Gates Foundation | MSC MicroSave Consulting | Busara

# Microenterprise qualitative study

Bangladesh qualitative report

**July 2023**

# Sample coverage

## End-user IDIs sample

| End-User description | Users | Non-users |
|---|---|---|
| Bangladesh | 16 | 14 |

## Observations

| End-User description | Users | Non-users |
|---|---|---|
| Bangladesh | 1 | 3 |

## Mystery shopping

| End-User description | Platforms |
|---|---|
| Bangladesh | 2 |

## Sector-wise sample

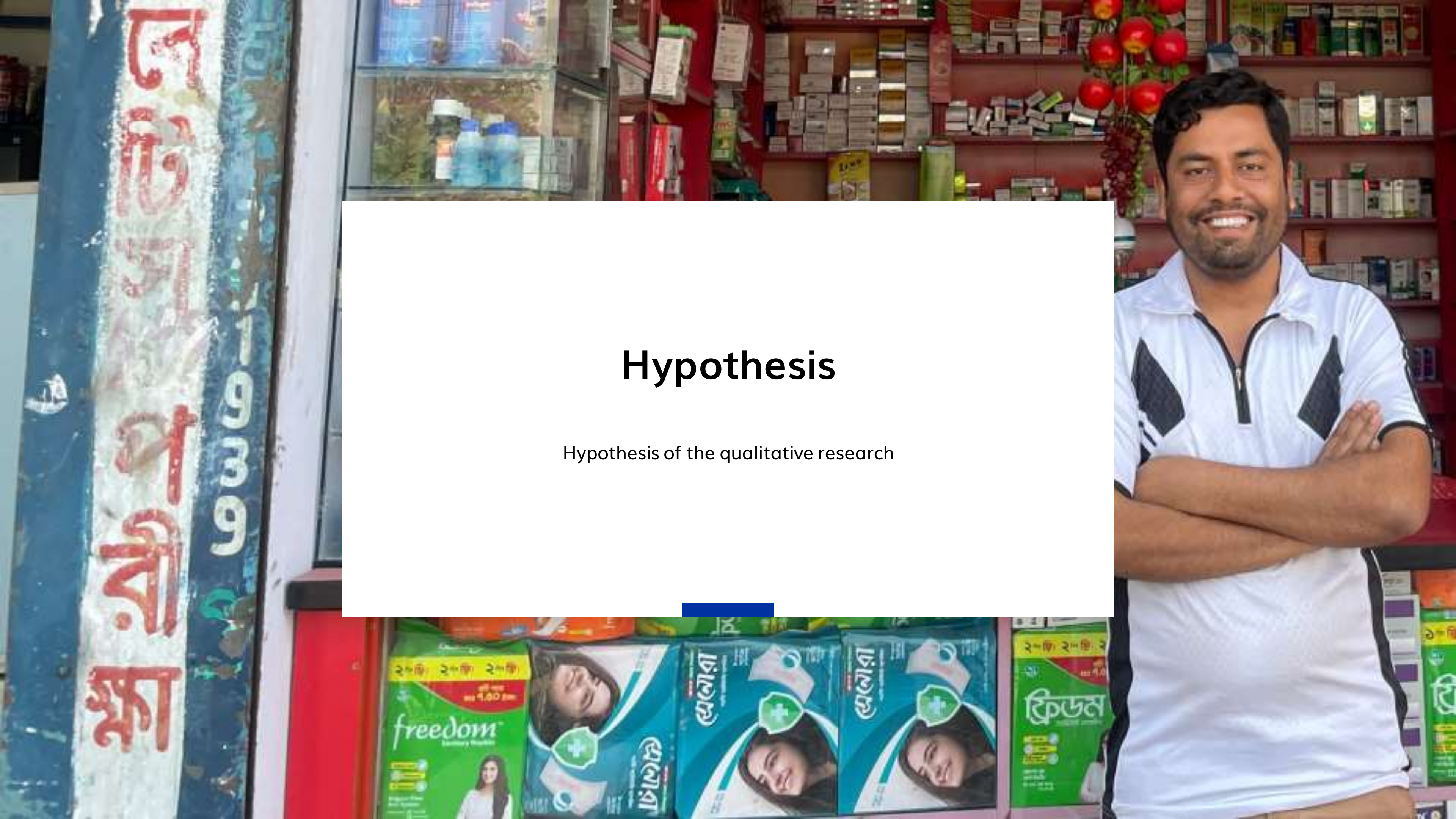
| Sectors | Platform | Non-platform |
|---|---|---|
| Logistics | 5 | 0 |
| Retail service | 1 | 3 |
| Retail trade | 3 | 8 |
| Social selling | 3 | 3 |
| Transport | 4 | 3 |
| **Total** | **16** | **17** |

## Gender

| Gender | Male | Female |
|---|---|---|
| | 21 | 12 |

## Location type

| Location type | Urban | Rural |
|---|---|---|
| Districts: Dhaka, Chattogram, Manikgonj, Sirajgonj, and Munshigonj | 17 | 16 |




# Hypothesis

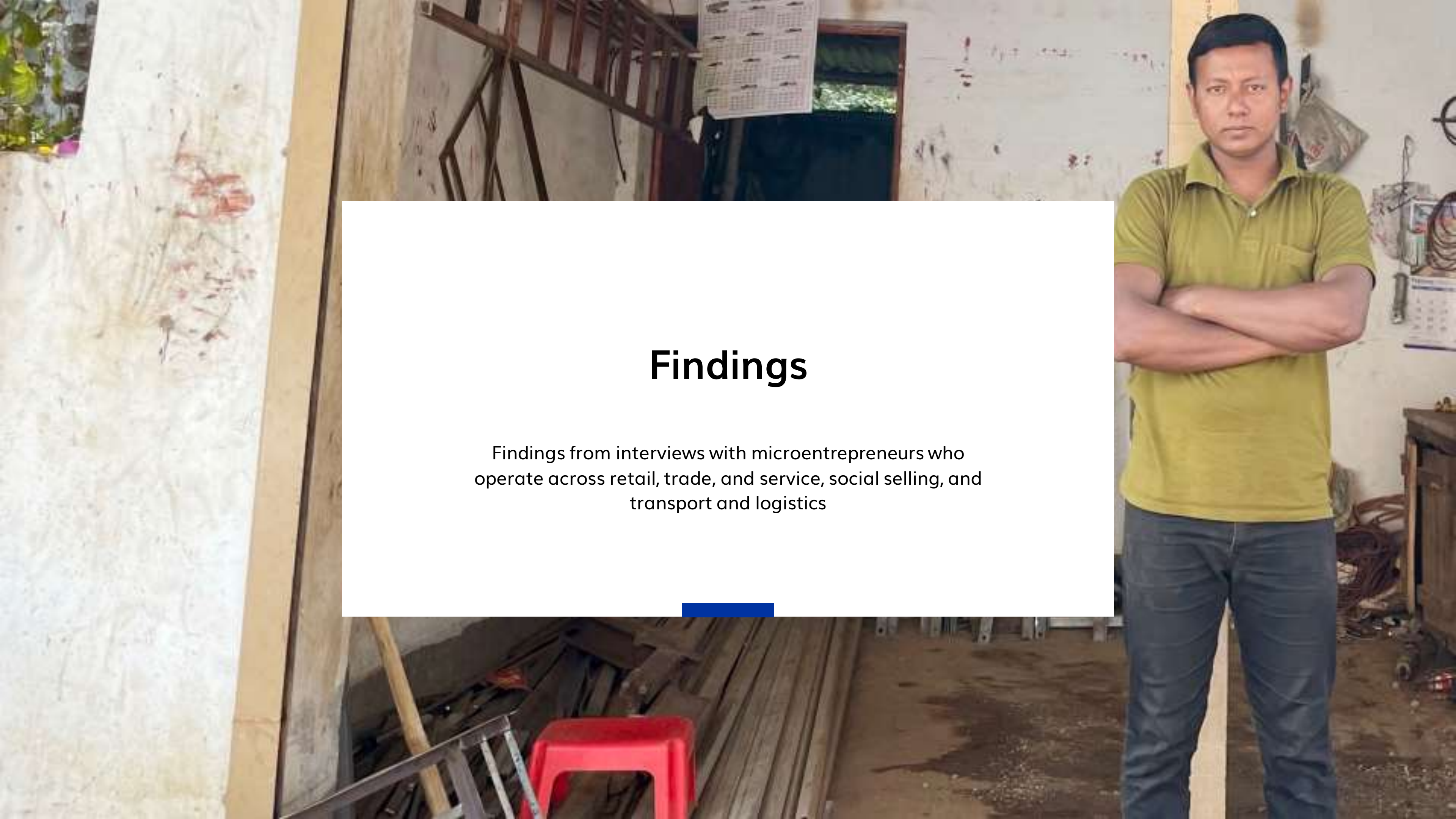
Hypothesis of the qualitative research

# Hypothesis

| Focus | Hypotheses |
| --- | --- |
| Awareness | • Peer networks drive awareness and expectations of digital platforms among microentrepreneurs. |
| Onboarding or first-time usage | • Salient monetary incentives are the primary incentive for microentrepreneurs to onboard onto digital platforms.<br>• Access to new markets is also the primary incentive for microentrepreneurs to join these platforms.<br>• Microentrepreneurs who are active in online spaces are more likely to join these platforms. |
| Sustained use | • The availability of improved credit options is the primary driver for sustained engagement with these platforms.<br>• Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition. |

# Hypothesis

| Focus | Hypotheses |
| --- | --- |
| Impact | • Platform engagement contributes to the resilience capacities of microentrepreneurs.<br>• Sustained platform engagement reduces their income volatility.<br>• Sustained engagement with platforms leads to deeper and more beneficial participation in digital ecosystems.<br>• Platforms create new capacities and optimize existing capacities for owners and operators of microenterprises, which enables them to grow and operate their ventures more effectively.<br>• Microentrepreneurs risk being less resilient when they are over reliant on these platforms. This makes them unable to switch, and they lose negotiating power with platforms. |



# Findings

Findings from interviews with microentrepreneurs who operate across retail, trade, and service, social selling, and transport and logistics

# Novice

**All insights are from the transport and logistics sector.**

| | |
|---|---|
| Awareness | **What drives awareness:**<br>• Peer network and reach from digital platform representatives create awareness. Peer networks help users trust the platform, and platform representatives and agents help build that trust. |
| Onboarding or first-time usage | **Primary incentive for onboarding:**<br>• Platform representatives promote onboarding and first-time usage. They also help explain the platform. In most cases, the microentrepreneurs value accessing the market through the platform. |
| Sustained use | **Value addition:**<br>• Value creation is imperative to sustained use. Microentrepreneurs who experience a rise in business generation, cost minimization, or increased convenience would continue to use the platform. |
| Impact | **Consistency:**<br>• Platforms provide regular and consistent service and ensure doorstep delivery to microentrepreneurs. This avoids hassle, saves time to source, and helps them grow. Microentrepreneurs consider these platforms when they plan out business strategies and growth trajectories. |

# Early adopter

## Awareness

**What drives awareness:**

- **Social selling, and transport and logistics:** Personal networks, which include friends and family, and reach from digital platform representatives, create awareness and motivate microentrepreneurs to embrace digital platforms.

## Onboarding or first-time usage

**Primary incentives for onboarding:**

- **Social selling:** Networking and training are the main incentives for microentrepreneurs to join digital platforms. They can be onboarded to the platform easily through self-instructed digital onboarding processes.
- **Transport and logistics:** Business growth and customer outreach primarily motivate microentrepreneurs to join the platform. Digital platforms enable businesses to sell across the nation.

**Remaining active in online spaces:**

- **Social selling, and transport and logistics:** Microentrepreneurs who use digital platforms are active in the online space.

# Early adopter

## Sustained use

**Sustained engagement with platforms:**

- **Social selling:** Microentrepreneurs stay on platform due to the support and access to credit they receive from DPs' representatives. Moreover, women microentrepreneurs feel that DPs provide tailored support to women.
- **Transport and logistics:** DPs do not facilitate credit, and microentrepreneurs can successfully sustain their businesses without the need for credit.

**Clarity about the platform:**

- **Transport and logistics:** Microentrepreneurs are quite clear about the options, facilities, and benefits of the DPs. They also have expertise with navigation.

# Early adopter

## Impact

**Resilience:**

- **Social selling:** Platform engagement contributes to the resilience capacities of microentrepreneurs as it gives access to a pro-member's credit.

**Income stability:**

- **Social selling:** Regular engagement with DPs made the income of MEs more stable.
- **Transport and logistics:** Microentrepreneurs combine online and physical operations to provide stability. Seven years of online selling experience have also stabilized income.

**Dependence on the platform:**

- **Social selling:** Microentrepreneurs use digital logistics platforms, receive online training, and readily embrace digital transaction methods, beyond just social selling. They stay competitive in the digital era.
- **Transport and logistics:** Microentrepreneurs use logistics platforms and regularly use another e-commerce platform with delivery facilities. They also transact through digital payments and use e-commerce platforms.

# Early adopter

## Impact

**Capacity building:**

- **Social selling:** Masterclasses, training programs, summits, workshops, and meetings with government officials enhance the capacities of microentrepreneurs.

**Sustained engagement with the platforms:**

- **Social selling:** The platformed social sellers concentrate on one platform, which enhances the chance to improve microentrepreneurs' businesses. This enables them to access multiple useful services.
- **Transport and logistics:** Microentrepreneurs struggle with many challenges when they use the platform, such as a high rate of product returns, high return processing times, and fake product returns by customers.

## Exceptional cases

- **Social selling:** One woman microenterprise owner expressed that she fears hackers will target her page, and she receives calls from unknown people who disturb her. She said, "My overall experience with this platform is good. However, since my mobile number is publicly available on my Facebook page, unknown people try to disturb me with video calls. I also fear that scammers will hack my Facebook page." - (A WE platform early adopter, Manikgonj

# Loyal

## Awareness

**Driving awareness:**

- **Retail trade:** Retail traders gained awareness of the platform from friends and peer groups. Platform agents also introduced them to the platform.
- **Transport and logistics:** Microentrepreneurs learn about the digital platform through social media, especially Facebook, referrals from other users, and agent publicity. The platform arranges campaigns with users for publicity and marketing.

## Onboarding or first-time usage

**Primary trigger for onboarding:**

- **Retail trade:** Uniform pricing and discount offers incentivize microentrepreneurs to use the platform.
- **Transport and logistics:** The offer of bonuses and incentives attracts the users to onboard and continue to use the platform.

**Primary incentive:**

- **Retail trade:** A smooth supply chain with a variety of products, lower prices, and timely delivery attracts the microentrepreneurs.
- **Transport and logistics:** The easy registration and onboarding process enables users to use the platform.

# Loyal

## Onboarding or first-time usage

**Being active in the online space:**

- **Retail trade:** Platform agents assist the retailers in onboarding the platform if they require support.
- **Transport and logistics:** The self-directed onboarding and user-friendly application attract the users.

## Sustained use

**Sustained engagement with platforms:**

- **Retail trade:** Retailers continue to use the platforms due to the customer care and support provided by the platforms. In the retail trade sector, no credit purchase option is found. Platforms do not provide credit options.
- **Transport and logistics:** Users see long-term growth and opportunities when they use the platform. They reach a larger customer base and stay motivated to continue to use it. Microentrepreneurs in the transportation industry use the platform and depend on it more than the retail trade sector. The absence of intermediaries ensures transparency and smooth operations. However, the platform does not offer any financial access for the transport industry.

## Impact

**Sustained engagement with platforms:**

- **Retail trade:** Consistent use of the digital platform results in increased business revenue and profit.

# Loyal

## Impact

**Dependency on the platform:**

- **Retail trade:** The retail traders use the platform, but most of their business depends on physical distribution channels.
- **Transport and logistics:** Some businesses heavily rely upon the platform. Customer outreach has expanded, business revenue has multiplied, and profits have also increased. Although these businesses are mainly platform-dependent, they also use other channels to avoid idle resources.

**System end changes:**

- **Transport and logistics:** Microentrepreneurs want to cancel in case of wrong or false orders, but the platform does not allow cancellation after some time. This creates dissatisfaction among them.

**Participation in digital ecosystem:**

- Users who conducted their business mostly through manual channels have now become digitized.

**Over-reliance on digital platforms:**

- When users get comfortable with one platform, they remain loyal to that single platform.

## Exceptional cases

- **Transport and logistics:** A loyal user of the Truck Lagbe company from Chattogram stated that he is dissatisfied with their customer service. He claimed the company does not treat him well compared to his expectations. He said, “Although I am a dedicated user and well-wisher of the platform who has made a lot of contributions, I was not treated well.”

# Quitter

| | |
|---|---|
| **Awareness** | **What drives awareness:**<br>• **Transport and logistics:** Peer network and direct contact from digital platform representatives promote awareness of the digital platforms. Secondary awareness comes from digital campaigns, social media groups, and digital ads.<br>• **Retail trade and retail service:** Digital platforms reach out to the traders and service providers directly. Peer network establishes the legitimacy of platforms. |
| **Onboarding or first-time usage** | **Primary incentive for onboarding:**<br>• Platform representatives drive onboarding and first-time usage. |

# Quitter

| | |
|---|---|
| **Sustained use** | **Promised services:**<br>• When the platform fails to deliver its promised services, microentrepreneurs lose out on orders and even loyal customers, which hinders adoption.<br>**Unprofessionalism:**<br>• If microentrepreneurs face unprofessionalism from platform representatives, such as misbehavior, miscommunication, and an unhelpful attitude, they lose trust in the platform. The platforms often reshuffle their point of contact (POCs), which disrupts understanding. |
| **Impact** | **Retail trade growth:**<br>• Microentrepreneurs who do not see consistent growth in revenue or business volume leave the platform. They go through a significant learning curve to understand the platform and leave it when the platform does not deliver. |

# Non-platform

Awareness

**What drives awareness:**

- **Retail trade:** Most microentrepreneurs are not aware of digital platforms. Those who knew or heard about the platforms were not interested or were not comfortable using them.
- **Retail service:** None of the microentrepreneurs interviewed were aware of the platforms.
- **Social selling and transport and logistics:** Mostly, the non-participant microentrepreneurs, who knew about these platforms, got informed about the relevant platforms from friends and family. Additionally, microentrepreneurs in the transport and logistics sector also learned about digital platforms from business networks.

# Non-platform

## Onboarding or first-time usage

**Reasons for not onboarding onto the platform:**

- **Retail trade:** Retail traders have various reasons not to join digital platforms:
  - Lack knowledge and understanding of how the platform works;
  - Not willing to onboard since online delivery services do not provide the scope to build customer relationships or maintain a loyal customer database;
  - Platforms, such as Daraz, sometimes shadow the product's original brands;
  - Show less interest in using technologies;
  - Do not have a personal smartphone.
- **Retail service:** Microentrepreneurs are reluctant to avail of the platform as they refuse to provide home services due to two major risk factors: i) Staff's security, and ii) Potential customer loss if the staff poach the client. On the other hand, some (three out of 31) microentrepreneurs did not intend to use platforms as they lack access to smartphones. Microentrepreneurs, especially women, will agree to get onboarded only if staff and resource security are assured and privacy is maintained.

# Non-platform

## Onboarding or first-time usage

- **Social selling:** Trademark issues, such as fashion imitation, reduced brand value, and loss of customer base, are some concerns that prevent microentrepreneurs from joining digital platforms.

- **Transport and logistics:** Lack of smartphones and illiteracy hold back some microentrepreneurs when they seek to join the platform. On the other hand, the desire to reach niche markets and inadequate communication with the digital platforms also deters these businesses from participation.

**Being active in the online space:**

- **Social selling:** All of these individuals interviewed in this sector are women who are currently active and well-informed in the online space, yet they have refrained from agreeing to share any display pictures.

- **Transport and logistics:** Some microentrepreneurs are active in online spaces and regularly use WhatsApp for business purposes. However, they struggled to join the platform due to verification processes that prevented them from doing so. These businesses expected assistance from the platform itself to facilitate their onboarding process.

**Literacy:**

- **Transport and logistics:** We found that one of the individuals had literacy challenges, which made it impractical for them to use the platform.

# Non-platform

## Sustained use

**Sustain engagement with platforms:**

- **Retail service:** Microentrepreneurs rarely use Facebook to promote and market their business. They will participate if business privacy is maintained, staff follow strong principles, and microentrepreneurs do not lose customers due to staff engagement in informal relationships with customers beyond business. The microentrepreneurs we interviewed stated that they do not need credit. One of them mentioned that religion is one of the reasons that he does not want to avail any formal credit.

- **Social selling:** None of these microentrepreneurs needed credit.

**Clarity about the platform:**

- **Retail trade:** The company's vision does not align with using a platform for business.

- **Social selling:** Findings suggest that women microentrepreneurs are well aware of digital platforms, but still decided not to join in any.

- **Transport and logistics:** Findings suggest that microentrepreneurs who lack proper knowledge about digital platforms' terms and conditions tend not to join them.

# Non-platform

## Impact

**Sustained engagement with platforms:**

- **Retail trade:** Certain retail traders who offer unique products prefer platforms specific to their niche because they want to preserve their brand identity. Additionally, some businesses avoid digital platforms due to unfamiliarity or discomfort with technology. Limited business scale can deter small retail traders from participation in digital platforms. Furthermore, some microentrepreneurs are content with their current business state and see no need to join digital platforms.
- **Social selling:** The businesses in the sample that do not join digital platforms have an average runtime of five years. All businesses that have operated for more than five years are from rural areas.
- **Transport and logistics:** Most of the non-platformed microenterprises are sustainable and have 10 years of business experience.

**Participation in the digital ecosystem:**

- **Retail service:** Retail service microentrepreneurs operate manually both in the supply chain and service delivery.

## Exceptional cases

- **Social seller:** According to a social seller from Sirajgonj, one social seller microentrepreneur and one logistics sector microentrepreneur did not participate in any e-commerce platform because they do not want to give away their profits to those platforms.
- **Transport and logistics:** A transport non-platformed businessman from Chattogram said that he onboarded himself on the platform, but the process was not completed because the microenterprise was waiting to complete verification from the Truck Lagbe platform. He communicated with the platform, but the platform told him to come to their office. However, he expects someone from the platform to come to him and resolve the issue.

# Findings from women microentrepreneurs

Findings from interviews with women microentrepreneurs who  operate in the retail trade, retail service, social selling, and transport and logistics sector

# Early adopter

**All insights are from the social selling sector.**

| | |
|---|---|
| **Awareness** | • Personal networks, outreach by the digital platform's representatives, networking, and training are all crucial factors that drive women microentrepreneurs to adopt digital platforms. The local platform representatives who reach out to women microentrepreneurs greatly influence them to join. Additionally, the active engagement of women microentrepreneurs who use digital platforms in the online space highlights the significance of these platforms. |
| **Onboarding or first-time usage** | • Women microentrepreneurs are primarily incentivized to join digital platforms through networking and training opportunities. Once they become users of these platforms, they gain a good idea of online space, which further highlights the platform's importance in their business operations. Women microentrepreneurs can onboard in the platform easily through the self-instructed digital onboarding process. Also, women microentrepreneurs feel that these platforms provide personalized support to women. |

# Early adopter

| | |
|---|---|
| **Sustained use** | • The support from the digital platform's representatives and access to credit are the key factors that drive women microentrepreneurs to stay within the platform.<br>• Women microentrepreneurs perceive networking and training opportunities as invaluable benefits that the platform provides them. |
| **Impact** | • Platform engagement strengthens women microentrepreneurs' resilience as it provides credit access to pro-members.<br>• Consistent interaction with digital platforms stabilizes income.<br>• Women microentrepreneurs actively participate in various platforms, receive online training, and embrace digital transactions.<br>• Masterclasses, training programs, summits, workshops, and government meetings enhance women microentrepreneurs' capacities.<br>• When women microentrepreneurs focus on a single digital platform, it empowers them, improves their business, and provides access to multiple valuable services. |

# Loyal

**All insights are from the logistics sector.**

| | |
|---|---|
| **Awareness** | • Women microentrepreneurs get referrals from friends, and refer to others as well. |
| **Onboarding or first-time usage** | • The problems women microentrepreneurs faced in the previous delivery channel motivated them to switch to a digital platform.<br>• Those who have already adapted to online spaces are more likely to join and use the platform efficiently.<br>• Timely delivery, service, and the security of the goods incentivized the users.<br>• They onboarded through a self-instructed digital onboarding process. |

# Loyal

| | |
|---|---|
| **Sustained use** | • The dependency of users on platform services has amplified both the frequency and the duration of their usage.<br>• Platforms offer comprehensive tracking and robust account management systems.<br>• Women microentrepreneurs articulate notable advantages derived from the digital platform, which encompass streamlined business operations, expanded access to a wider range of customers, and a sense of trust in the platform's consistent performance. |
| **Impact** | • An increasing number of women microentrepreneurs operate their businesses through digital platforms. A growing number of businesses have become fully digitalized.<br>• Business has expanded, and the microentrepreneurs feel secure to conduct their business through these platforms.<br>• Markets have become competitive since information that helps their businesses is easily available online. This results in competitive pricing and marginal profit. |

# Quitter

**All insights are from the logistics sector.**

| | |
|---|---|
| **Awareness** | • Microentrepreneurs in the logistics and retail trade sector rely on the communities' trust and the reliability of the platforms. This is especially true for social sellers. If a platform provides good services, it gets referred within online and offline communities. |
| **Onboarding or first-time usage** | • Agent-assisted onboarding is common in logistics, retail trade, and the retail service sector. Agents or platform representatives guide first-time usage. Microentrepreneurs may need to visit their nearest platform office and get hands-on guidance for onboarding. This helps build trust and rapport. |

# Quitter

| | |
|---|---|
| **Sustained use** | • In the logistics and retail trade sector, microentrepreneurs who share a good rapport with platform representatives feel the urge to quit when the representatives leave.<br>• Microenterprises from the retail trade and logistics sector feel that it would be better if the following facilities were available through the platform:<br>▪ Access to credit;<br>▪ Special rates for women;<br>▪ Arrangement for workshops;<br>▪ Chance to submit and display their works in programs arranged by the platform.<br>• In the logistics sector, findings suggest that women microentrepreneurs do not face challenges when they source products, but face delays in fulfillment, which creates barriers to adoption.<br>• In the retail trade sector, microentrepreneurs face attrition when a platform fails to deliver its service. Low margins and order volumes are the primary drivers.<br>• Microentrepreneurs who face unprofessional behavior from agents or platform representatives tend to quit. |
| **Impact** | • Microentrepreneurs seek other alternatives when long rapport gets lost in restructuring.<br>• Women microentrepreneurs appreciate non-monetary incentives, but these fail to capture sustained usage as long as core services underdeliver. |

# Value proposition for microentrepreneurs to stick to platforms

## Retail trade

- Platforms can lower the price of supply.
- Platforms can offer monetary incentives upon bulk purchase.
- Platforms can help businesses grow and increase their revenues.

## Retail service

- Platforms can provide flexibility to conduct business operations.
- Platform can help increase customer reach and revenue.
- Platforms can provide networking and training opportunities.
- Platforms can enable a good support system.

## Social selling

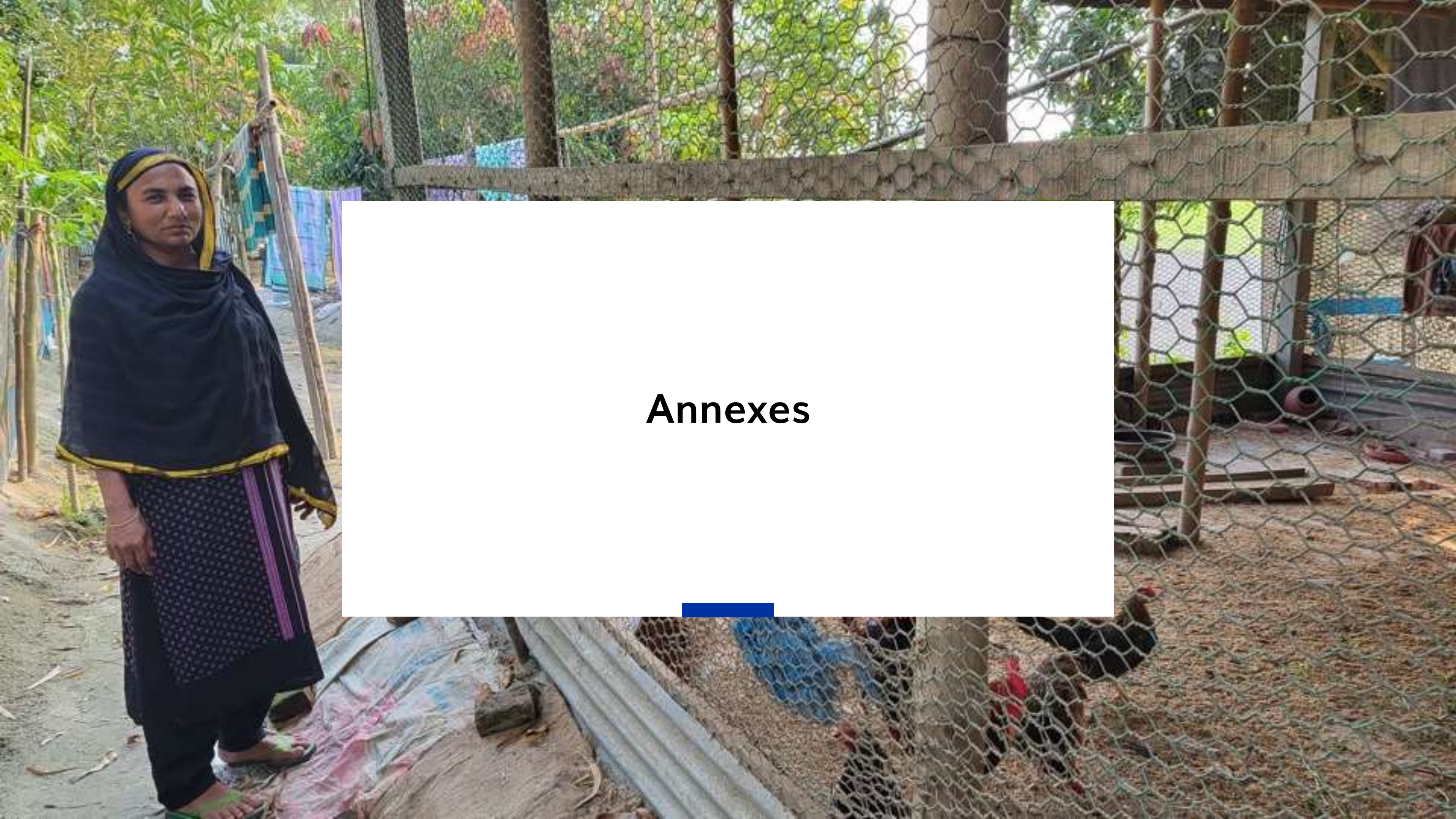
- Platforms can create the opportunity to network and train, which microentrepreneurs value.
- They can provide an effective support system.
- Platforms can help increase customer reach and business volume.
- Platforms can enable access to credit and make businesses resilient.

## Transport and logistics

- Platforms enable ease of doing business.
- Platforms promote increased customer reach,
- Platforms can help businesses grow and increase their revenues.
- They provide a great support system.

# Insights related to access to finance of the MEs

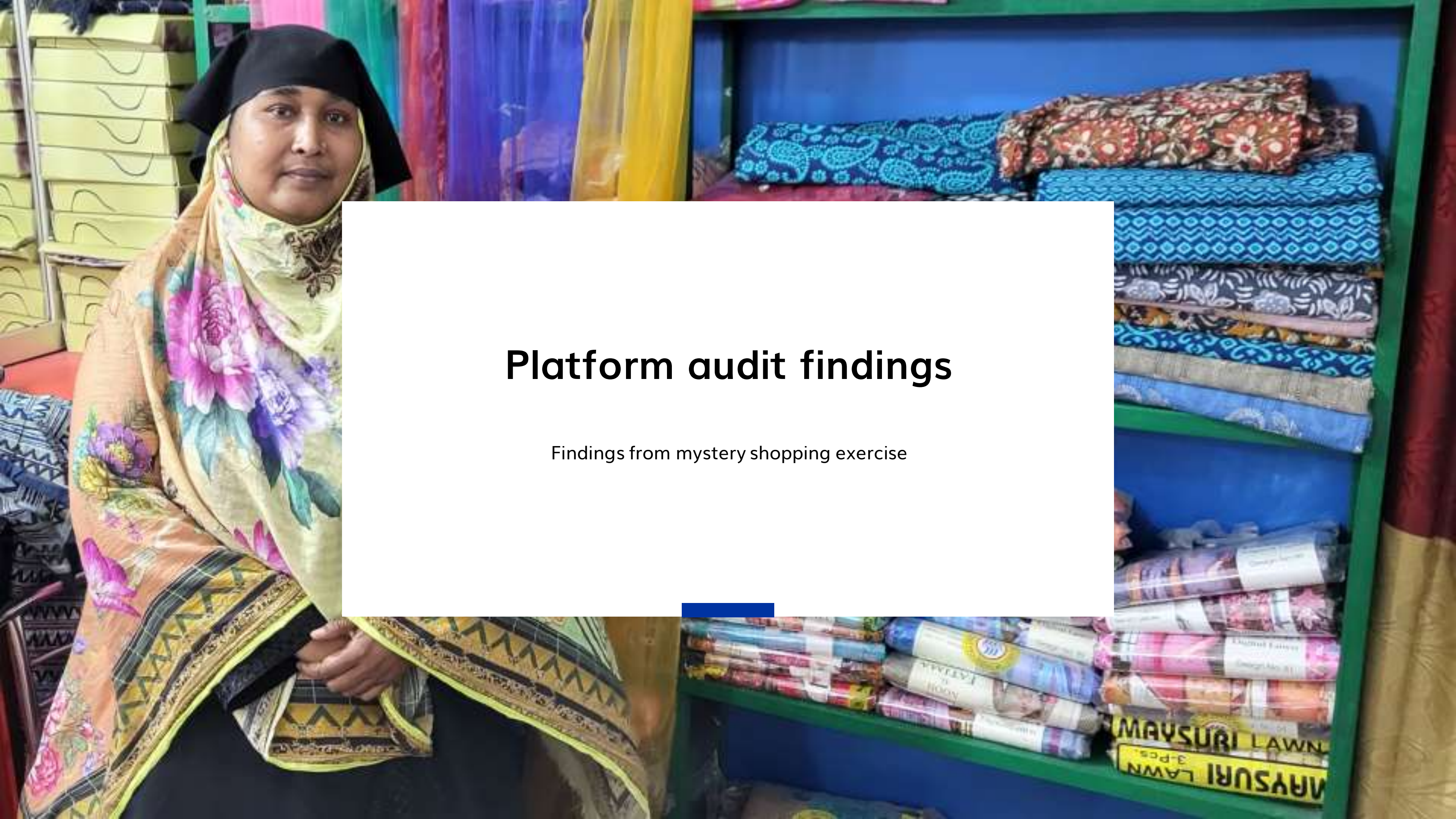
- The platforms are not major enablers of credit for microentrepreneurs, who mostly rely on their own savings or informal networks to fund their businesses.
- Access to finance is not a high priority or a key benefit for most microentrepreneurs. The main reasons for this are:
  - Credit makes them feel pressurized;
  - They did not need credit till now and would consider it later;
  - Their religious beliefs prevent them;
  - Some had a bitter experience with platforms;
  - Some just did not want to take credit and did not specify a reason.
- The platforms have a minimal impact on enhancing business resilience through credit access, as only one respondent reported this outcome.
- Formal channels play a relatively minor role in providing credit, with only a few MEs using them, which indicates a preference for more informal sources.
- Most women did not seem to need credit so far, and some did not consider credit for their business till now.



# Annexes

# Demography

| Component or segmentation | Novice n = 3 | Early adopter n = 4 | Loyal n = 6 | Quitter n = 3 | Non-platformed n = 14 |
|---|---|---|---|---|---|
| **Age** | Mostly within 30 to 35 | Mostly within 30 to 35 | Mostly within 25 to 30 | Mostly within 25 to 30 | Mostly within 30 to 35 |
| **Sex** | Male | Mostly female | Mostly male | Mostly female | Mostly male |
| **Education** | Mostly undergrad | Postgraduate | Mostly could not complete school | Mostly higher secondary passed | Mostly graduate |
| **Marital status** | Married | Married | Mostly married | Married | Mostly married |
| **Business experience** | Mostly 7 years + | Mostly 1 to 3 years | Mostly 1 to 3 years | 7 years + | Mostly 10 years + |
| **Digital savviness** | Digitally savvy | Digitally savvy | Digitally savvy | Digitally savvy | Mixture of digitally savvy and not savvy; but mostly savvy |




# Platform audit findings

Findings from mystery shopping exercise

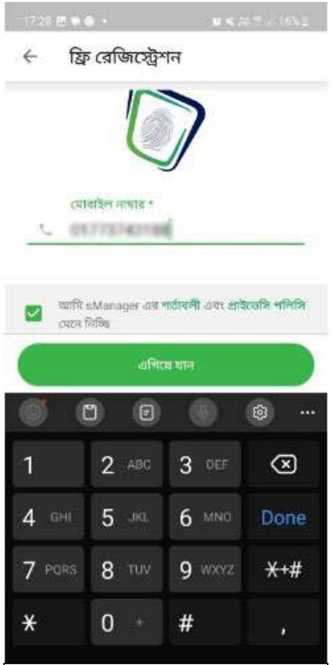
# Platform spotlight: sManager of Sheba.xyz

**Sheba.xyz is an online marketplace that provides services, such as repair, electricity, plumbing, among others.**


Lever: sManager is the app for service providers (SP). The clients use Sheba.xyz.

The language used in the app is *Bangla*, so that the local people can easily understand.

The first page in the platform is for login or sign-up.




To sign up, microentrepreneurs have to put their cell number and agree to the T&C.



Lever: Users have two-factor authentication with a PIN and an OTP.

# Microentrepreneurs must provide basic information to publish their page.


Microentrepreneurs can set up a free account when they provide basic information, such as name, gender, business name, type of business, and consent to do business online.

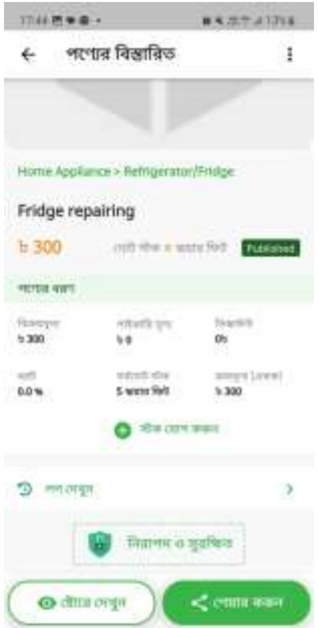

The page requests MEs to publish the page online on the platform.


The page asks MEs to add product or service to the platform after publishing the page.

# Microentrepreneurs must clear the sign-up process to publish their service.


**Service description:** Photo, name of service, product unit, category, sub-category

**Barrier:** Uploading photo option can confuse the MEs

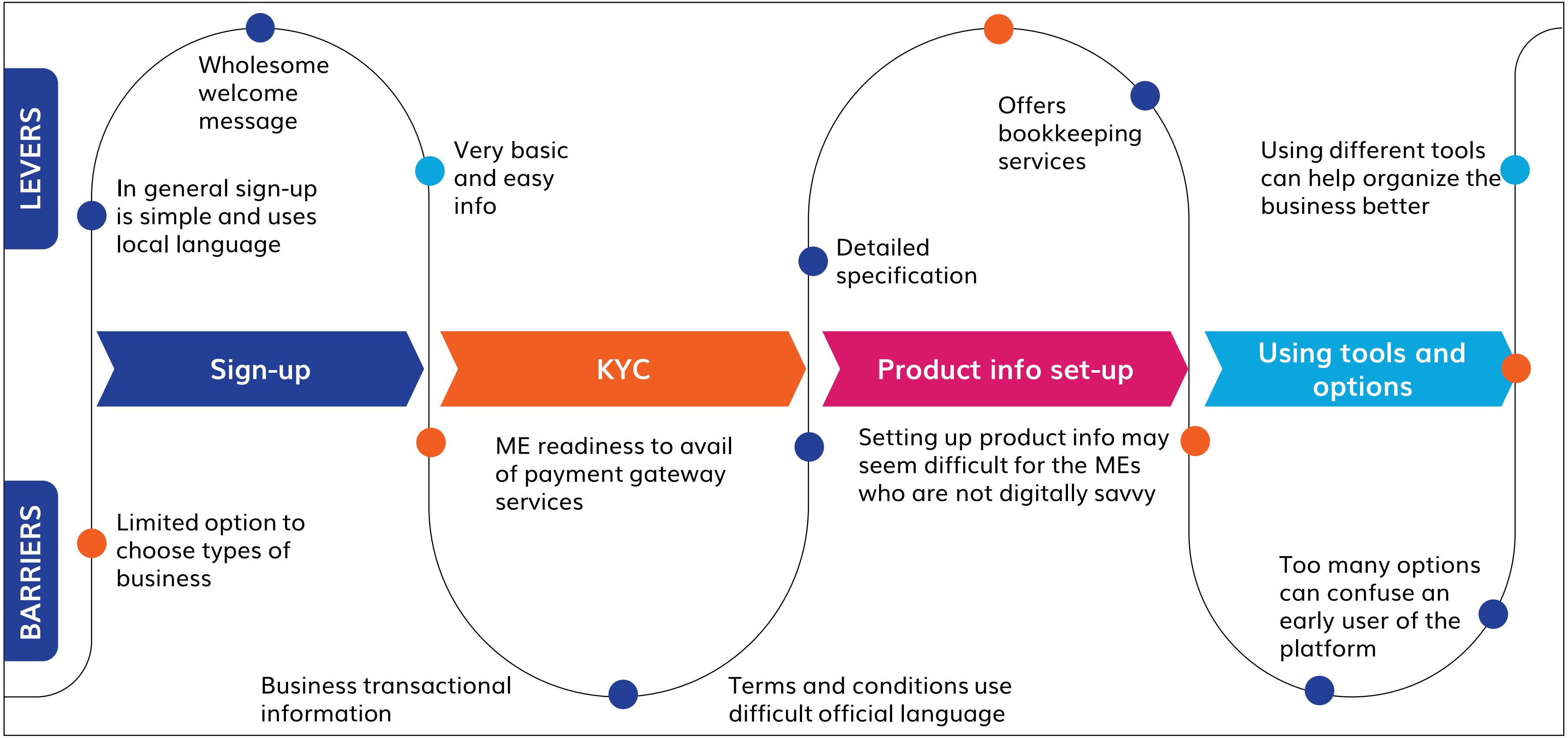



The service is displayed and prompts the user to share on social media.


Homepage

**Barrier:** Need to share confidential financial information to third-party for availing payment gateway service

# User journey on the sManager app



# Microentrepreneurs only have to provide their mobile number for sign-up.

## Truck Lagbe is the online marketplace that provides shipping services.

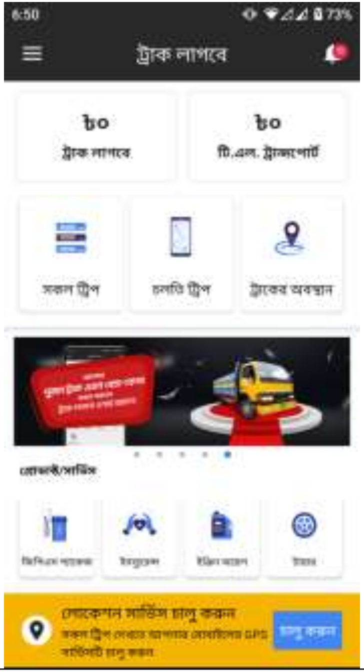

**Lever:** Truck Lagbe Owner is the app for the owners of trucks who will provide service for shipping. The clients use the Truck Lagbe app.

The language here is in Bangla, so that the local people can easily understand it.

The first page is to sign up on the platform through multiple channels, which includes sharing phone number.

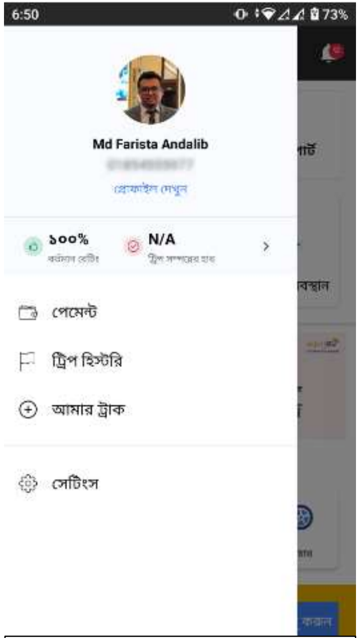

For sign up, the microentrepreneur has to enter their mobile number and agree to the T&C.

**Lever:** OTP.

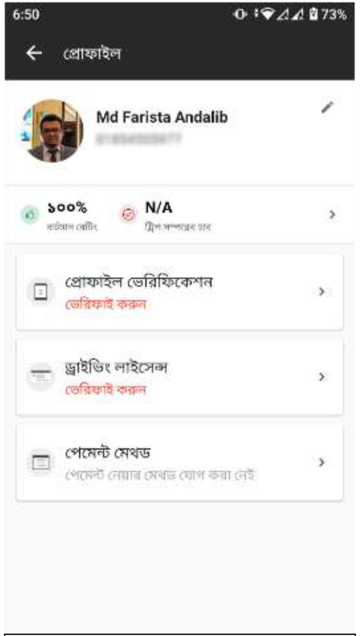



**Dashboard:** All trips, current trips, truck location, VAS, profile

# The app records details of the truck owner and driving license verification.

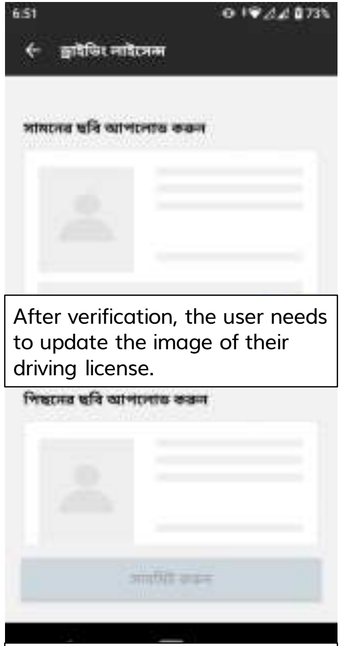



This section shows profile, transactions, trip history, options to add truck information, and app settings.




The profile upgrade option includes profile verification, a driving license, and a payment method.

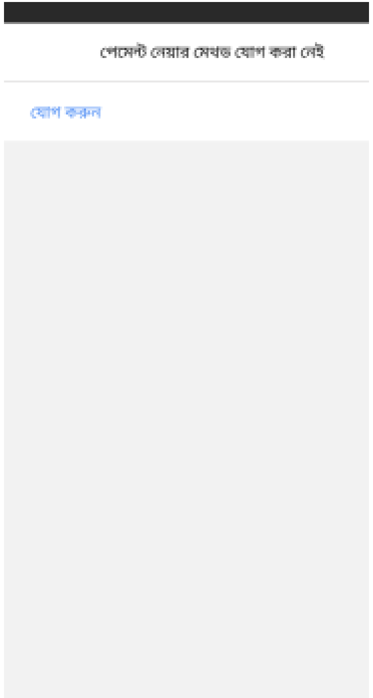

The profile verification option includes picture of the NID, picture, and verification completion.




After verification, the user needs to update the image of their driving license.

**Barrier:** Sometimes, driving license verification requires a lot of time. Often a license is rejected for no reason.

# MFS payment options are available to settle payments with the platform.




Way to add a payment method for payment settlement with Truck Lagbe


Adding bKash or Nagad wallet number for payment settlement with Truck Lagbe.

# Users can explore various options and add the truck information.

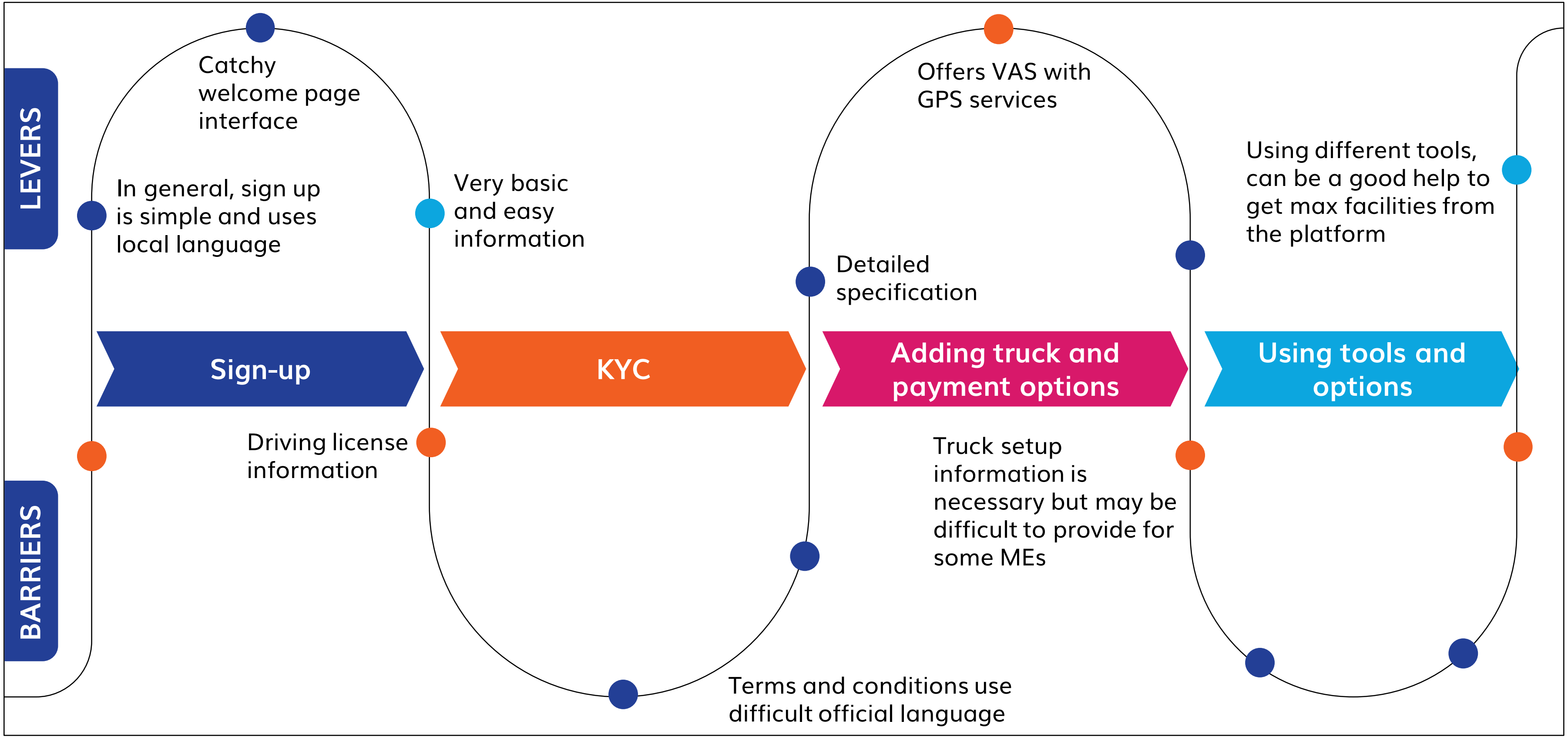

Payment settlement information with Truck Lagbe

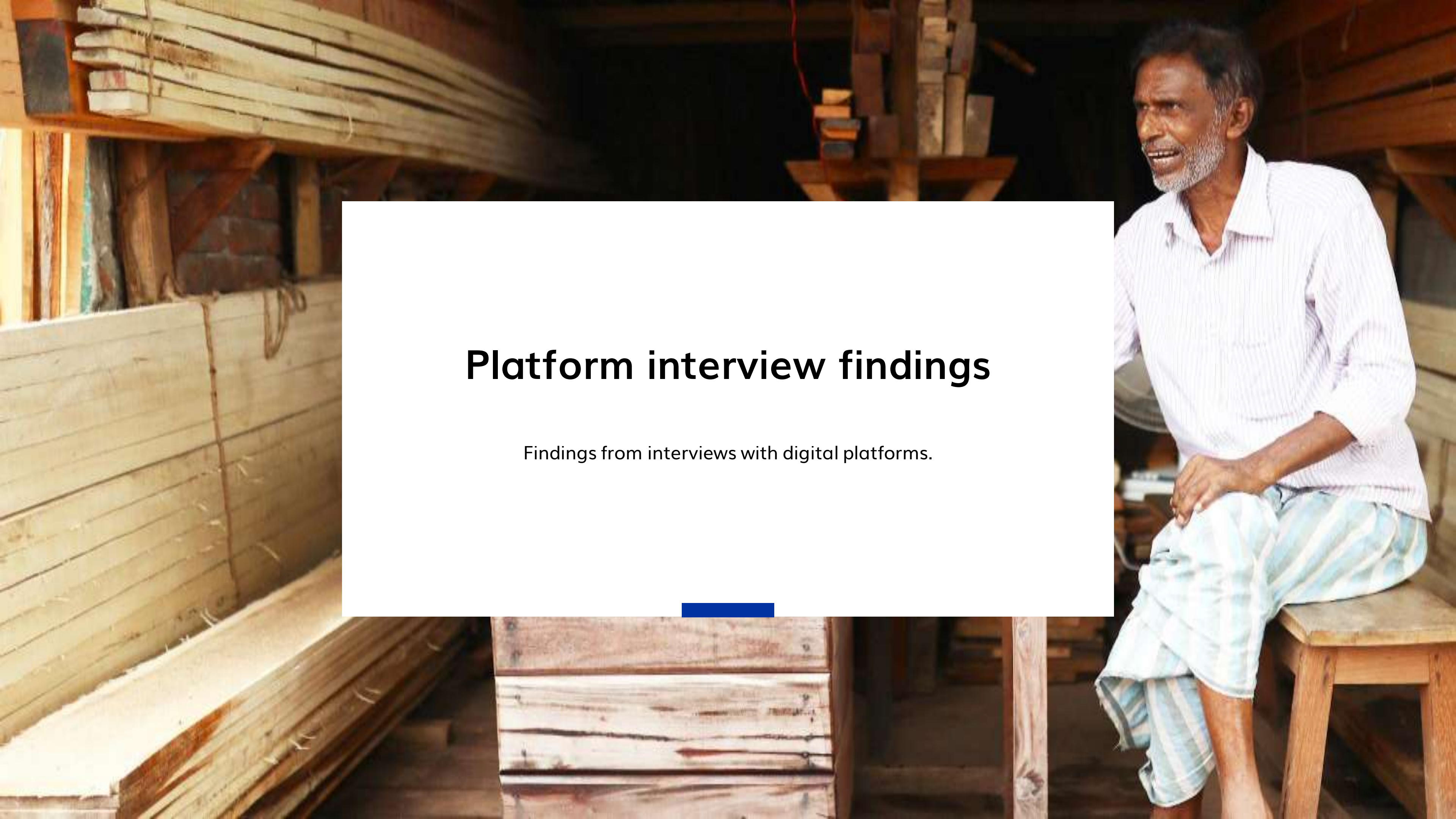

Trip history


Adding truck information


Adding details of the truck to be enlisted in the app, also need to share relevant documents.

# The journey of the Truck Lagbe Owner app.





# Platform interview findings

Findings from interviews with digital platforms.

# Paperfly (logistics sector)

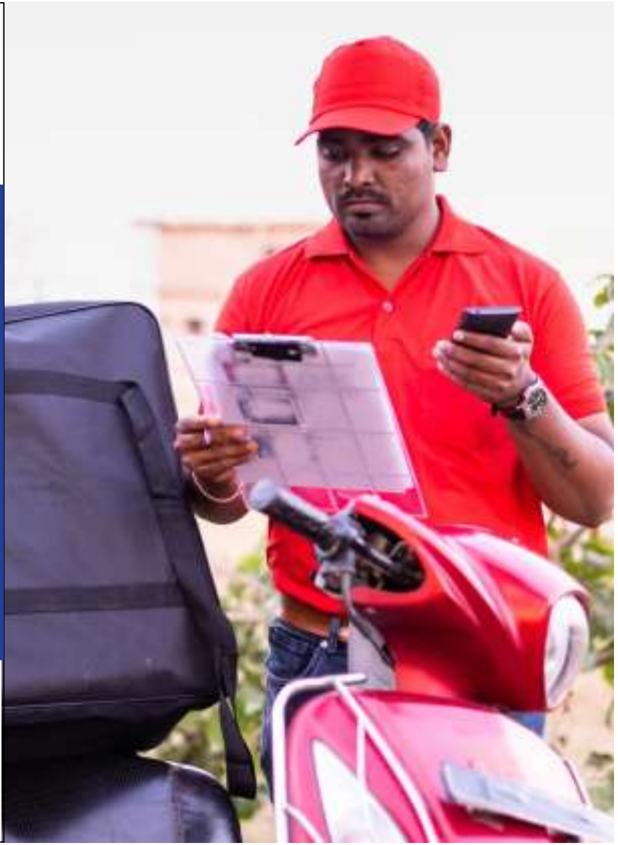
Paperfly's logistics solutions crucially support microenterprises in the e-commerce sector and enable them to overcome challenges when they struggle to reach their customers effectively.

Microentrepreneurs engaged with Paperfly benefit from a user-friendly platform and onboarding process, which helps them use the affordable delivery network to enhance their customer service and expand their reach.

A major challenge faced by microentrepreneurs is internet connectivity issues in remote locations, which hinder their access to logistics services and impact their business operations.

Microentrepreneurs often encounter order cancellations due to inventory shortages, which leads to additional costs for Paperfly when its staff attempt to pick up undelivered products.

The prevalence of cash on delivery (CoD) orders and a relatively high product rejection or return rate pose financial and operational challenges for both microentrepreneurs and Paperfly. In general, the rate of product rejection or product return is 15% to 20%.



# Paperfly (logistics sector)

Paperfly's success indicator keeps the merchant active by managing orders at least once through the platform.

The business requires a supportive regulatory environment and a strong, data-driven IT infrastructure with enhanced tracking mechanisms to thrive when it serves microenterprises. These conditions empower the business to effectively provide services and meet the diverse needs of microenterprises.

Ecom Express, Paperfly's investor from India, influences Paperfly as it provides suggestions and resources about operations and growth.

To address the operational challenges like return, delays in the road, theft, etc., Paperfly employs strong tracking mechanisms and data-driven IT infrastructure, which gives merchants visibility into the end-to-end delivery process.

Supportive regulations and national collaboration within the sector are crucial to overcome challenges and risks, such as fraud, theft from delivery personnel, and vehicle accidents. However, the challenges demand constant attention. The regulations will ensure service reliability and security for both microenterprises and logistics providers.

# ShopUp (retails trade and logistics sector)

ShopUp has three Strategic Business Unit (SBUs) under its banner, REDX, Mokam, and Onkur (currently inactive).

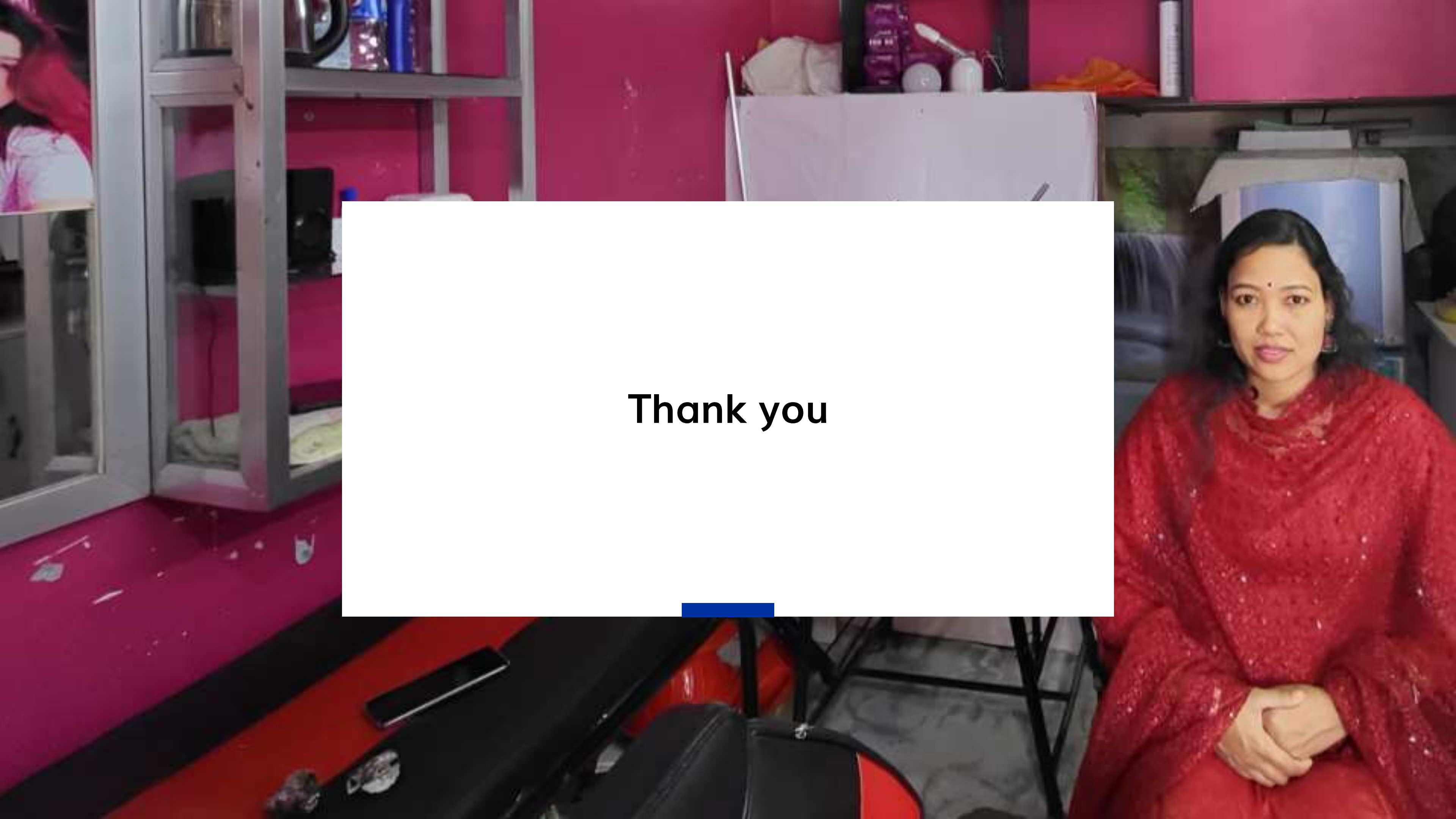
Microenterprises that use Mokam can source products delivered to their shops. They get market-competitive prices for products and appreciate the added benefit of having the product delivered.

MEs find Mokam effective and useful. They want more products offered through Mokam.

REDX is a third-party logistics service. Most microentrepreneurs who use REDX are social sellers. A significant portion of REDX users are women entrepreneurs. Those who use REDX get door-to-door delivery and recordkeeping services.

Onkur (previously called Baki) is the embedded financing platform. Through Onkur, microentrepreneurs who use REDX can access services on credit. Onkur helps maximize the short-term fulfillment of MEs, which ranges from seven to 15 days.

MEs highly appreciated Onkur credit. ShopUp currently plans to distribute digital credits along with service credits. ShopUp acquired an MFI license, and once Onkur passes due diligence, it will reactivate the credit support.



# Thank you