

ACCELERATING E-COMMERCE ADOPTION IN MYANMAR

SELLING CONSUMER GOODS ONLINE

A GUIDE TO TAKING YOUR BUSINESS ONLINE



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AID** 



Foreword from **U Aung Htoo** Deputy Minister, Ministry of Commerce The Republic of the Union of Myanmar



The Ministry of Commerce is pleased to join forces in assisting MSMEs with a rapid transition to e-commerce provision of goods and services, as a response to the COVID-19 pandemic.

The Government of Myanmar has prioritized e-commerce products and innovation in its COVID-19 Economic Relief Plan (CERP). Accelerating e-commerce adoption by both merchants and consumers in Myanmar presents numerous benefits, such as increased formalization of businesses, better digital financial inclusions and digitization of businesses. It will also play an important role in our economic recovery from the impacts of COVID-19, and growth into the future.

The four Good Practice Guides (GPG) will help MSMEs across priority sectors to plan and execute transition to provision of goods and services using e-commerce methods, in line with Government regulations and good industry practices. These GPGs benefited from the leading industry players in Myanmar. They are an essential tool of the Government's vision to transition to a digital economy. We are grateful to the Australian Government for the support provided to accelerate adoption of e-commerce in Myanmar.



Now is the perfect time to take your shop online!



The COVID-19 virus has had a major impact on the way we buy and sell products and services.

Along with the challenges, the virus also presents opportunities for businesses selling household and consumer goods. Myanmar people along with the rest of the world have turned online to buy basic goods, from hot food to groceries to hand sanitizer and masks.

There are now more Myanmar people online than ever, in line with the growth in electronic commerce and smartphone usage. In fact, there are now 126 mobile subscriptions per 100 people in Myanmar (Source: *Wearesocial/Hootsuite Q1 2020*)! Now that the virus has made people much more comfortable buying their household and consumer goods online, it's likely that online purchasing will continue to grow even once the virus is gone.

So there has never been a better time to set up and sell your consumer and household goods online. This Good Practice Guide will set out the key options for taking your business online, and lots of practical tips to help you succeed.

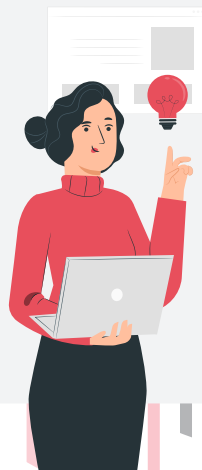
Mon Mon and Wai Wai go online



Mon Mon and her best friend Wai Wai are entrepreneurs in the female fashion industry. They own a female fashion and accessories retail shop in Junction Square Shopping Mall. They have a reputation for purchasing the best quality of dresses directly from Thai and other regional suppliers, with new stock arriving every month.

The COVID-19 pandemic has dramatically reduced the number of people visiting their shop. With fewer customers, this has, of course, meant a drop in revenue.

Wai Wai, who usually scouts social media for the latest fashion trends, suggested that they start selling their products through social media and online marketplaces, which connect stores to delivery partners and then to customers.



How to plan for the transition from offline to online

If you have decided to take your business online, there are two basic choices: become a 'merchant' with an online 'delivery platform' or sell to customers yourself. The most common delivery platform for household and consumer goods in Myanmar is the '**multi-vendor marketplace**', a website which offers items from many sellers from different locations, and arranges delivery to customers. Some platforms can also be combinations of solutions, i.e. be a marketplace yet buying their own inventory for some products.

There are other models in Myanmar, such as the '**inventory**' model, where the platform buys goods from multiple sellers and warehouses the inventory to sell to customers through its website. Our Guide will concentrate on the two most common models – the 'multi-vendor marketplace' model and selling directly to customers yourself. You should start with a simple cost-benefit comparison:

2 ways of selling goods online



Delivery platform

Joining an existing online 'platform' to manage and deliver goods from your shop to customers.

Set up costs

Delivery platforms may sometimes charge a 'set up' fee, including payment 'integration' and the stock management system.

Ongoing costs

Online marketplaces will require wholesale discounts, or will charge a commission on the price of your goods.

Main advantages

Platforms bring your products to a large audience, and can lift revenues, at very low cost.

Main disadvantages

Large sales at a discount wholesale price can reduce your profits, and additional commissions can make your products less competitive.



Online yourself

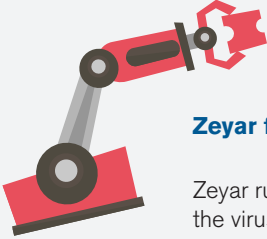
Selling and delivering to your customers through your own website or a social media platform.

Setting up a website including quality photos; facility to take payment and communicate with customers.

Cost of delivery.
Cost of social media and online advertising.

You sell direct and keep the profits from online customers. You wholly own the relationship with the customer (data, contact and branding).

You work hard to get and manage each customer.
Very costly: you have to pay for IT front end, back end, marketing, personnel, customer service, Facebook boost, delivery, operations, all by yourself.



Zeyar finds his own online solution

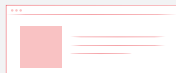
Zeyar runs a shop specialized in kids toys in Mandalay. Since the virus hit, he has put a big sign outside his shop with a QR code and link to his new Facebook page. He carefully set up an online catalog on Facebook. When a customer sends him a message, he will respond with stock confirmation, the price and delivery options. As his business grows, he is looking at new electronic payment options, and setting up pages on other social media platforms.

How to select and join an online marketplace and delivery platform

If you are looking to join a delivery platform, you can compare the options by focusing on these key questions:

- 1 Which delivery platforms are available and most popular in my local area?
- 2 What are the set up and ongoing costs with each platform?
- 3 How efficiently can the platform support me getting online? Who else can help me?
- 4 Does the platform promote my products or my brand, or does it sell products generically?
- 5 What in-store support do they offer, such as mobile point of sales machines (usually on tablets), an app for merchants?
- 6 What are payment terms, refund and cancellation policies?
- 7 How and how quickly will I get paid?

DELIVERY PLATFORM 1



DELIVERY PLATFORM 2



Mon Mon & Wai Wai compare delivery platforms

Mon Mon and Wai Wai contact 5 delivery platforms to compare their setup and ongoing fees. Based on their research comparing similar online fashion stores, they expect 15–20% more orders once they are online, though the delivery platform will charge 5–15% on those sales. They calculate that this will increase their profit as their shop rent is a fixed cost.

They successfully prepare all the information required to register with an online marketplace and submit their catalogue of products to 4 companies to become an online merchant.

A common option is to **join all platforms** available in your area, though setting up for all may take some time. Also consider how your business will manage the processes and conditions for different platforms – do you have someone who can learn and monitor orders from two or three different platforms on a busy weekend?

Registering with an online marketplace & delivery platform

The process for registering your business with delivery platforms can sometimes be consuming but can usually be completed within an hour if all information is handy. It is usually similar across different platforms. It involves providing the delivery platform with enough information to establish an attractive and functional online store. The platforms usually provide some assistance to make the process as easy as possible.

4 steps to register with an online marketplace & delivery platform

1



Registration

Each delivery platform will have a 'merchant' or 'partner' link on their website, and will require initial registration information such as:

- Shop name
- Shop address (GPS location)
- Contact name, phone number, email address
- Type of store (e.g. beauty, fashion, pets, toys, electronics, etc.)
- Opening hours (e.g. Monday to Saturday from 8am to 10pm)
- Catalogue of products in any of the following formats: .pdf, .xlsx, .docx, .jpg, .png
- Photos of products (optional, but highly recommended)
- Quantity of products (this is kept updated, to allow inventory management)

2



Contracting

Receive, review, and sign the provided service level agreement contract. Pay close attention to registration fees, commission rates, payment terms, delivery fees, refund/returns policies, and terms for the cancellation of the agreement.

3



Set up and training

Your delivery platform should provide training on how ordering and delivery will work using the platform's app. If the platform provides you with a tablet, this will become your Point of Sales device - so understanding how to use this will be very important. This is the time to prepare your 'back-end' systems (see later section).

4



Go live

Before going 'live' on the platform, review your online catalogue as published by the marketplace and delivery platform. Does it look attractive and are all the details correct? When ready, start selling and increasing your revenue!

Developing your presence online

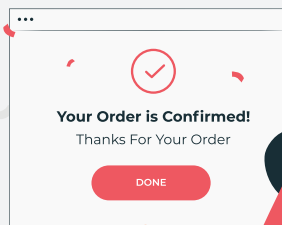
Now that you're moving your business online, you need to tell your existing customers – and grow your business by reaching new customers. If you're going online by yourself, this will usually involve building a website, or a page on a social media platform such as Facebook. If you're joining an existing delivery platform, they will have the automated tools to help grow your presence on their platform.

Mon Mon & Wai Wai grow their online business

Mon Mon & Wai Wai successfully registered with three online marketplaces in less than a week. It's now been a month since they registered and deliveries are working well. Mon Mon has installed the apps, and receives order notifications on her smartphones and mobile POS device with details of the items ordered and quantity as well as a pick-up time from the delivery partner.

Even though the delivery platform takes a percentage of the transaction cost, they have been able to raise and increase their sales volume, as they are selling to a broader range of customers. The online fashion business is now more than 40% of their daily sales.

As they see the opportunity to engage their customers, they are now posting daily videos and promotions on Facebook, Instagram, and TikTok. Social media helps them to increase their fan base and stay on top of mind of their existing customers. They also plan to register with more online marketplace applications in order to increase their orders.



Messaging to customers

Like any normal business, keeping customers happy is the key to success. Here are some expert tips on engaging with customers:

- 1 **Contacts:** Make sure your Whatsapp, Viber and Telegram contact numbers are easy to find.
- 2 **Fast response:** Reply to customers within minutes, and have an automatic response with your opening hours and phone number.
- 3 **Target locals:** Many customers may live near your shop. Don't forget the value of distributing printed advertisements, as well as online advertisements.

Using social media

Social media can help spread the message that your business is online, and ready for orders. Whether you join an existing delivery platform or set up your own website, social media keeps customers thinking about your shop and products! The key is to keep social media active – and find ways to engage with your customers and get them to share their positive experience with your business.

Some important social media tips include:

- 1 **Get established:** Create a **Facebook** page for your business, and link it to popular groups and other social media platforms or messaging apps such as **Viber** or **Whatsapp**.
- 2 **Create content:** Start by posting about the platform you have joined, or the website you have set up. Share posts at least twice a day – photos of your products, videos of your staff trying and testing your products. Never use photos from the internet – only real, exciting images from your business.

- 3 Engage your audience:** Ask questions of your audience, create mini com-petitions for a free product, create short videos of your products, your shop, even of your clients receiving deliveries. These videos can be linked to a **YouTube** account when you have enough. The more you get your audience to comment and like your posts, the more prominent your business will become on social media platforms. Over time, learn the art of 'hashtags' and linking to popular figures and groups to boost your audience.
- 4 Show you care:** Share information about your response to COVID-19 (e.g. post photos of your staff wearing mask, gloves, etc.). Share stories about your business helping local charities and groups.



Getting 'back-end' systems ready

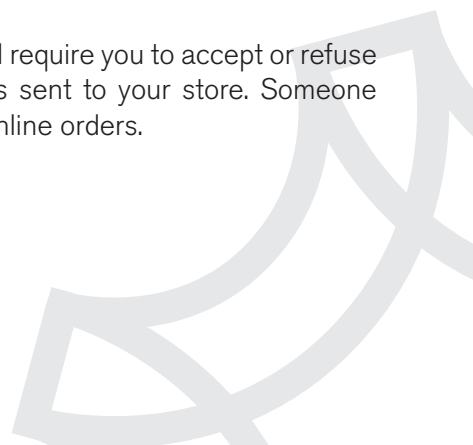
Before you start selling online, you will need to make sure your systems and processes are ready. It would be bad for your business if you fail to deliver what the customer orders, or it takes too long, or some other failure. As much as social media can have your customers promoting your shop, it can also be used to criticize. For this reason, the 'back end' systems are very important.

You should approach selling online as a new 'workflow' – every step from pre-order, to order, to preparing, to packaging, to payment, to delivery and customer feedback. And you will need someone who is trained to use the system to accept and track orders, and to monitor delivery.

For those joining delivery platforms, here are some of the key 'back-end' tips to help you prepare:

Accept/refuse orders

After you receive an order, the delivery app will require you to accept or refuse that order before a logistic partner (driver) is sent to your store. Someone should be dedicated to do this and manage online orders.



Manage your stock

The biggest challenge in online selling is matching physical stock with what you offer online. Delivery platforms will not do this for you, so you will have to monitor your product inventory and act quickly to 'turn off' a product offered online if you are running out.

Keep the offering current

Actively review the online listing to make sure all products, prices, descriptions, and photos are all current.

Have frequent promotions

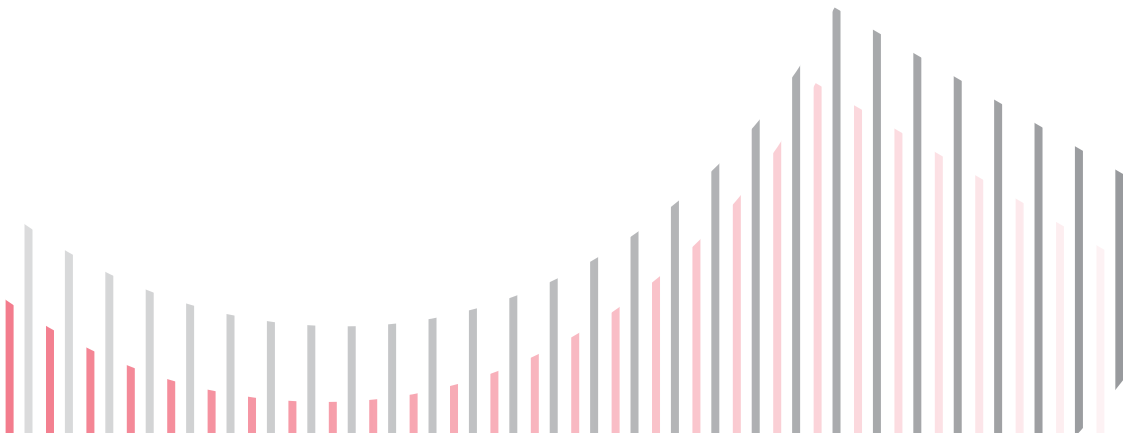
Your customers will respond to frequent promotions and discounts, and the delivery platforms allow you to do this easily. Some options include: percentage discounts on one or more products, buy 1 get 2 promotions (or similar), discounts for 'whole cart' value above a minimum amount (ie. 10% of whole order over 30,000 MMK).

Learn about app functions

Delivery platforms are always expanding and improving the functions that give you greater opportunity to sell. Spend time to learn how to define your opening hours, have temporary 'closing' when orders are too high or for holidays, and take advantage of opportunities to promote and feature your products.

Learn from the data

Delivery platforms will provide lots of data on history of orders, popular products and ordering times, and sales revenues. Use this data to improve your products and sales techniques.



Adapting to e-commerce during the pandemic

The COVID-19 pandemic has challenged everyone to think of new ways of doing business. The rapid rise in consumers going online to purchase their goods and services will remain long after the virus has gone. So the opportunity is there – right now – to get your business online and grow.

Here are some tips to help you adapt to the new 'COVID-19 reality' when selling your goods online:



Packaging for delivery

Your delivery platform can advise on suitable packaging for liquids, clothes, and more. The materials you use will need to be durable, shockproof and waterproof, as is required for your type of goods. You may want to explore plastic free packaging to reduce the impact on the environment and increase your customer satisfaction. Your delivery driver will expect to pick up the goods packaged and ready to go. If your goods are fragile, use necessary bubble wraps and foam enclosures to ensure your good arrive in good conditions to your customer.



Contactless delivery

Ask your platform or drivers to see if they offer 'contactless' delivery to reduce the risk of virus transfer. This typically involves verifying the customer receives the order, but not handing it to them directly.



Go cashless

Another reason to move to online payment is that handling of cash can increase the risk of transferring the virus. See the section on 'Getting Paid' for more information.



Show your customers how you work safely

By sharing photos, videos and information about how you prepare and deliver goods in compliance with health and safety requirements, their confidence and orders will increase.

Zeyar sends his first video

Zeyar's neighbours tell him that some customers are nervous about ordering toys due to the risk of transmitting the virus to their kids. Seeing the opportunity, he films a short video showing him and his workers getting temperature checks when they arrive at work, using gloves and masks, and packaging toys in clean sealed bags. He sends the video to customers on Whatsapp, who respond positively. His orders grow by 10% that same day.



Complying with laws

Selling your products online requires you to comply with all of the normal commercial laws, commercial contracts (including settlement of disputes), and employment requirements. The new Myanmar Consumer Protection Law will also apply. This means you must be accurate in providing information to your customers, including things like the identity of the company, product labelling, terms and conditions for payment, cancellation and refunds. An online delivery platform may be able to give you advice on this.

New laws for companies selling online are currently under development. There are likely to be requirements for registration for e-commerce operators under a new Myanmar e-commerce law, though this is not yet finalized. However, you can expect that all of the normal laws of business taxation will apply to businesses selling online. If you join a delivery platform you should ask how they can help you protect this data, and comply with the law.

Getting paid

Getting paid 'Cash on Delivery' is still the most common approach, and most delivery platforms will allow this. However, there are big incentives and advantages to moving payments online. Many delivery platforms can offer free 'Point of Sale' machines to process and automate payments. Moving payments online can also help grow your business, by providing the

information needed by banks and insurers to lend and protect your business. Lastly, going 'cashless' can avoid the risk of transferring the COVID-19 virus through handling notes.

If you join a delivery platform, it is likely that they will offer a facility to accept payment online. This is usually where your customer pays through the app using their credit card / debit card and the delivery platform collects the money and sends what it owes directly to your company's bank account. Delivery platforms can also usually 'integrate' with a payment services provider (WavePay, CB Pay, KBZ Pay, AYA Pay, etc.) that you select. See 'Further Information' for some examples in Myanmar.

If you decide to go online by yourself, you should first speak to your bank about what type of merchant facilities they offer. This may involve setting up a 'merchant account' (to accept payments as a business) and a 'payment gateway' (connecting your store and the merchant account). You could also speak to digital wallets like WavePay which provide you with a merchant account where you can collect payments and settle directly into your linked bank accounts.

Whatever option you choose, there might be fees involved – so check and compare carefully.



Mon Mon & Wai Wai manage their cashflow

Mon Mon and Wai Wai have now registered with a wide range of online marketplace and delivery services. They are sending packages all over Yangon but also to customers in other States using mobile ordering platforms. Thanks to the order history in the merchant's app, they can easily track their payments. Some platforms pay them directly at pickup while others pay them twice a month using bank transfer.

Now that they can monitor their payments and orders, they have more confidence in placing larger orders for new and exciting fashion and accessories for the coming month. One day soon they will look at options for borrowing money to increase the size of their shops and sell pregnancy dresses – especially that Wai Wai is now pregnant. Things are looking good!

Further information

The following companies have contributed to the formulation of this GPG and may be contacted for additional information on selling goods and services online.

If your company wants to be included in further guides, brochures under “sources of information” please visit us at tradeworthy.com or contact MoC Digital Trade Unit (digitaltradeunit.dot@gmail.com).



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