Not for deliveries but only for giving out basic information.

For order management, she uses a locally made app called ‘Trice’. This app connects local vendors from Hyderabad to residential communities within a 10 Kms radius of the business location. The flexibility in deciding the terms and conditions for her deliveries makes this app more useable, she says.

“It gives you the same interface as Zomato but it is very vocal for local brands”

For payments, she says that even before the pandemic she chose to use e-wallets. Now, she does not accept cash. Apart from safety, the main reason she prefers using e-wallets is because of transparency. All the information about the transaction can be easily shown.

Speaking about a coastal town in Karnataka that she frequently visits, Udupi, she notes that even there she sees most people use e-wallets. So, she feels comfortable asking her customers to use those only.

One Year Into COVID19

When the national lockdown was announced last year, Yamini completely stopped taking orders. There were customers who were willing to give orders but out of concerns of safety, Yamini refused. This continued for two months.



“Business did go down but I wanted to be safer than sorry”

After uncertainty reduced, she started accepting orders for special occasions. Solely because she just couldn't refuse those. Starting out with regular customers, she slowly expanded back to taking orders for all occasions by the end of 2020.

Challenges

Yamini says that customer outreach is the biggest problem. It simply takes too much of her time. In her experience, regardless of how comprehensive her pamphlets and WhatsApp messages about her products are, people still ask the same questions.

“Who reads a book nowadays? People have stopped reading. They want things in voice and video”

She wishes for an app that could answer her customer's queries and send automated messages to her clients.

Moreover, she wants to use videos to showcase her products and her process but feels it is too resource-intensive.

#16

“Happy in Analogue”

Rahul Mehta, Restaurant Owner, Meerut



Rahul has a sales & marketing MBA and runs a fast food restaurant in Meerut. Before opening this outlet, he worked a job but was let go due to the pandemic. He quickly seized an opportunity to partner with a friend who had run another outlet for 10 years. Opening in August 2020, he capitalized on the unlocking period, stabilizing right before the second wave.

Digital Behaviours

Rahul's restaurant is in a busy street. Most of his customers are curious people looking to try a new restaurant and to an extent, returning customers. Despite being well versed in digital marketing through his education, he does not opt for any such services. He only relies on distributing pamphlets in the bustling street and word-of-mouth marketing. Only if he opens a new outlet in a difficult location that requires digital marketing is he willing to invest in it.

He has one direct competitor in his locality which has been in business for the last 10 years. Loyalty to this brand is high and Rahul attributes this to genuinely good service. He has been looking for ways to step up his game by introducing new items and focusing on hygiene. Although, he has no plans to leverage the use of technology for this. He doesn't feel the need to.

Rahul does not use delivery apps like Swiggy or Zomato. He prefers to pay his own employees to deliver the food. He cherishes the autonomy of deciding the terms and conditions of his delivery service and keeping a fair share of the wages. Noting that Zomato charges around 20% commission and also mandates discounts from the outlet, they wouldn't even break even at this rate.

80% of his payments are made through Google Pay or PhonePe. He was approached by many banks to buy their card swipe machine but didn't feel the need to spend on it.

“Hardly in a day does a single customer come in with a card. 80% of my payments are through GPay or PhonePe, not even PayTM. Rest are cash”

He uses Tally for accounting and employs a simple PoS machine as the only two software used on the premises. Initially, he faced some problems with correctly using the PoS machine. So, he sent it back to the vendor to customize it with rates and items from his restaurant. This frugal use of technology is going very well for him, he says.

One Year Into COVID19

Rahul made the bold choice of opening a restaurant in the year that saw the closure of many reputed brands. He said it was very tough to get customers initially. Being a rented shop in a prime location, overheads were high. During the first 4 months, he and his friend split the overheads between them just to stay open.

By December and January, things started to look better due to unlocking and the festive season. In February of 2021, they started to make a comfortable profit—then the second wave struck. The restaurant had to close and only opened in the second week of June.

Challenges

Rahul is a stubborn advocate for traditional methods. In his case, exposure to the efficiency of technology is not a factor that drives him to adopt more across the value chain.

Unless external factors nudge him towards expanding digitally, he has no incentive to do so.

#17

“Our Food Is An Experience, Not Just A Plate In Front Of Them”

Parikshit, Co-Owner of Kitchen Cornucopia & Cloves Catering, Pune



Parikshit and his wife Anuja Vilekar are first-generation entrepreneurs with a passion for home-cooked food. Their first venture was in computer sales and service but 7 years ago, they decided to take the plunge into the food industry. Kitchen Cornucopia is a cloud kitchen based in Pune, which serves customized, homely seafood in the signature style of their ethnic community, the CPKs.

Digital Behaviours

Parikshit mentions that he is a regular user of all the popular apps like Facebook and Instagram. For the business, they keep a regularly updated Facebook and Instagram page. They had started the Facebook page right at their inception.

They are also listed on multiple aggregator websites like Zomato, Swiggy, PuneEatOuts, and MagicPin, etc. Although, they do not use the delivery services of Zomato or Swiggy.

Parikshit mentions that they get 60-70% of their customers through word-of-mouth marketing. The rest comes from social media apps. He says that they know the regular visitors to their pages and pay special attention to them. Once these visitors become regulars, they bring in more customers.

The parent company, Cloves Catering, does have a website but it is not updated anymore.

While they have thought about maintaining a separate website for their kitchen, they were concerned about the manpower and money that is spent on updating it regularly. Not being sure if a website is useful at all, he mentions that social media works well enough for them.

They did have plans of partnering with services that make customized order management websites, they are still unsure of it.

Additionally, customer interaction is of prime importance to them. For 70-80% of their customers, they have a personal conversation for finalizing the order. Only repeat orders are confirmed solely through WhatsApp.

“Our food is an experience, not just a plate in front of them”

This importance on customization extends to delivery too. They use a private contractor to do deliveries for them, who work according to their needs and time requirements.

One Year Into COVID19

Contrary to other food ventures, revenue increased for Kitchen Cornucopia. Since they were already a delivery-only service, they operated throughout the pandemic.

Although, they did have to alter their business model to fit the needs of the moment. They scaled down their minimum order size to 1 meal from bulk orders of 5-8. Before the pandemic, the couple was enamored by the idea of expanding to a full-fledged restaurant. After witnessing the state of the industry in 2020, there are not sure anymore. All plans have gone for a toss, they say.

Challenges

Considerations of time and money are major hurdles. Anxieties related to outsourcing include the customizability of the service, the effort required to update it, and its usefulness. Unless they expand into a restaurant, there is no need for an on-prem device or software. Ad hoc methods like using Google Pay screenshots as bills work well for them.

#18

“Your Local Multi-Potentiante”

Anita Dashpute, D2C owner & Yoga Teacher, Mumbai



Anita moved from the industrial village of Rawalgaon to Mumbai after her marriage and started her direct-to-consumer kitchenware sales business from her home in 1996. Later on, training as a yoga teacher to supplement her income. She now trains other women from her area to join her business for sales and gain financial independence.

Digital Behaviours

Anita's business was built through the years via personal connections and trust, having gone door-to-door in her area. Although, this reliance on personal touch did not stop her in 2020 from being an optimistic learner of technology.

Before the lockdowns forced client outreach, order management and even assembling the products online, the need to use technology was limited. Calling her clients and WhatsApp personal would suffice her communication needs. Facebook was strictly used for communicating with family and friends.

One Year Into COVID19

Physical restrictions and uncertainty about the new virus completely halted her yoga classes. Her kitchenware sales were suddenly disrupted but increased during the pandemic. As people become more health-conscious and had a lot more food to store, they started stockpiling Anita's airtight containers. Once new systems were set, things were back to normal.

“In the first lockdown, my building was sealed for 4 months, not even the domestic help was allowed inside so I had no sales.”

Between lockdowns, there was growth in her D2C business. She also reports more people wanting to join her business in sales during the lockdown. Many people had lost their well-paying jobs and were looking for an instant solution to restart their income, she says.

When clarity about the nature of the virus increased, Anita promptly started to focus on learning new skills for a changing world.

“We had to learn so many things that we wouldn't have otherwise, like GPAY”

First, she started to learn to take pictures and post on Facebook. Being already comfortable with the platform, Facebook was the first choice in making a social media presence. Later on, she started using Instagram as well. Online yoga classes were initially hard, but she started to learn zoom too.

Anita reports that she did use help from an IT trainer to train her and her sales staff to get adept at using digital technology. Recently, she learned to use Survey Monkey to conduct market research. Although she hasn't had time to try it out on her clients yet, she says.

Challenges

Years of experience and cautious optimism about technology make Anita well suited to respond to the needs of the moment. The multitasking and dynamic mindset that every Indian homemaker has, is an inherent advantage.

Her biggest asset though is her personal connections that have solidified through the years. Distinctions between friends, family, and clients are blurred. Therefore, there is always a preference for the human touch that tech solutions lack.

Services

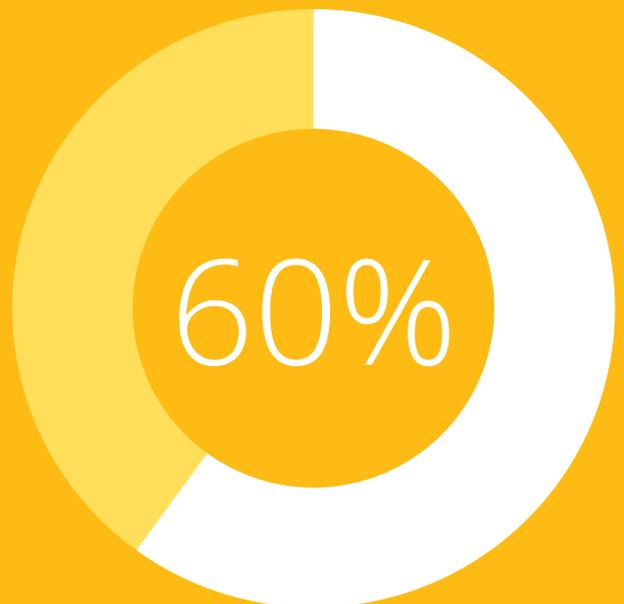
COVID19 Impact

Serious contraction of business: many microservice providers, such as repairmen and printing shops, reported large losses, some even up to 60%.

Only source of income: Business owners could not close shops and had to take what they were getting as all of them depended on it to run their households.

Fear of losing market share further: some of these are now forced to partner up with large aggregator apps and websites such as Urban Company as most customers use these.

Reliance on returning customers: dependency on repeat sales is high as some of these businesses find it difficult to market and promote their services. All of them show low confidence in digitization, even now, because they believe that it will not add to profitability.



Lost upto 60% of business

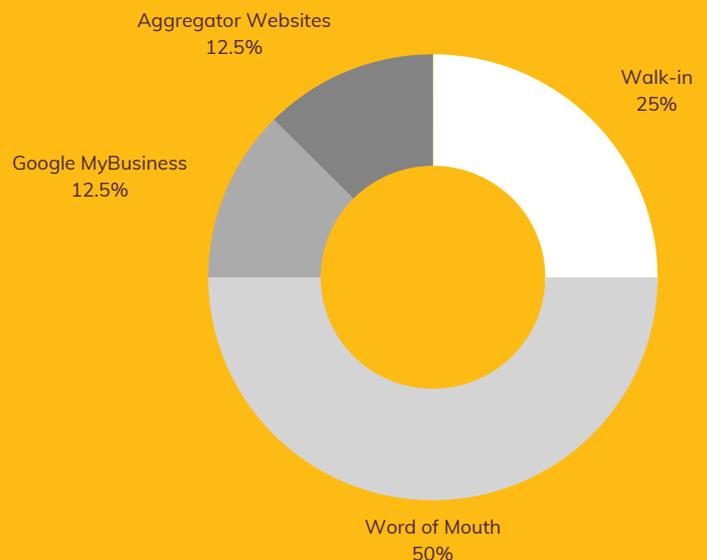
Current Digital Levels

Dependency on traditional methods of acquiring customers such as word of mouth marketing and walk-ins. Only one in this group is listed on Google My Business and uses JustDial, that too, only the business number is added.

Low confidence in digital services is reported as 25% of them do not know how to use technology and 75% do not feel the need to.

Payment portals such as GPay and PayTM are set up for the convenience of their customers.

WhatsApp is used to keep in touch with customers and receive orders or requests for repair services.

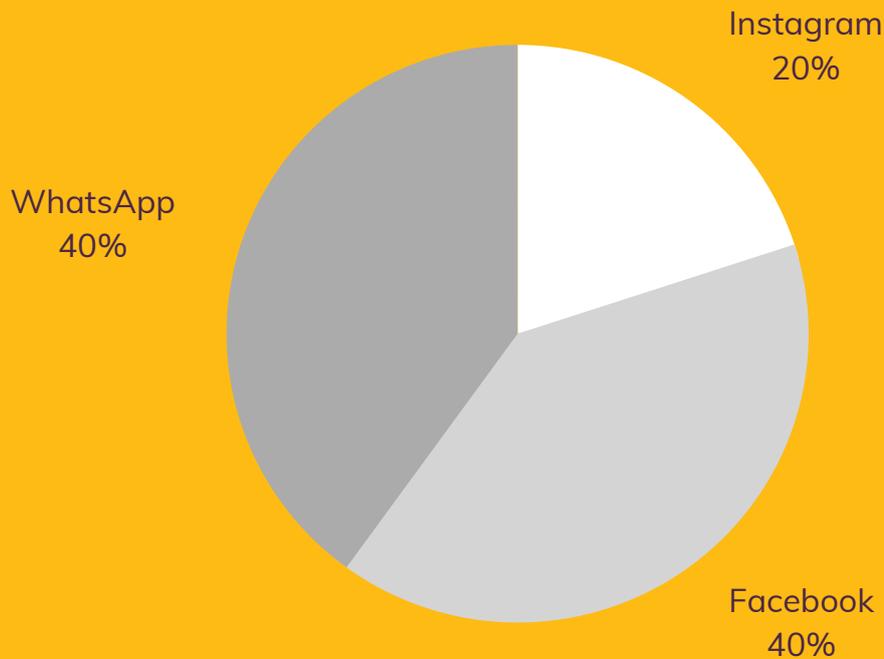


Where do you get your customers from?

Services

Personal Digital Behaviour

Which apps do you use?



While digital platforms are not used for business, the micro services sector does contain many owners who use many social media apps in their personal time. WhatsApp and Facebook are used the most; one owner also reports spending up to 6 hours on these apps.

The exposure to digital sites but the apprehension to digitize business processes shows that these owners:

Cannot see the social media space as a professional one (to market and promote their services) and have low confidence in using it professionally.

Are satisfied with current levels of profits and customers and do not wish to expand. They also think that going digital will not fetch them the right customers (this is where the reliance on repeat customers seeps in).

#19

“Stuck in the UrbanTrap”

Drohit, Owner of Bhojane Electrical Repair, Pune



Drohit is the owner of an electrical repair company, operating in the outskirts of Pune. After completing his 12th-grade exams, he and his brother enrolled in a vocational training program at the Industrial Training Institute and started separate businesses. After 7 years of being a self-reliant business owner, he now trains other aspiring electricians directly under him, most of whom haven't had a formal education.

Digital Behaviours

An old soul, Drohit thoroughly relies on analog systems and word-of-mouth marketing. He maintains a strict division between apps he uses for his personal life and for his business needs. He has created a Facebook account for his business but has never completed setting up the profile. He didn't feel the need to, he says.

Otherwise, Drohit is a keen Facebook user and spends about 4 hours scrolling through his personal feed between jobs. WhatsApp Business is the only app he used to communicate with hardware stores and clients. All other communication is done through personal WhatsApp.

In the days before the pandemic, client recommendations and advertisements in local grocery shops would suffice to keep him busy from dawn till dusk. A notebook was all he needed to keep invoices from hardware stores and to get reimbursed by his clients.

He had started to use GPay and PhonePe before the pandemic, due to demand from customers, but 90% of his transactions were via cash. This was bound to change, he says.

One Year Into COVID19

During the first wave, Drohit lost about 60% of his business. There is usually only a 5-10% fluctuation in businesses during seasons and he was not prepared for such a big setback, he says. Although, old clients sporadically called him in case of emergencies.

“About 60% of business was lost during the first wave, but now also there is no increase in new clients so we are thinking of using services like UrbanClap”

As the lockdowns were lifted, pending work from old clients started to fill up his days but no new customers called. He claims that because online services like UrbanClap [now Urban Company] promise sanitized equipment and convenient booking, clients now do not use traditional methods of looking for electricians. If he wants his business to grow, he will have to sign-up as a service provider to the company.

Challenges

What Drohit prizes most about his business is his self-reliance and autonomy. Having to share his wages with the company and working on their terms is extremely unnerving for him. Moreover, he won't be able to train other electricians because there is a requirement to be online for a certain amount of hours on UrbanClap. He sees this as a forced, but massive disruption to the traditional systems that he is used to. He realizes that he has to change with time and adapt if he wishes to maintain his businesses as more of his fellow electricians sign-up for UrbanClap. He has started to post WhatsApp stories, on his personal as well as business account, asking people to share his number with potential clients.

He took help from his tech-savvy nephew to make a GPay account, which he now uses for transactions and invoices.

Confessing that he never really took online marketing seriously, he aims to hire someone to handle his business's FB and Google My Business Page. The biggest hurdle for him right now is technical know-how.

#20

“Websites like Amazon were never going to work”

Thomas, Owner of Rechal's Printing Shop, Hyderabad



Thomas, the sole owner of Rechal's printing shop, opened his business 9 years ago. In his middle age, his printing shop, tucked in the busy streets of Hyderabad, has become a constant source of income. With no employees under him, Thomas handles every aspect of his shop from engaging with the customers to trying to get the best deal with his suppliers. He takes risks but also ensures that his business is up and running at all times.

Digital Behaviours

“Most customers come from Manikonda or nearby societies but I have also gotten calls because my business was on Google or JustDial.”

While Thomas engages with local people often, he says that it is not surprising to get a call from someone who found him on Google, asking about any details. To Thomas, all customers are the same; discounts are given even if you come here for the first time or this is your go-to place for printouts. Ease for the customer is his first priority and it is visible when you enter the shop and see an array of QR codes; he has always given customers a reason to come back to him.

This is one of the causes behind him not wanting to invest more, he believes online platforms cannot create long-term relations. He will go to lengths and take in any customer feedback though (if you suggest another payment platform, he might even set it up).

“I do not think promoting on Facebook or Whatsapp would get me, customers.”

While Thomas does not spend time promoting online, he does personally use these apps for five hours, daily. Furthermore, Whatsapp and Gmail are used to ensure that customers can send him copies to print and he can get the job done before they come to pick them up.

One Year Into COVID19

“Nothing much has changed except a decrease in footfall.”

Thomas still goes to Begum Bazaar in Hyderabad for Xerox and printing machines in the pandemic. When asked if he has tried IndiaMart, he says that he has built relations with suppliers and they make sure to get him the best at the least cost. “I do not think I would get that kind of service online,” he adds.

People still go to Rechal's Printing Shop for important documents (rather than his competitors who are set up right beside him, simply because of discounts and service quality), that is what has allowed the business to stay afloat in the pandemic, especially with high overheads such as electricity, internet, and supplies cost.

Challenges

Overheads and working capital costs remain a challenge for Thomas. Although he has been able to secure a good plan for the internet he has not been able to secure a supplier for small supplies like paper, and other stationery he sells.

“I tried Amazon, but it did not work.”

Thomas is constantly looking for discounts on these items because they are purchased more often, and an account on Amazon did not deliver. He mentions that if they had B2B services, where they understood small businesses' needs for discounts, then the platform would be fruitful for him.

Alongside, businesses like Rechal's Printing Shop and owners like Thomas depend on the satisfaction of customers and would go to lengths to maintain it.

#21

“In-person dekhna zyaada better hai”

Rahul Dhaneja, Owner of Ndcomm, New Delhi



Rahul Dhaneja is a 40-year-old man who owns Ndcomm, an internet cafe located in Delhi. He started the business 20 years ago and is helped in running it by his family members. His computer course and the fact that such an internet cafe had not existed in the area were two catalysts for this business and it has transformed a lot since its inception.

Now Rahul also offers Xerox and printing services, being situated near a hospital has also helped his business massively.

Digital Behaviours

While Rahul used WhatsApp, Instagram and Facebook personally (not for too long, he says), he has never thought of promoting on them.

“Maine JustDial aur Google pe apna number dala, udhar se hi calls aate hai”

Set-up on Google My Business was quite easy for Rahul. He got a call from them the day after he started using the app and they helped him set up. He also did not feel the need to have a website as he has been getting customers every day from the local area which he is satisfied with.

While Rahul used to provide internet services to people on computers, he says that people do not need that service anymore due to the low cost of the internet and 4G combined with high accessibility.

Rahul, however, is quite up to date with payment platforms and has many options for his customers. For their convenience, he also allows them to share documents that need to be printed on WhatsApp and they can pick them up later.

Moreover, he also approaches local suppliers for equipment such as printers. He used local stationery shops to buy small daily necessities. When asked if he has tried to buy these from e-commerce websites he says that he will not get the same discounts.

“Amazon ghar ke liye use karte hai, par uspe kabhi competitive prices mein kuch nahi mila.”

One Year Into COVID19

The footfall has been less at Ndcomm, but there are customers daily. They come for important documents, xeroxing books, and even printing pictures. None of the 2 people that work with him have tested positive for the virus so the business has been open every day. There is also no local competition so Ndcomm is where people go to first when they need such services.

Challenges

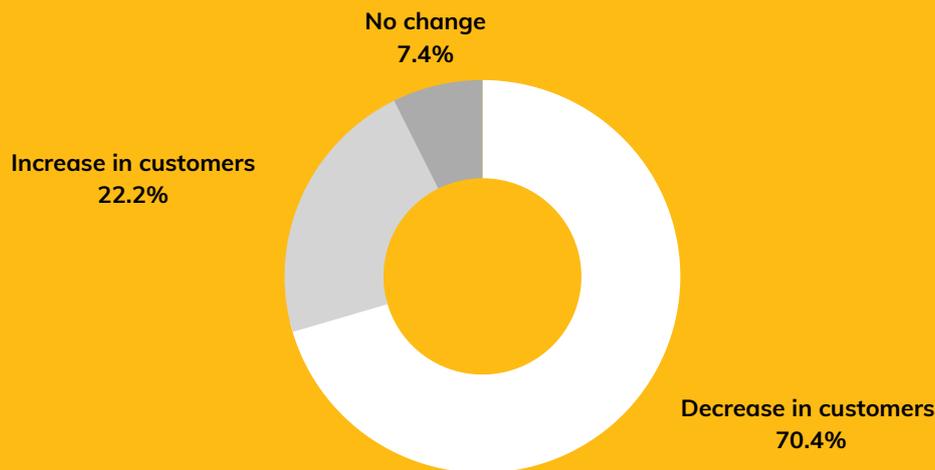
Rahul had tried to open another store in a nearby hospital but the rent was too high and it was not profitable.

He also is quite apprehensive about buying big machinery online on sites like IndiaMart. He prefers in-person shopping as the local vendors allow demos, give discounts and the guarantee for a good product and any after services is higher. Online, he believes, is risky.

COVID19 Impact & Response

Personal Digital Behaviour

During the pandemic, most businesses noticed changes in sales patterns. Some of them reported contraction as large as 80%, while others benefited from the lockdown as they were selling products consumers were getting increasingly conscious about.



From those whose sales increased during the pandemic:

67% were listed on Google through Google My Business

33% uses aggregator websites such as JustDial and IndiaMart

All of them *at least use 3 platforms* to promote their business (one of them uses 7 such platforms)

All of them uses all three: *WhatsApp, Facebook, and Instagram*

"Rs. 500-1000 worth of sales only"

The numbers and percentages by which business fell for these respondents vary, but it is evident that all faced the tragedy of the pandemic. While one respondent mentions that sales hardly crossed Rs. 1000 daily, making it impossible to even reach breakeven, others mention similar experiences with having to close down units, trying to retain employees, large inventory stock, closing stores for weeks and dealing with employees having COVID.

Some also note that promotion in these times was impossible, with the future looking uncertain and bleak, alongside tragic news everywhere. Pulling through was tough for these businesses, but they all kept going.

14%

14% of the respondents have begun considering online service platforms that have timed subscriptions and a commission system. They are doing so to reach as many customers as they can.

Social Media Platforms

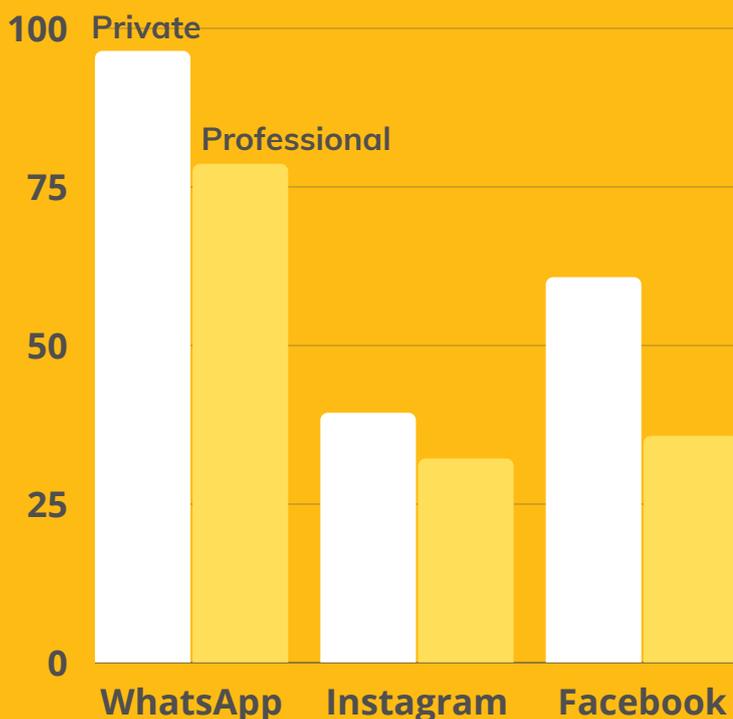
Social media spaces such as Instagram, Facebook and WhatsApp were used 52% of the times to promote the business, with WhatsApp being used the most (78.6% of respondents used it for professional purposes)

While pictures and order details were easily shared through WhatsApp, Instagram and Facebook were not far behind as platforms that allowed the display of products/services and contact with customers.

Social media was and is still an effective way as those who used it, benefited from it. However, not everyone believed that social media platforms would be useful and, therefore, were reluctant to try.



Comparing the private and professional use of social media



Private use of social media is higher across all platforms, with WhatsApp still being the most used app. One reason why businesses are reluctant to use social media to promote their business (or feel the need not to) could be due to the inability to imagine the space as one beyond the personal and one that can add to the profitability of the business.

Further Digitization

When asked about investment into further digitization

43%

said they were interested in apps or platforms to assist their business

when asked about what kind of apps they would invest into

67%

wanted one that increases customer engagement, including:

- a) one that allows direct selling/placing orders
- b) one that collects queries, reviews

33%

wanted supply-side and inventory management on the same app. One of the responses also mentioned: "Anything that allows easy contact with suppliers"

Insights

These numbers show demand for an all-in-one app that can combine all or most functions of the business into one.

Small business owners, who often work with limited staff, need technology and digital services to cater to their growing needs. These include customer engagement platforms to make contacting the business easier, sell directly, and even allow customers to post reviews and queries; operations management to keep track of employee performance and attendance; and reminders to place orders when inventories reach a certain level.

Pharmarack, developed in Pune, is one that has come very close to it. It is used by 90% of the chemists and allows inventory management, billing, accounting, sourcing and product expiry date alerts; it has allowed large reductions in operating costs for small pharmacies.

Further Digitization

57% were not looking for apps and/or digital platforms

All of them (except one) were using Google My Business

63% were already using WhatsApp or Facebook to promote their products or services

44% were using aggregator websites such as JustDial, IndiaMart

6 of them used their own website to promote their products or sell them and one of the respondents was spending up to 4 hours per day promoting their services on 6 platforms.

Insights

While 57% of the businesses surveyed were not looking to expand digitally, most of them already considered themselves moderately to highly digitized. They were also satisfied with current level of profits and customers, and did not think it was necessary to expand. Some businesses also trusted their product and service enough and believed that customers should come looking for them, others depended on current customers for repeat purchases. 43% of these respondents were not confident in their abilities to use digital technology and mentioned that they had no time, reducing their willingness to digitize further.



What Do Bharat's MSME's Need?

Lowest Effort Digitization: Small business owners naturally gravitate towards digital services that require the least effort to work. Heavy reliance on Google My Business is testimony to this observation. One only needs to feed phone number, address and perhaps a website link to reach a large number of people online. Maintaining and updating a personal website on the other hand is resource-intensive. So, business owners understand the need for an online presence but are looking for quick-fix ways of achieving it.

Time & Resource-intensive: Many business owners we spoke to had only a small team to assist them. Moreover, during the pandemic, revenue has been slow for many and the appetite to invest in long-term plans has disappeared. Being unsure of whether digitization will actually help and the previously mentioned factors, the reliance on low effort digitization makes sense. Since low effort also means low risk.

At the mercy of big companies: The sudden pandemic forced operations to go online but many small businesses lacked the infrastructure to efficiently move online. Large corporations that have built their businesses online, like Pratco, Pharmeasy, Zomato, Amazon, Urban Company, etc. offered some hope initially. Although, this was soon overtaken by unsustainable commissions, mandatory discounts, and many more pain points. Small businesses could neither set up their own services nor could they escape these large companies. This has only furthered their mistrust in tech solutions.

What small businesses are looking for now is a **SuperApp**, something to help them across the supply and value chain. One neatly packed app that does everything for them.

Meet the Team



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NowFloats



Soumya Marri
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Deepali Dahiya
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Rutuparna Deshpande
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