

Metro Kirana stores, project ELEVATE - Retail Store Design, Asia

m
Worldwide

Kirana's in India, and Kiryana's in Pakistan, are 'mom-and-pop' stores that are the backbone, (90%), of the grocery retail industry in both countries.

Quite literally there are millions of outlets.

Metro wanted to develop their Kirana franchisee convenience model as part of a wider global strategy to 'elevate' their convenience store format experience.



Executive Summary



In 2020 Metro AG approached M Worldwide to help with a retail store design project, as part of a wider programme that delivered a more sustainable customer for Metro through its Franchisee convenience business unit.

Introduction

Metro AG focus on Cash & Carry globally, with wholesales to many convenience shop owners a key part of their offer. This project focused on elevating the c-store experience for their Franchisees, which would in turn improve sales in the local Cash & Carry operation.

Kiranas' margins are razor thin. The Franchisee model almost always requires an individual to invest their own hard-earned money for any physical improvement, so demonstrating design effectiveness was essential.

The Brief

To elevate the Kirana convenience format model in Asia, enabling a more modern and engaging format for the shoppers, a simpler and easier model to operate for the Franchisee and a model that creates a more sustainable customer for Metro C&C in the future. So, this project had to deliver a very strong financial return to have the desired impact that enabled Metro to create growth for its own C&C business and the Kirana owner/Franchisee.

Key Challenges

- Development must take into account local market consumer trends
- Enable localised format evolution
- Financial restraints in the order of €20-30k per store
- Engagement of Franchisees throughout the format creative process

What M Worldwide was asked to do

To support the creation in each country of 6-8 modernised 'Ambassador' stores. Taking into account latest convenience trends relevant for each market, the creation of structured solutions based on a modular approach and an engagement programme to sell the format model to new and existing Franchisees.

The design programme should also identify and deliver in store benefits from an operational perspective to support development of the Franchisee profitability.

The Project deliverables

The project activity included:

- Creation of consumer proposition
- Format concept and design
- Format brand book
- Execution of the new concept in the Ambassador stores
- Project management support to create the new Franchisee proposition for the Ambassador stores to deliver on an improved relationship and volume sales through Metro C&C.

KPI targets

- Sales Increase +20%
- Improved margin mix
- Improved customer perception
- Improved Metro C&C buying +40-50%

Executive Summary



Key Results

An example- 3rd Ambassador store (Hyderabad)

- Reported a REDACTED CONFIDENTIAL DATA in footfall and a 35% increase in sales. Exceeding the +20% target.
- Wholesale buying from Metro Cash & Carry in Aug '22 was REDACTED CONFIDENTIAL DATA compared to Aug '21 (before format change). Hugely exceeding the +40-50% target.

Feedback from Owner (Franchisee)

“Shop visibility has increased massively and is attracting more walk-in customers”.

“I am very happy with entire transformation. Outcome is beyond my expectations”.

“Customers are billing more items when they visit my store now”.

Feedback from shoppers

“I pass by this shop daily while going to my office but it never attracted me, outer look and shop ambience attracted me to have pleasant shopping experience”.

“Now I am able to see all the articles and able to get most of my monthly requirements, I can save time for monthly grocery shopping”.

Operational improvements

Must-have Assortment: Stores now hold 1200 SKUs compared to 900 SKUs before transforming. High-selling articles have been inserted into the ranges, (Deodorants, OTC & personal care SKUs).

The modular fixture design was delivered locally for circa [REDACTED CONFIDENTIAL DATA] for a 300sq.ft Kirana, well within the overall fit-out target cost of €20-30k.



Context & Overview



Background of the project

Market context

India is a continent by itself. 1.3BN population with 66% below 35 years of age. There are 50 cities with more than a million population. Food habits change every 100km; e.g. 6,000+ varieties of rice are cultivated. 90M middle to upper income households form 32% of total households. There are 12M Kiranas, which account for 90% of the market and are growing annually at 6%. eCommerce is only 1% of the market but growing at 55% CAGR.

Pakistan has a population of 225 million with an average age just 23. Pakistan is the 5th most populous country in the world with 100 cities. Average income is comparable to India. There are 900,000 Kiryana retailers. eCommerce is growing steadily as there are approximately 50 million internet users - expected to double in the next 5 years.

A typical Kirana/Kiryana store will offer between 500-800 products for 300-400 sq.ft. stores - which was the Ambassador store m² footprint.

Examples of typical Kirana stores



Obstacles and Challenges

What was the challenge that needed to be solved?

Metro wanted to create a truly differentiated store experience from the standard Kirana stores.

From...

cluttered and random

an essential top-up

a basic, poorly kept interior

To...

organised and edited

a top-up with impulse and daily needs

a smart store that is digitally connected to the shopper and Metro C&C

Key Project Facts

- 6 Ambassador store pilots
- An end-to-end design process
- Aligned to a wider strategy under the umbrella project name of 'ELEVATE'
- Design fees [REDACTED CONFIDENTIAL DATA]
- No collaboration with other agencies.

Context & Overview



Other influencing factors

The format design development programme was part of a wider strategic programme of initiatives to develop Franchisee expansion:

1. Market expansion target plan to grow the networks significantly over the next 5 years (starting 2020).
2. Format design development.
3. Assortment development – a list of up to 150 essential products to be kept in the store at all times. Fresh produce F&V (and meat in Pakistan). Grocery (eggs, milk, bread, oil, flours).
4. Development of ready-to-eat and ready-to-heat assortments (Note that this has not been delivered at this time).
5. Pricing and promotion – Formulate a retail pricing strategy including price perception builders, assuring competitive prices.
6. Services – Partnerships for efficient payment mechanisms – ATM services and Pharmacy (Note that Pharmacy has not been delivered at this time).

The format design was linked with the assortment development from the start. Planning and modular fixture design fully embraced the need to display a wider range of product, and present the new hero products, in fresh for example, on key vistas.

To support the pricing and promotions strategy the new communications hierarchy included navigation headers, promotion points and pricing templates.

These mechanics gave the Franchisees the tools to ensure offers were clearly visible, presented professionally with visually consistent typography, and easy to change out within the limitations of in-store print processes.

The success of the project was a direct result of the coordinated approach that captured group wide business objectives.

Marketing Support

At launch of an Ambassador store 5000 leaflets were inserted in newspapers within 2km radius of the store to create buzz along with a special inaugural offer.

Timing

The programme timeframe ran for 12 months.

Localised Metro teams in each country were fully engaged at every stage to ensure the new developments were grounded in local knowledge. The teams also liaised with Ambassador store Franchisee candidates to ensure their voice was heard and they fully bought into the planning, proposition and modular design proposals.

Context & Overview



What was the scope of the work at the outset?

M Worldwide was bought in to deliver an end-to-end project.

Stage 1

Light touch pre-trial research

Data collection, 5-7 interviews with Metro local team and Franchisees, visual audit of existing and competition stores, Shopper insight research, Brand & marketing induction, Technology / Digital review, Global and local trends.

Stage 2

Format Offer & Design

Proposition, Format and bubble planning, Look and feel design language, Modular development, Brand application, Communications hierarchy.

Stage 3

Application to Ambassador Stores – CAD design

3D environment drawing package, 2D communications guidelines and artwork templates.

Stage 4

Format Manual

Proposition introduction, Testimonials from Franchisees, Financial investment guidance / store performance data proof points, Ideal floorplans, Key zone design and fixture specification, Modularity / Bundles options, External façade options.

The M Worldwide team included Researchers, Lead Strategist, Environment Designers, 2D Designers, and Technical CAD Designers.



The Results



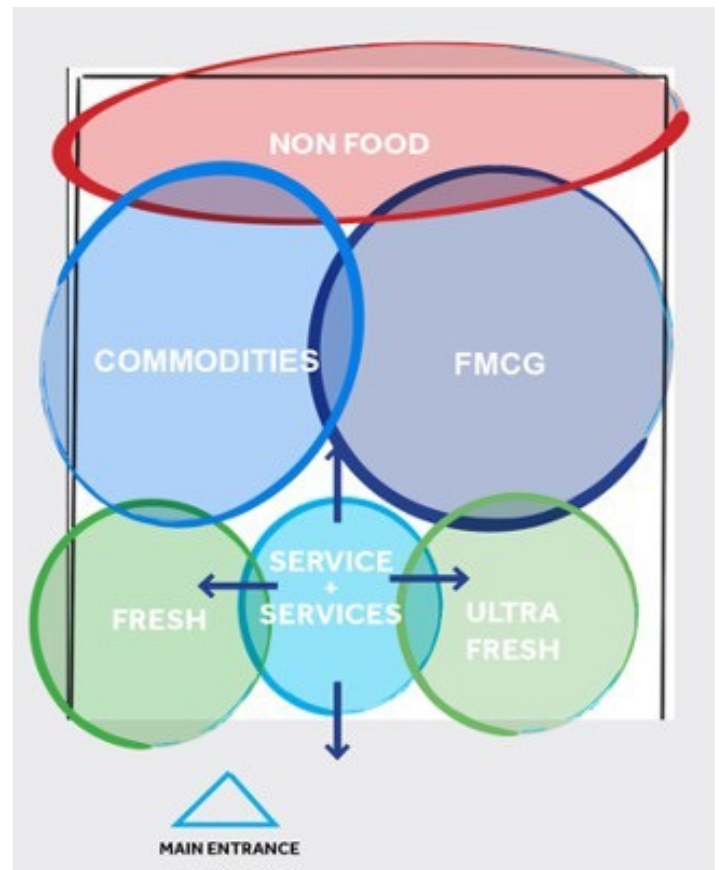
The Store Offer - The 'Go-to' Super Convenient 'Smart' Kirana

The End-user Experience

1. **Clear Stand Out.** "I can always see my 'Smart' Kirana."
2. **Clean and clutter free.** "Easy to find what I need."
3. **Local.** "My Kirana has everything I need and knows my favourites."
4. **Care and attention.** "I know my Kirana takes pride."
5. **Fresh up front.** "Always tasty / appealing products."
6. **Hyper convenient.** "For all my missions through the day."
7. **Digitally connected.** "A whole range of solutions at my fingertips."
8. **Solution led.** "Inventive solutions to life's daily needs."
9. **Hero categories.** "Always reliable."
10. **Friendly and Sociable.** "My Kirana knows me and my family."

Key Zones

1. Fresh / Ultra Fresh upfront and visible
2. Service & Services at the heart
3. Fuelled by commodities / FMCG
4. Other non-food essentials



The Results



An example; the 3rd Ambassador store (Hyderabad) reported a [REDACTED CONFIDENTIAL DATA] in footfall and a [REDACTED CONFIDENTIAL DATA] increase in sales. Exceeding the +20% target.

For Shoppers the experience perception improved, including attracting new customers:

“I pass by this shop daily while going to my office, but it never attracted me, outer look and shop ambience attracted me to have pleasant shopping experience”.

“Now I am able to see all the articles and able to get most of my monthly requirements, I can save time for monthly grocery shopping”.

For the Franchisee the whole experience was above expectations:

“Shop visibility has increased massively and is attracting more walk-in customers”.

“I am very happy with entire transformation. Outcome is beyond my expectations”.

“Customers are billing more items when they visit my store now”.

For the Metro business the ambition to increase the Cash & Carry sales was smashed.

Wholesale buying from Metro Cash & Carry in Aug '22 was [REDACTED CONFIDENTIAL DATA] compared to Aug '21 (before format change).

Digital connectivity was delivered both via the Metro App for Franchisee C&C ordering and WhatsApp connectivity for busy shoppers either collecting shopping on their way to and from work or for home delivery.

Important Key Innovations

All shelving is fixed at only 300mm depth x 600mm wide. This small shelf design was a response to two insights. Firstly, the small amount of stock for each SKU that the average Kirana owner would normally be able to afford to purchase. Secondly because of the density of the product in store a single facing was required. The stores now hold 1200 SKUs compared to 900 SKUs before transforming. High-selling articles have been inserted into the ranges (Deodorants, OTC & personal care SKUs).

The modular design was developed by working closely with local regional shelving suppliers and contractors.

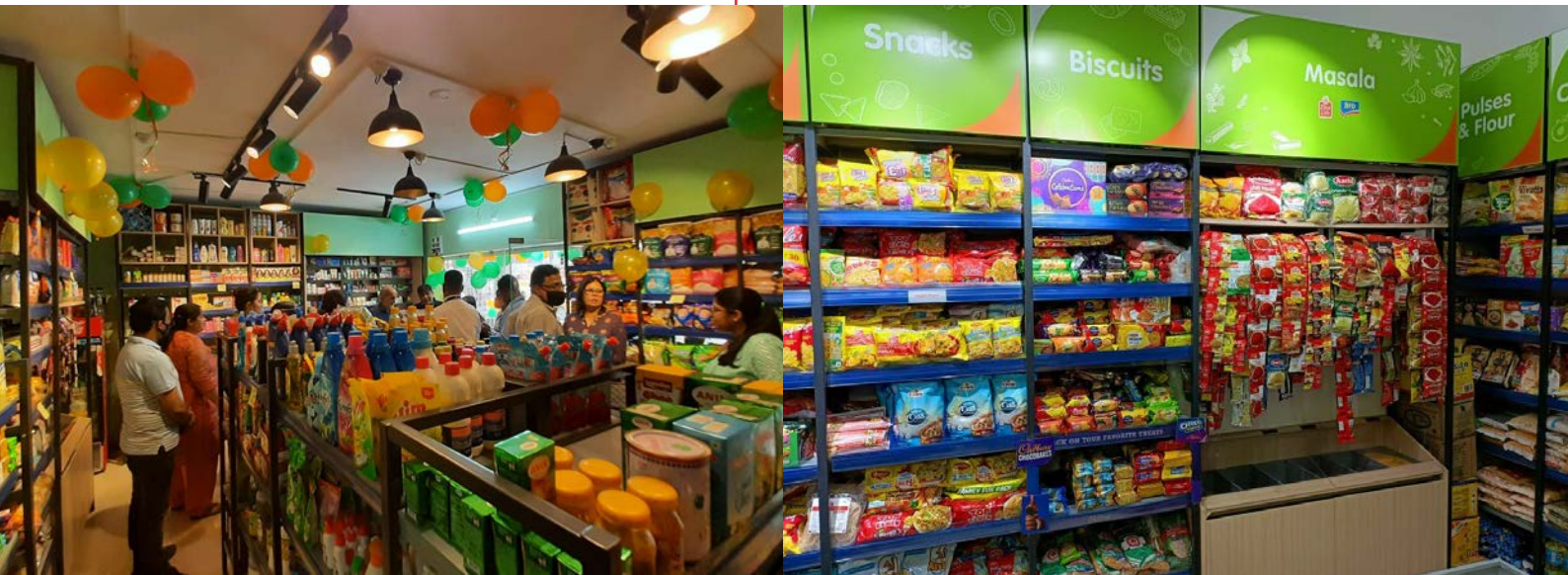
A store fit-out budget was achieved at [REDACTED CONFIDENTIAL DATA] for a 300sq.ft. store shelving kit of parts – which answered a key financial challenge for Franchisees investment.



The Store Design



Opening day in Kolkata!



Generic 300sq.ft format model shown here to demonstrate the modular design and limited kit of parts that kept the price point for Franchisee investment low. Materials and finishes were selected on the basis on availability locally, minimizing cost for supply and aligning with local expertise.

