



2022 GLOBAL REPORT

Digitizing the Corner Shop



BRAZIL SPOTLIGHT

Brazil's corner shops—known as *mercearias*—are vital to the local economy

USD \$58 billion
corner store market

500 thousand
mercearias

35%
of grocery sales



Photo courtesy of Mêrce do Bairro

We spoke to 205 corner shop owners and 204 of their customers.
Here's what we heard.

Photo courtesy of Mêrce do Bairro



Brazil’s corner shops are here to stay: 92% of customers plan to shop as much or more

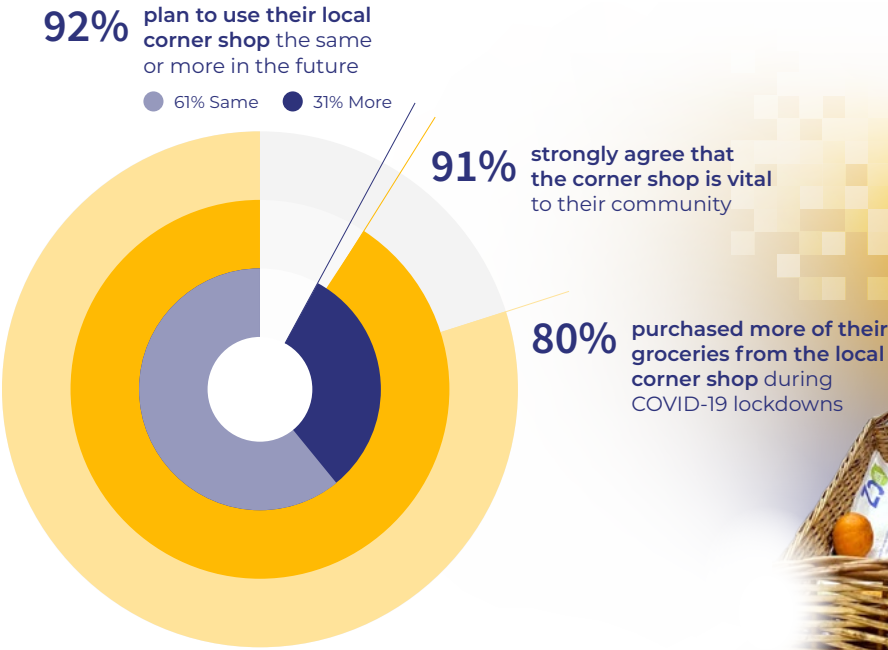
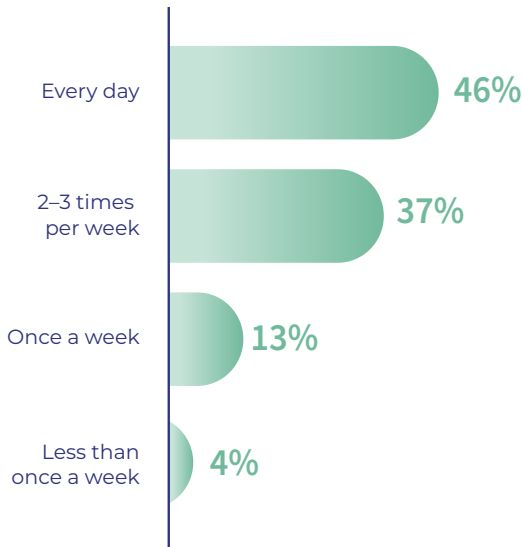


Photo courtesy of Diana Narváez

83% of customers shop multiple times per week at their local corner shop, while only 1% shop online for their groceries

Purchase Frequency at Local Corner Shop



Other Grocery Destinations In Addition to the Local Corner Shop

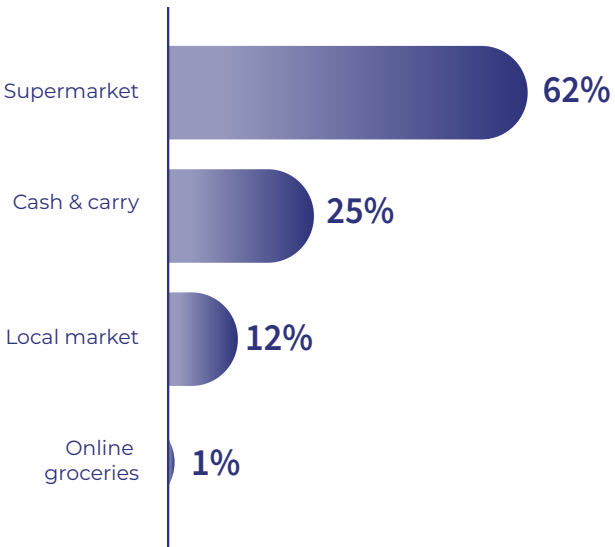




Photo courtesy of Mêrce do Bairro

The corner shop plays a valuable role in the community, providing convenience, customer service, and credit

What Customers Value About Their Local Corner Shop



What Customers Buy At Their Local Corner Shop

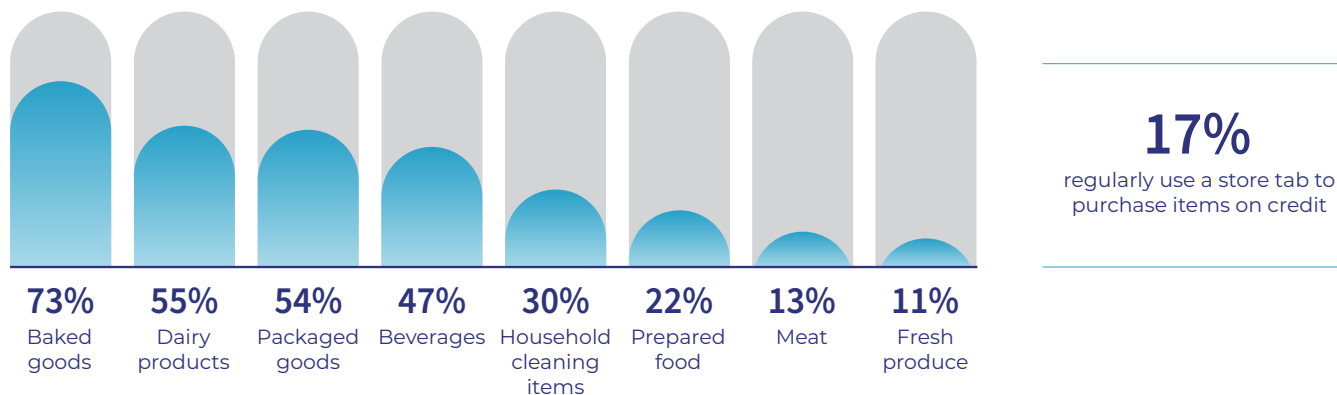


Photo courtesy of Diana Narváez

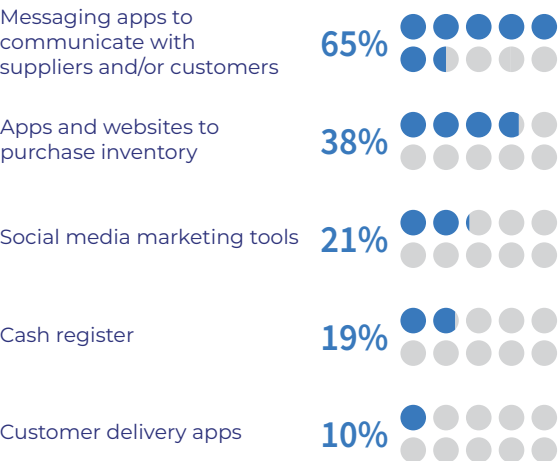
“I buy my bread here every day. The shopkeeper knows my order and has it waiting for me each day: 4 bread rolls.”



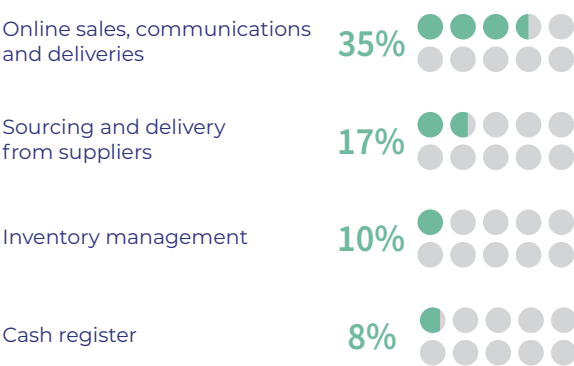
Photo courtesy of Mêrce do Bairro

Shopkeepers are adopting digital tools and are eager for more

Percent of Shopkeepers Who Use Digital Apps to Run Their Business Today



Percent of Shopkeepers Who Plan to Increase Digital Tool Usage in Next 1-2 Years



22% of shopkeepers started using new digital business tools during the Covid-19 pandemic



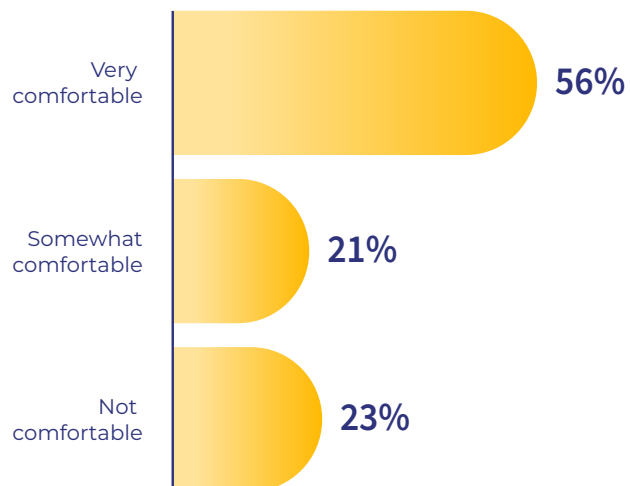
“The demand for technology greatly increased during the pandemic. Now there’s an app for everything.”



“I would like to have an online sales system integrated with inventory management so the customer can see what is available and purchase online. It would make my work much easier.”

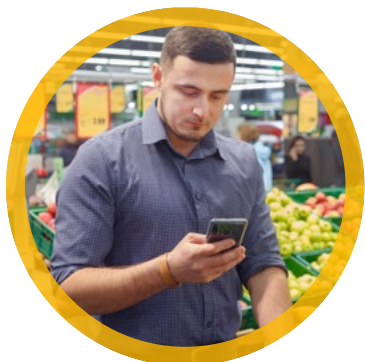
Half of shopkeepers say they are very comfortable with digital tools, yet barriers remain

Comfort With Digital Tools

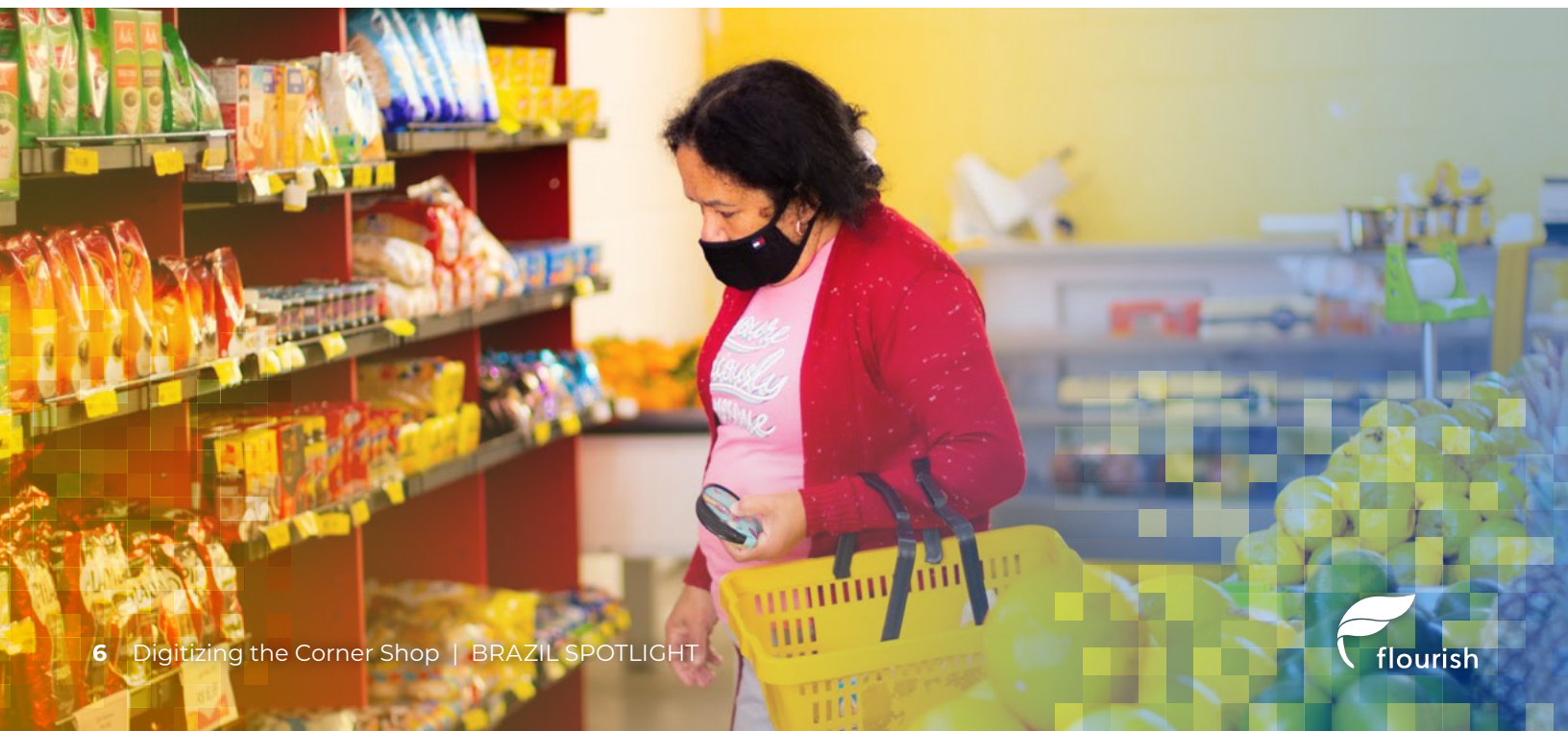


Barriers to Adoption

- 47%** privacy and data security concerns; lack of trust
- 39%** monetary cost of digital tools
- 32%** difficulty learning or adopting new tools



“I have to keep up with technology. I see the world is evolving. I can’t be left behind.”

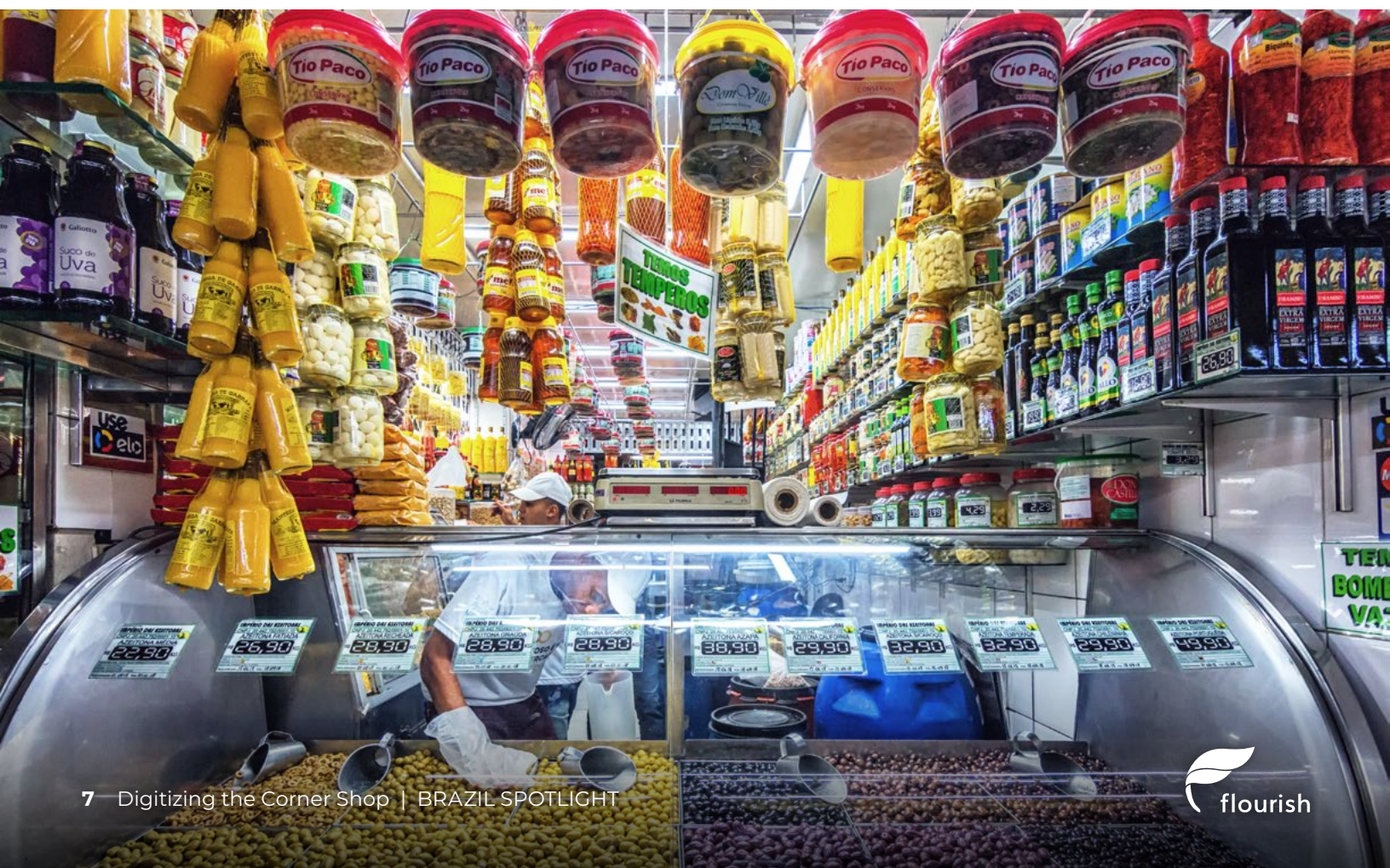


25% of customers had no complaints with their corner shop, while others cited a desire for more product variety

Customers' Biggest Complaint With Their Corner Shop

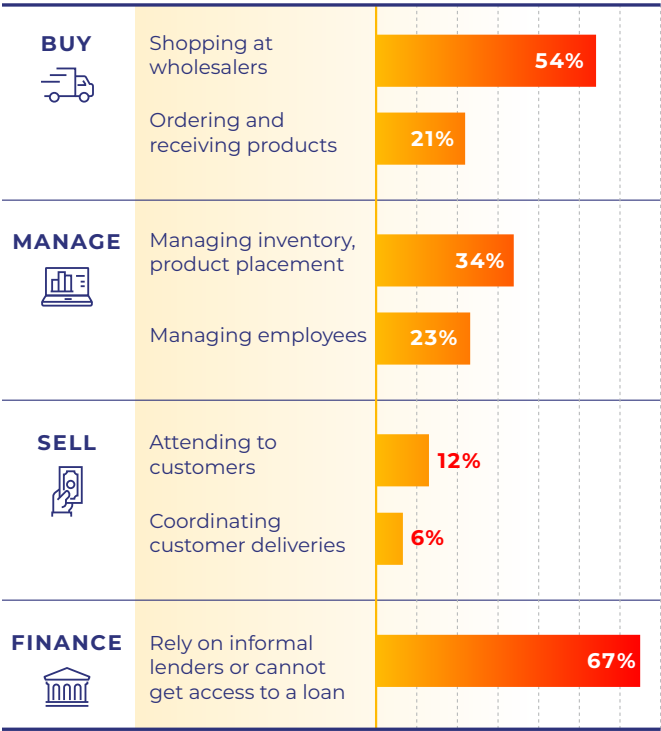


Merchants' Biggest Long-Term Business Challenges



Shopkeepers report their two biggest pain points are time spent purchasing inventory and lack of access to formal credit

Biggest Day-to-Day Pain Points



“Business accounting is the most complicated thing I do—inventory control, pricing. I do everything manually and it takes a lot of time and energy.”

“Inventory purchase takes a lot of time that I would prefer to spend running my store. It’s difficult to find the right products, wait in lines at the wholesalers, and visit different locations when wholesaler inventory is out of stock.”





Corner shops accept a range of payments, with nearly all accepting digital payments and bank cards, and 4 in 10 accepting food vouchers

Non-Cash Payments Accepted in Store



100% PIX and other digital payments



98% Bank card



40% Food vouchers



34% Credit tabs paid on a weekly or monthly basis



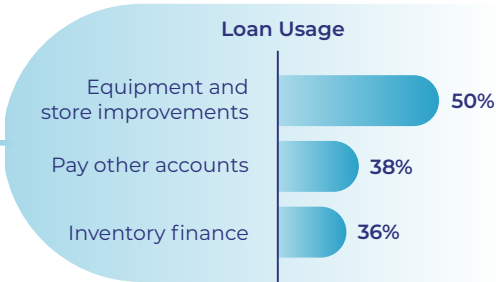
Photo courtesy of Diana Narváez

“My corner shop provides me with a credit tab. This is crucial for me because of my financial situation.”

Two-thirds of shopkeepers lack access to a formal bank loan, and 7 in 10 cite high interest rates as a barrier, demonstrating a financing gap

Loan Access in Past Year

- 57% Have not taken out a loan
- 23% Formal bank loan only
- 13% Informal loan only
- 4% Formal digital loan
- 2% Formal and informal loans



Barriers to Finance

- 76% High interest rates
- 27% Poor payment terms
- 16% Small loan size
- 13% Complex application process
- 11% Poor customer service

Embedded finance can unlock opportunities that have eluded traditional banks for centuries

Traditional finance challenges

- Small business informality leads to less overall access to financial services.
- Limited ability to evaluate risk leads to poor pricing and terms.
- External documentation and collateral requirements lead to onerous application process and slow processing times.

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Embedded finance differentiators

- Integration into shopkeeper operations makes financial services seamless and intuitive.
- Proprietary data expands visibility into business operations, lowering risk and cost.
- Automatic access to alternative data allows for rapid, integrated underwriting and processing.

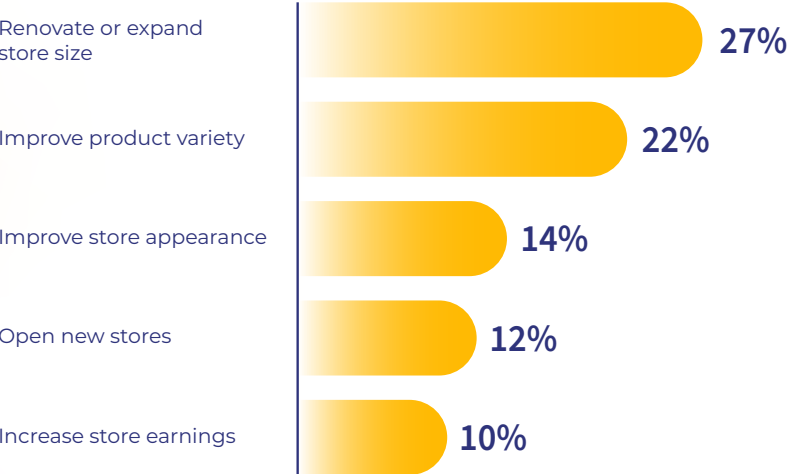


Brazil’s corner shop merchants have ambitions to grow and improve their stores so they can continue to play a vital role in their communities.

At Flourish, we believe digital platforms have an opportunity to support them in this journey.



Shopkeepers’ Aspirations



Merchant and Customer Voices: Who We Spoke To

205 *Mercearia* Merchants in São Paulo

GENDER	AGE	STORE TENURE	NUMBER OF STORE EMPLOYEES
46% Female	2% <20	19% Less than 1 year	Including Shopkeeper & Family
54% Male	17% 20–29	10% 1–2 years	35% 1–2 workers
	26% 30–39	11% 2–3 years	34% 3–4 workers
	31% 40–49	13% 3–5 years	18% 5–6 workers
	19% 50–59	47% 5+ years	13% 7+ workers
	3% 60–69		
	2% 70+		

204 *Mercearia* Customers in São Paulo and Osasco

GENDER	AGE
57% Female	4% <20
43% Male	24% 20–29
	25% 30–39
	17% 40–49
	13% 50–59
	10% 60–69
	7% 70+

About This Report

Flourish Ventures launched this research to better understand corner shops across the globe and share learnings on how digital firms can serve their needs.

In partnership with research firm 60 Decibels and e-commerce platform Mercê do Bairro, we surveyed 205 Brazilian corner shop owners and 204 of their customers to learn firsthand about their business pain points, competitive threats, aspirations, and digital behaviors.

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Flourish is a global venture firm investing in entrepreneurs whose innovations advance economic opportunity and financial health for individuals and small businesses. We partner with industry leaders in research, policy, and regulation to better understand the underserved and help foster a fair, more inclusive economy.

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60__decibels

60 Decibels is a tech-enabled social impact measurement and customer insights company working in over 75 countries. They combine deep impact measurement expertise, an integrated technology backbone, and a global network of 900+ researchers to make it easy for companies and organizations to listen to the people who matter most.

60decibels.com



Mercê do Bairro is a virtual retail chain that improves small grocery store revenue and efficiency by offering digital procurement, access to credit, inventory management, and brand makeovers.

mercedobairro.com