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GO TO HELP ONBOARD OVER 1M SMALL STORE OWNERS

HUL to Help Kiranas Compete with Bigger Players Via ONDC

Move to let stores get direct orders from consumers on the digital platform

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Mumbai: Hindustan Unilever (HUL) said it will help onboard nearly 1.3 million kirana stores on the central government's Open Network for Digital Commerce (ONDC) network, helping them compete with e-commerce and quick service grocery retailers.

The move is an extension of its internal ordering app Shikhar, which allows small neighbourhood stores to order directly from it. For HUL, the country's biggest packaged consumer goods firm, the app now accounts for about a third of its sales from neighbourhood retailers. Last year, HUL became the first fast-moving consumer goods (FMCG) firm to join ONDC through its multi-brand direct-to-consumer platform, UShop.

"We realised that retailers need to service orders directly instead of HUL doing it through UShop. That's the real democratisation of e-commerce," said Kedar Lele, executive director, customer development for HUL. "With Shikhar, they have come half way and are beginning to order on their own. In the future, 1.3 million retailers could become available on the ONDC network and buy not just HUL products but anything that the retailer sells."

Lele said HUL plays the role of "digitalisation agent or hand holding team, which makes a neighbourhood retailer compete with the best, the biggest in e-commerce business for hyper local servicing".

To begin with, HUL is piloting the initiative through an integrated module in Shikhar called the Shikhar Seller app, where neighbourhood kirana stores can go on live on ONDC and sell the entire catalogue of products online. It is being piloted in New Delhi and Bengaluru, covering 60 outlets, and will be scaled up across India in a phased manner.

"This is the right time in our belief to start enabling because as ONDC starts growing, is the time when the retailer starts plugging into it. And with that momentum, we will be able to service the retailer as well and they will be able to hold on to their share of business, which otherwise will become difficult for them," said Lele.

ONDC is a freely accessible and inclusive platform that aims to demo-

Placing Orders

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Pilot carried out in New Delhi and Bengaluru

Covers 60 outlets



cratise e-commerce. It is expected to benefit small merchants with more advanced technologies and better business mechanisms. At present there are about 12 million mom-and-pop stores in India, of which only about 0.12% are tech enabled, while e-retail accounts for only 4% of the \$800 billion retail market in India.

Joining the open network creates an opportunity for retailers to operate in an e-commerce ecosystem that works without pre-determined barriers, said experts.

"ONDC ensures a level playing field for digital retailers of all sizes, granting visibility and democratising the digital commerce landscape. Sellers enjoy the freedom to set their terms and conditions, register once for discoverability and retain high profit margins without commission deductions. Direct connections with buyers eliminate intermediation risks and third-party charges, boosting profitability," said T Koshy, managing director, ONDC, adding that the network also offers services such as logistics and enhanced analytics, enabling retailers to optimise operations and enhance overall business performance.

HUL has the biggest retail network reach among FMCG companies in India, with its products reaching nine million kirana stores. Last year, parent Unilever called its Indian unit a digital and innovation powerhouse after several of HUL's local tech and digitisation initiatives, including Shikhar, were being adopted by several developing countries.



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