

# Product Discovery, Market & User Research– PhonePe



**This is a group project. Each group is required to submit a single assignment.**

## **Project Brief:**

- Imagine you're a **PM at PhonePe** in the **SME/MSME** pod.
- You've also learnt that your organisation's **goal** is to build more products to generate more revenue from the MSME/SME market.
- Your P0 goal is to figure out what kind of products to build in the short & medium term (in terms of the effort)
- With this context, craft the **top 5 questions** (their follow-up questions) that you would ask local business owners (Kirana shop owners, etc) in a user research interview
- Execute the **In-depth Interviews** (talk to at-least 5 subjects)
- Summarize your insights & inferences supported by direct quotes, pictures, etc. from the discussions using the following template :

[Week 2 : Session 2 \(take home assignment\)](#)



## Research goal

This research focuses on solving the challenges faced by small and medium-sized businesses (MSME), such as Kirana and retail shop owners, who use PhonePe Business accounts. Our goal is to help them better manage their inventory and payments, while also leveraging the new PinCode app for boosting online sales and delivery.





## Key interview questions



### **Kirana Store Owner**

Q: What challenges do you face managing your stock and payments?

A: Tracking stock and payments manually is time-consuming and messy. An inventory feature on PhonePe would save hours and keep me organized.

Q: How could PinCode help your business?

A: PinCode could boost my sales by integrating with inventory tracking. It would help manage both online and offline sales better.

Q: Do you use Paytm or GPay for payments?

A: Yes, but I prefer PhonePe for its ease with refunds and records. If it adds inventory management, I'll use it even more.



## Key interview questions



### Stationery Shop Owner

Q: How do you manage stock and supplier payments?

A: It's all manual and prone to errors. PhonePe with stock and payment tracking would simplify things.

Q: Would you use PinCode for online sales?

A: Yes, if PinCode helps customers find my shop, it would increase sales.

Q: How does PhonePe compare to Paytm and GPay?

A: PhonePe provides better transaction details. Adding inventory tracking would make it my go-to platform.



## Key interview questions



### Meat Shop Owner

Q: What's your biggest issue with managing inventory and payments?

A: Tracking perishable items and payments is challenging. PhonePe with inventory and payment tracking would be a huge help.

Q: How could PinCode support your sales?

A: PinCode could drive more online orders if it integrates with my PhonePe account, increasing sales.

Q: Do you use Paytm or GPay?

A: Yes, for small transactions. PhonePe handles larger payments better. Inventory features would make me prefer it.



## Key interview questions



### Grocery Shop Owner

Q: What's difficult about tracking stock and payments?

A: Running out of fast-moving items and manual payment tracking is confusing. Inventory and payment tracking on PhonePe would solve this.

Q: Do you think PinCode could help your store?

A: Yes, it could help us compete with online delivery services and manage everything more smoothly if integrated with inventory tracking.

Q: How does PhonePe compare to Paytm and GPay?

A: PhonePe is better for business transactions. Adding inventory features would make it my top choice.





## Key interview questions



**Toy Shop Owner**

Q: How do you handle stock and payments?

A: Manually, which is time-consuming. PhonePe with inventory and payment tracking would make it easier.

Q: Would you sell online with PinCode?

A: Yes, if PinCode integrates with inventory management on PhonePe, it would be preferable.

Q: Do you use other payment platforms?

A: Yes, Paytm and GPay, but PhonePe is more reliable. With inventory management, I'd switch completely to PhonePe.



## Top 10 most relevant insights across all the interviews

**Manual Inventory Management is Tough** - Handling stock manually is time-consuming and disorganized.

"Tracking stock manually takes up a lot of time."

**Need for Inventory Tracking in PhonePe** - An integrated inventory system in PhonePe would be a game-changer for managing stock and payments.

"An inventory tab in PhonePe would keep us organized."

**Tracking Payment Deadlines is Hard** - SMEs struggle with remembering payment due dates for wholesalers.

"It's tough to remember all the payment due dates."

**Excitement for Online Sales with PinCode** - There's enthusiasm for PinCode to boost online presence and compete with services like Blinkit and Zepto.

"PinCode could bring in more online business."

**PinCode Can Drive Local Traffic** - PinCode could help attract local customers who might not know about the store.

"PinCode can bring in local online orders."



**PhonePe is Preferred for Payments** - PhonePe is favoured for its detailed transaction records, unlike competitors.

"PhonePe gives better payment history than Paytm."

**Boost Sales with Inventory and PinCode** - Combining inventory tracking and PinCode could enhance both offline and online sales.

"With inventory tracking and PinCode, I can sell more."

**Paytm and GPay Lack Business Tools** - While used for transactions, Paytm and GPay don't offer business management tools like PhonePe could.

"Paytm is for payments, but not for business management."

**Desire for Supplier Payment Tracking** - A feature to track payments to wholesalers would simplify cash flow management.

"Tracking payments to wholesalers would be very helpful."

**PinCode Could Increase PhonePe Usage** - Integrating PinCode could boost both sales and PhonePe's popularity.

"PinCode could make PhonePe more popular."



On the main PhonePe app, it will provide only unreserved travel ticket booking through ONDC.

"PhonePe Payment Technology Services Private Limited (Pincode) has requested ONDC to remain subscribed only to food and unreserved ticket booking domains on the ONDC registry, taking a view to join the other domains after re-aligning their internal approach," said an internal ONDC note, seen by ET. "Accordingly, with effect from 23rd April 2024, Pincode will be unsubscribed from the other domains, except food and unreserved ticket booking."

Advertisement

PhonePe Lending chief executive officer Hemant Gala says the PhonePe platform is disbursing about ₹300 crore worth of merchant loans every month.

The digital payments firm expects ₹3,600 crore worth of disbursements in 2024-25 on an annualised basis.

Merchant loans typically range from ₹60,000 to ₹5 lakh and the average loan amount is ₹1.5 lakhs, says Gala.

"We have disbursed upward of about two lakh loans to our merchants. And it's seeing a gradual scale up, looking at the kind of nature of merchants that we have," says Gala, adding that it's a good mix of MSMEs.

On the lending side, PhonePe runs three lines of businesses - merchant lending, unsecured personal loans, and secured loans which the company introduced last month.

PhonePe launched secured lending products on its platform by partnering with a network of non-banking financial companies (NBFCs). Gala says banks will also join the platform in the next 30 days. The fintech offers loan against mutual funds, loan against property, loan against gold, home loans, two-wheeler loans and four-wheeler loans.

"We have been lending for the past one year. We've been strongly invested in this business. There are two-sided networks that we have - over 535 million registered users and 39 million merchants. The idea in financial services and within that in lending was to cater to the needs of both the segments," says Gala.

Gala says digitisation is likely to help bring down the cost of acquisition for PhonePe's lending.

On the commission charged to NBFCs and banking partners by PhonePe, Gala says in some product categories it's fixed while in others it's a percentage of the disbursement amount that they are doing. "So it's a mix of both depending on the product categories right now," he says.


Now, Pincodes this partnership will introduce a diverse range of groceries, fresh fruits, vegetables, and premium FMCG products on the Pincodes App.

With over 2 million registered users and more than 1.5 million orders processed so far, Pincodes is experiencing rapid growth. The platform offers merchants various benefits such as free delivery, seasonal incentives, and reliability in order fulfillment, enabling a smooth transition to the digital marketplace.

Additionally, Pincodes provides comprehensive support to retailers by way of training, specific dashboards, and a mobile app for daily use, enabling retailers to effectively manage their online storefronts. With Pincodes, customers can browse and shop from well-known shops and supermarkets in their neighbourhood from the convenience of their own homes.

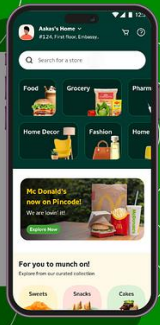
Vivek Lohcheb, CEO of Pincodes, expressed enthusiasm about the collaboration with Simpli Namdharis, a prominent omni-channel retailer in Bengaluru known for its extensive range of fresh fruits and vegetables.





**Pincodes**  
India's Infinity Store

## PhonePe launches Pincodes app on the ONDC platform



### How is PhonePe supporting MSMEs?

MSMEs are the backbone of the Indian Economy and now **ONDC** is playing a crucial role in the expansion of MSME sector and PhonePe recently joined hands with the government-backed Open Network for Digital Commerce (ONDC).

Now, with this integration, PhonePe is also helping small merchants and local stores across India to access processes and technologies typically deployed by large e-commerce platforms like Amazon and Walmart.



### PhonePe's own ONDC platform






In April 2023, PhonePe launched a hyperlocal commerce app called **Pincodes**, which is powered by **ONDC**.

Pincodes focuses on hyperlocal commerce and is currently **live only in Bengaluru**, offering categories such as groceries, food, pharma, electronics, home decor, and fashion. PhonePe is **targeting 100,000 orders a day** on the app by the end of this year.





## Strategy implications for PhonePe

-  **Develop Inventory Tracking** - Implement an inventory management feature to streamline stock and payment tracking for SMEs.
-  **Integrate PinCode for Online Sales** - Launch PinCode integration to boost online visibility and attract local customers.
-  **Enhance Payment Tracking** - Add features for tracking payment deadlines and managing supplier payments to ease cash flow management.
-  **Leverage PhonePe's Strengths** - Capitalize on PhonePe's strong payment history and transaction details to offer more comprehensive business tools.
-  **Promote PinCode Integration** - Use PinCode to drive more sales and increase PhonePe's user base by linking it with online ordering capabilities.



## Potential, research-led product ideas to solve for retention (top 3 only)

### Develop Integrated Inventory Management

- ✚ Create a feature that integrates inventory tracking within PhonePe to streamline stock management and improve organization.
- ✚ A user-friendly dashboard that tracks stock levels, supplier payments, and inventory trends in real time, helping SMEs manage their inventory more efficiently.

### Automate Payment Reminders

- ✚ Implement a system to automatically track and remind SMEs of upcoming and overdue payments to help manage cash flow more effectively.
- ✚ A feature that sends automatic reminders for upcoming and overdue payments to suppliers, improving cash flow management and reducing late fees.

## Enhance PinCode Integration

- ✚ Expand PinCode's functionality to drive both local and online sales and increase PhonePe's visibility and user engagement.
- ✚ Advanced tools for PinCode integration that provide analytics and insights on local customer engagement, helping SMEs optimize their online presence and sales.

## Team Members



**Ritesh Deshpande**



**Daniel Kunamalla**

THANK YOU!