

Sustaining the future of micro-retailers: the vital role of tech-enabled e-commerce in emerging markets

Micro-retailers, including small family-owned shops and convenience stores, have significant economic importance in emerging markets and developing economies.

Despite the rise of supermarkets, these shops dominate in the low-income and rural communities they serve, providing millions of people with essential goods and a source of income. They also maintain trusted relationships with customers who benefit from informal credit arrangements. Micro-retailers remain the primary channel for fast-moving consumer goods (FMCG) sales in emerging markets. In Africa, for example, over 2.5 million micro-retailers contribute to around 70% of FMCG sales – making them essential to both the public and private sectors.

THE CHALLENGE

Micro-retailers often struggle with limited access to working capital. Unable to secure formal financing, such as loans, they rely on informal sources like family and friends. Even when formal loan products are available, they are often standardised and fail to align with micro-retailers' specific cash flow needs. This leads to poor liquidity, limiting their ability to invest in store inventory or take advantage of volume discounts. Over time, the lack of purchasing power has consequences for the stability and resilience of micro-retailers.



THE SOLUTION

Emerging tech-driven B2B e-commerce platforms address these challenges by digitising the FMCG supply chain, providing micro-retailers with greater convenience, transparency, and product diversity. By streamlining digital stock ordering and enabling next-day delivery, these platforms reduce stock outages, allowing shopkeepers to spend more time running their shops. In addition to warehousing, distribution, and online ordering, the platforms also offer tailored inventory financing, such as buy-now-pay-later options, on fair terms. This holds huge potential for the financial inclusion of currently excluded and underserved micro-retailers, and consequently for the livelihoods of their communities.

TRANSFORM and **CGAP** (a financial inclusion think tank housed within the World Bank Group) has published a **report**, 'Empowering Small Giants: Inclusive Embedded Finance for Micro-retailers', exploring how B2B e-commerce companies are digitising the last mile of the FMCG supply chain and enabling financial inclusion.

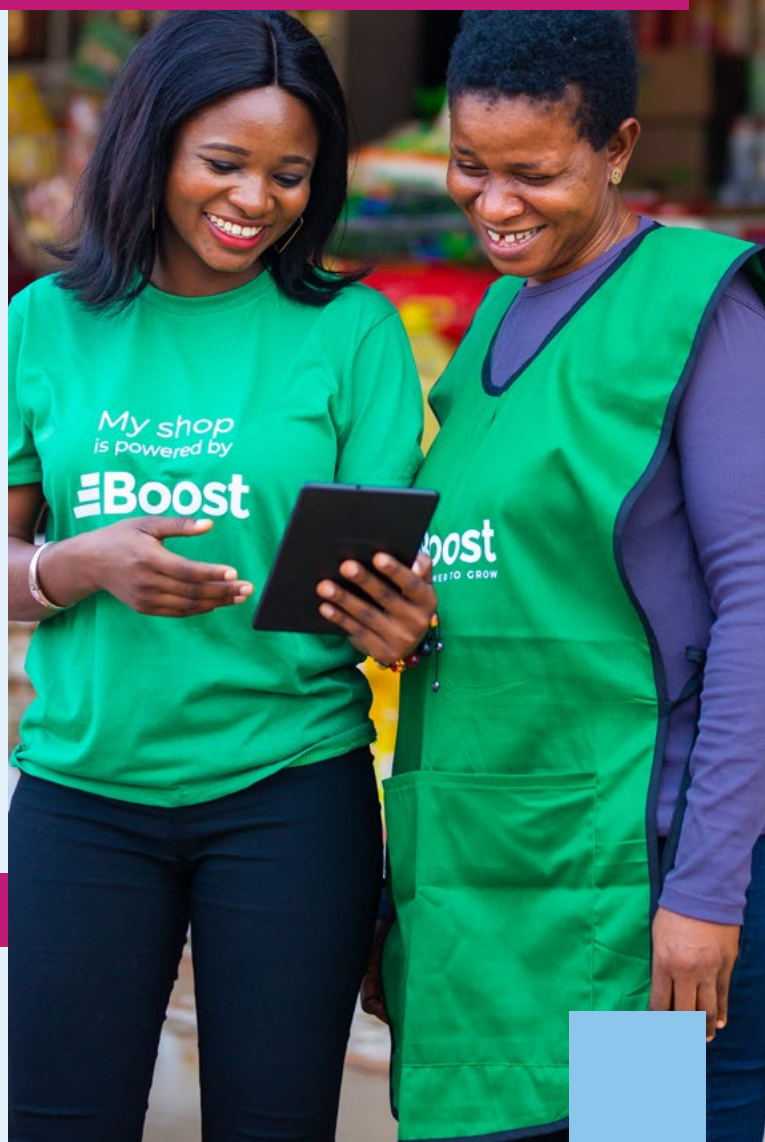
The report showcases various tech-enabled B2B e-commerce platforms – some of which have been supported by TRANSFORM - that help micro-retailers with a stack of services comprising of one or more of the following:

Warehousing and distribution:

E-commerce platforms in this space offer warehousing and distribution services – either in-house or outsourced – to ensure smooth product delivery to micro-retailers. This allows them to maintain a steady supply of goods without visiting wholesalers, which is particularly important in remote or underserved areas.

Digital ordering:

This allows micro-retailers to order goods via digital platforms, simplifying the process and enabling next-day delivery. This reduces stock outages and means shopkeepers no longer need to leave their shops to restock. Additionally, the digital ordering platforms generate valuable data that can enhance supply chain efficiency and support financial services, such as credit scoring.



Embedded finance:

Platforms that offer Buy Now, Pay Later (BNPL) products have the potential to improve the provision of financial services to micro-retailers, giving them the option to purchase additional inventory on reasonable credit terms, which can be paid after the micro-retailer sells their goods. This enables the retailer to stock up and gradually increase their inventory, and hence build a more resilient and stable business.

But there is work to be done to ensure these B2B e-commerce platforms are successful...

The potential of tech-enabled e-commerce platforms hinges on their ability to scale and sustain themselves, especially in the current environment of funding constraints and market dynamics which demand cost reductions and revenue optimisation.

TRANSFORM shares four insights to support tech-enabled e-commerce platforms to be successful:

INSIGHT 1

Find the combination of market value-add and platform strengths

To maximise value-add for a specific market segment, B2B e-commerce platforms should focus on their core strengths while partnering to deliver critical services they cannot provide themselves. Strategic partnerships ensure micro-retailers gain access to essential services that build stability and resilience, such as financing, logistics, or tailored business support. By outsourcing non-core functions to trusted partners, platforms can deliver a comprehensive solution that meets the diverse needs of micro-retailers.

INSIGHT 2

Leverage transactional data to automate decisions

E-commerce models that leverage transactional data from digital ordering systems can offer tailored financial services, reducing the need for traditional credit assessments. By aligning the financial product with a micro-retailer's ordering pattern, platforms can provide instant delivery and repayment terms that fit the micro-retailer's cash flow. For example, Boost in Nigeria offers a digital ordering platform for rural and peri-urban women, with an integrated BNPL product offering. Boost leverages transactional data to offer credit aligned with retailer purchasing behaviour, enabling quick decisions and flexible repayment terms. This model specifically supports women micro-retailers by allowing them to receive credit for up to 150% of their prior purchases on credit. TRANSFORM has supported Boost to test their digital ordering platform in Kenya and Senegal.





INSIGHT 3

Focus on building customer loyalty

Loyalty programs, personalised offers, and embedded finance create strong relationships between e-commerce platforms and micro-retailers by tying credit to future orders and encouraging repeat business. For example, TRANSFORM has supported &frnds, a B2B e-commerce platform that works with small wholesalers in Indonesia and the Philippines to offer micro-retailers interest-free credit on select products and the option to return unsold goods. This reduces the risk for the shop owners and helps them try new products without worrying about losing money, strengthening their loyalty to the platform.



INSIGHT 4

Ensure inclusivity is as much of a focus as profitability

Market and funding pressures often lead to biases, where the more educated, digitally savvy, and wealthier micro-retailers benefit the most from digitisation and increased financial services. This often leaves women, who already face greater challenges in accessing credit, at a disadvantage. To truly drive financial inclusion and empower micro-retailers, B2B e-commerce platforms must adopt a high-tech, high-touch approach. This enables them to support retailers across varying levels of digital readiness, particularly marginalised populations, and scale their solutions gradually and inclusively. One example is Aye Finance, which has developed a product specifically targeting women micro-entrepreneurs in India with the support of CGAP. Aye Finance has adjusted its loan application process to better accommodate women's needs, such as providing more time to gather required documentation and offering flexible visit times to consider daycare and household responsibilities.

Find out more

For more information on these insights, read the [full report here](#).



TRANSFORM is an impact accelerator that unites corporates, donors, investors and academics to support visionary enterprises across Africa, Asia and beyond. Together, we test and scale new solutions that tackle environmental challenges, improve health and well-being, and build inclusive economies.

Combining grant funding, business insight and research, TRANSFORM is advancing the development of innovative business models to help solve global challenges. It was established in 2015 and is led by Unilever, the UK's Foreign, Commonwealth and Development Office, and EY.