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The Myanmar Consumer Survey
Finding bright spots amidst the
uncertainty

February 2021

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Foreword

Despite the significant impacts of the COVID-19 pandemic on the economy, the Myanmar consumer is resilient, forward-looking, and pragmatic. Even as they make the necessary adjustments to the new normal, they remain fairly optimistic about their medium to long-term prospects.

In this report, we present our findings from the recent survey conducted in the third quarter of 2020 across over 600 households through face-to-face interviews in three major cities: Mandalay, Mawlamyine, and Yangon. While this survey considers some of the immediate impacts of the COVID-19 outbreak on consumer behaviour, it should be noted that it was conducted before the military came into power on 1 February 2021, and the on-the-ground situation continues to rapidly evolve even as we speak.

To facilitate discussions on the consumer journey and highlight segment-specific insights where possible, we have developed four personas to represent the various key consumer segments in Myanmar: Nadi, Aung Ko, Thiha, and Sabae. Through their lenses, we will explore the consumer journey while analysing the impact of the pandemic and other macro trends on the Myanmar consumer's heart, wallet, and mind.

We will begin by examining the overall consumer sentiment, including their economic and employment outlook. Overall, we observed moderate short term consumer sentiments, but relatively more optimistic sentiments about the economy for the medium term. This is a sign of resilience that is evident across the board, despite the fact that a significant proportion of survey respondents are employed in industries with medium to high risk of disruption from COVID-19.

Next, we explore some of the shifts in consumer spending, which reflect not only greater prudence amidst the ongoing pandemic, but also a shift in priorities as consumers adapt to social distancing measures and the accompanying lifestyle changes.

Finally, we take a look at the purchasing drivers and other behaviours exhibited throughout the purchasing journey from pre-purchase, to purchase, and post-purchase. While COVID-19 has accelerated the use of digital channels to some extent, what appeared to be more significant was the shift in preference towards Traditional Trade channels, which offer consumers greater convenience due to their closer proximity to residential areas. Looking ahead, consumer companies should also consider ways to enhance their geographical coverage and distribution capabilities to stay ahead of the game.

We hope that this report will provide you with some insights into the Myanmar consumer, and the considerations that you will need to make as we look towards the bright spots amidst the uncertainty.

Pua Wee Meng
Consumer Industry Leader
Deloitte Southeast Asia

Finding bright spots amidst the uncertainty



The COVID-19 pandemic has undoubtedly had a significant impact on Myanmar and its economy. While its initial efforts to curb the spread of the virus – including travel restrictions, border closures, and bans on large gatherings – had appeared to be relatively successful, the second wave of the outbreak proved to be more difficult to manage: from mid-August 2020, new cases have been on the rise; by December 2020, more than 1,000 cases were reported each day¹.

Exacerbating the situation were also the capacity constraints of its health care system and quarantine facilities. In mid-October 2020, when Myanmar was facing a record high number of cases, monasteries, schools, and government offices had to be repurposed as quarantine facilities to bridge the gap between the public health care system and the upsurge in demand for such facilities². In addition, despite efforts over the last few years to increase the level of social protection for citizens, the incomes of some lower-income households had been severely impacted by the pandemic³.

Furthermore, export activities continue to grapple with supply chain disruptions. Border trade with China, for instance, dropped by USD 160 million in the 10 days between 27 January 2020 and 5 February 2020⁴. Other economic sectors, such as manufacturing, construction, hospitality, and food and beverages also suffered on the back of regulations mandating the closure of non-essential businesses.

Despite the gloom, however, there continue to be some bright spots amidst the uncertainty. Myanmar, for instance, is still expected to be amongst the only three Southeast Asian economies to achieve a positive growth rate for 2020, with estimates coming in at about 1.8%⁵, on the back of the growth of some of its more resilient sectors, such as agriculture.

In this section, we will explore four characteristics of the Myanmar consumer in the new normal, and present four consumer personas whose journeys we will follow over the course of the report as we discuss the impact of the pandemic and other macro consumer trends on the three dimensions of the Myanmar consumer's heart, wallet, and mind.

When considering these insights, however, it should be noted that these were developed before the military came into power on 1 February 2021, and the on-the-ground situation continues to rapidly evolve even as we speak.

1 "COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)". Johns Hopkins University. Accessed on 12 December 2020.

2 "Soaring Myanmar COVID-19 cases test long-neglected health care system". VOA News. 15 October 2020.

3 "COVID-19 second wave in Myanmar causes dramatic increases in poverty". EurekAlert. 24 November 2020.

4 "Myanmar losing \$16m a day in China trade due to coronavirus – commerce ministry". Myanmar Now. 8 February 2020.

5 "Asian Development Outlook Update, September 2020". Asian Development Bank. September 2020.

Four characteristics of the Myanmar consumer

Overall, our latest research findings based on the Myanmar Consumer Survey conducted in the midst of the COVID-19 pandemic in the third quarter of 2020 (see 'Methodology' section for more details) revealed four key characteristics of the Myanmar consumer in this new normal:

- **Optimistic medium-term outlook tempered by moderate short-term sentiments**

With Myanmar's economy taking a hit from the COVID-19 pandemic, the consumer sentiment broadly reflects the general market consensus on Myanmar's economic growth prospects. Overall, consumers indicated relatively moderate sentiments for the short term, and more optimistic sentiments for the medium term.

- **Shift in priorities towards necessities**

Given the uncertain economic climate amidst the ongoing pandemic, the Myanmar consumer is exercising caution and prudence by prioritising necessities in their expenditure, and shifting the focus from out-of-home consumption to at-home consumption.

- **Heightened consideration of quality-related aspects**

While we have observed Price to be one of the most important considerations for the Myanmar consumer over the previous editions of the survey, there has been a noticeable shift towards quality-related considerations in this latest edition. Perhaps as a result of the COVID-19 pandemic, survey respondents are now prioritising considerations such as safety, health, and nutritional value for food categories, as well as quality and durability for non-food categories.

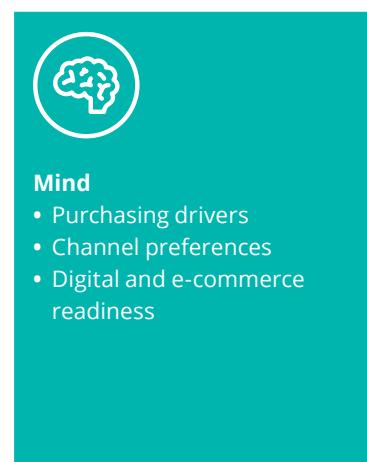
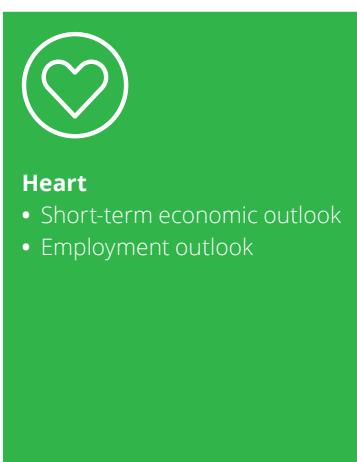
- **Assurance-related factors continue to hinder digital adoption**

Cash is very much still king, and consumers overwhelmingly prefer to make purchases at physical outlets. To instil greater confidence in digital platforms, companies and regulators alike will need to collaborate to put in place clearer and more robust regulations and processes.

The consumer journey

Throughout this report, we will explore the consumer journey through the lenses of the four defined personas, while analysing the impacts of the pandemic and other macro consumer trends on the Myanmar consumer's heart, wallet, and mind.

Specifically, the heart dimension will focus on the changes to consumer sentiment as a result of the pandemic, overall economic conditions, as well as outlook on income and employment; the wallet dimension will focus on the near-term adjustments in consumer spending patterns and other financial priorities; and the mind dimension will focus on adopting a forward-looking approach by delving into the changes in consumer priorities and purchasing journeys for the foreseeable mid- to long-term.

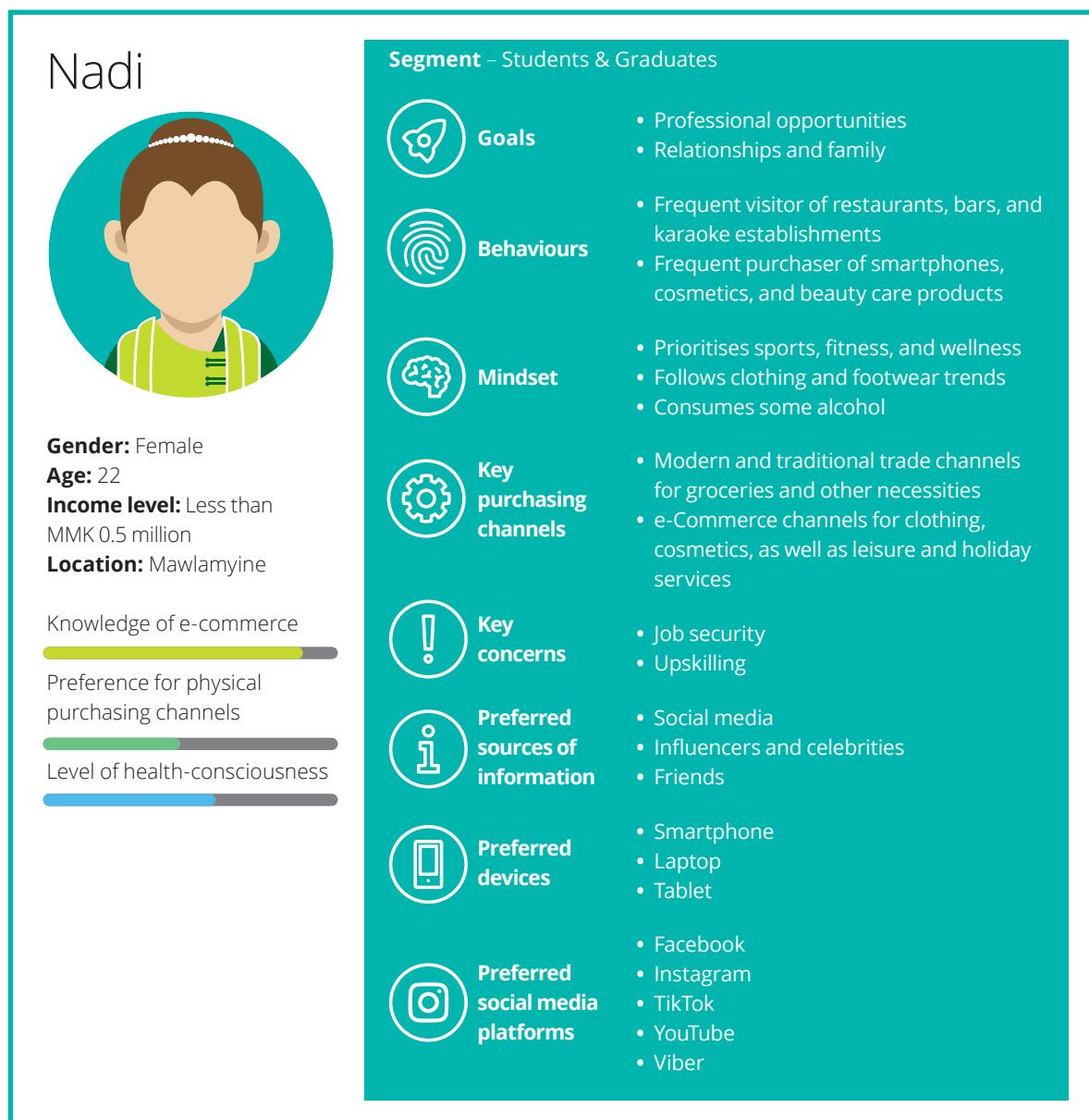


Four Myanmar consumer personas

To facilitate discussions on the consumer journey and highlight segment-specific insights where possible, we have developed four personas to represent the various key consumer segments in Myanmar: Nadi, Aung Ko, Thiha, and Sabae.

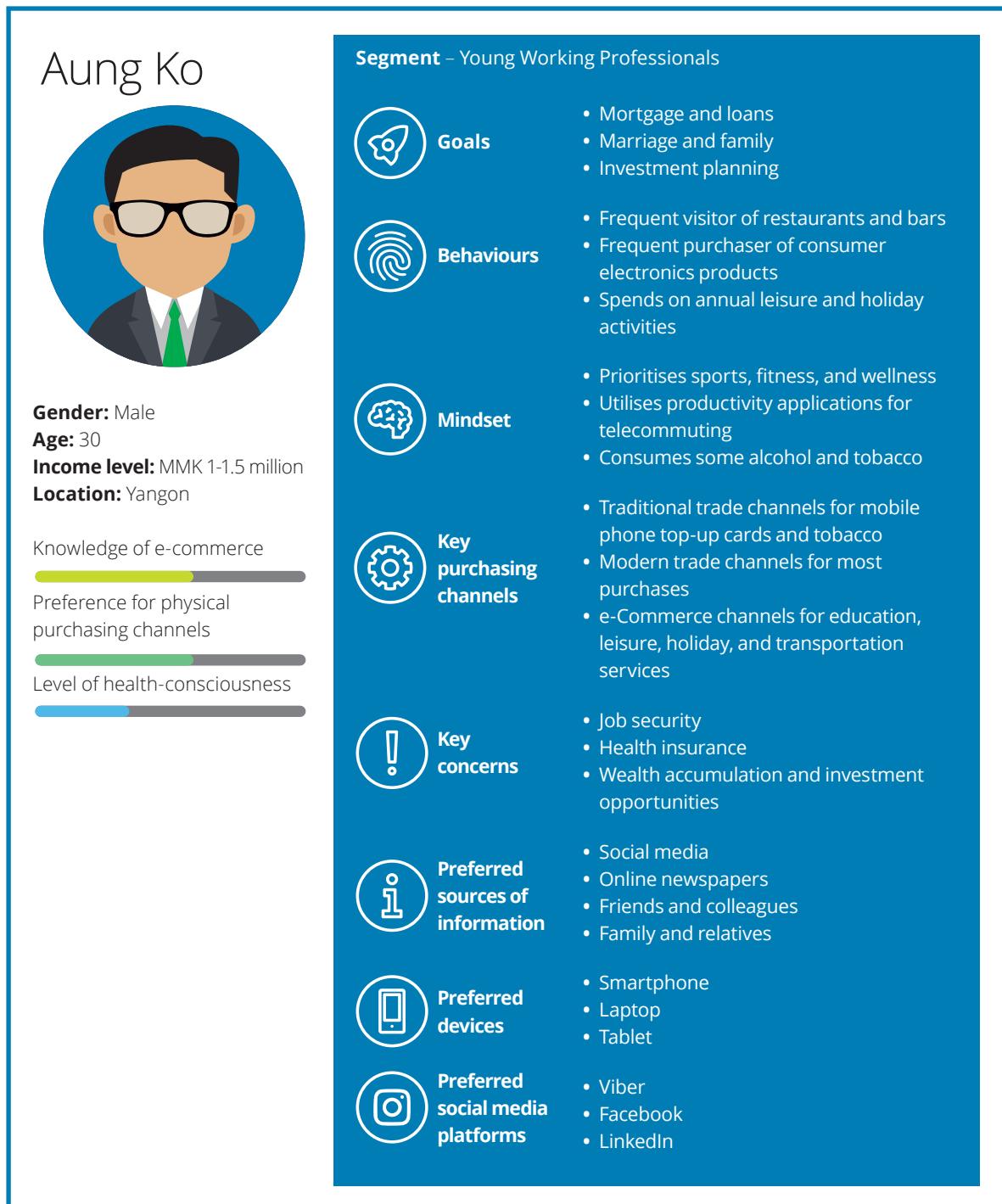
Persona 1: Nadi

As a full-time student in the 20-24 age group, Nadi has a monthly income of less than MMK 0.5 million as she relies primarily on her family members for an allowance. She is a Generation Z consumer, and is both health-conscious and digitally savvy. She is an adept user of mobile devices and social media, and represents the generation of high-potential tertiary students and graduates who will soon be joining the workforce.

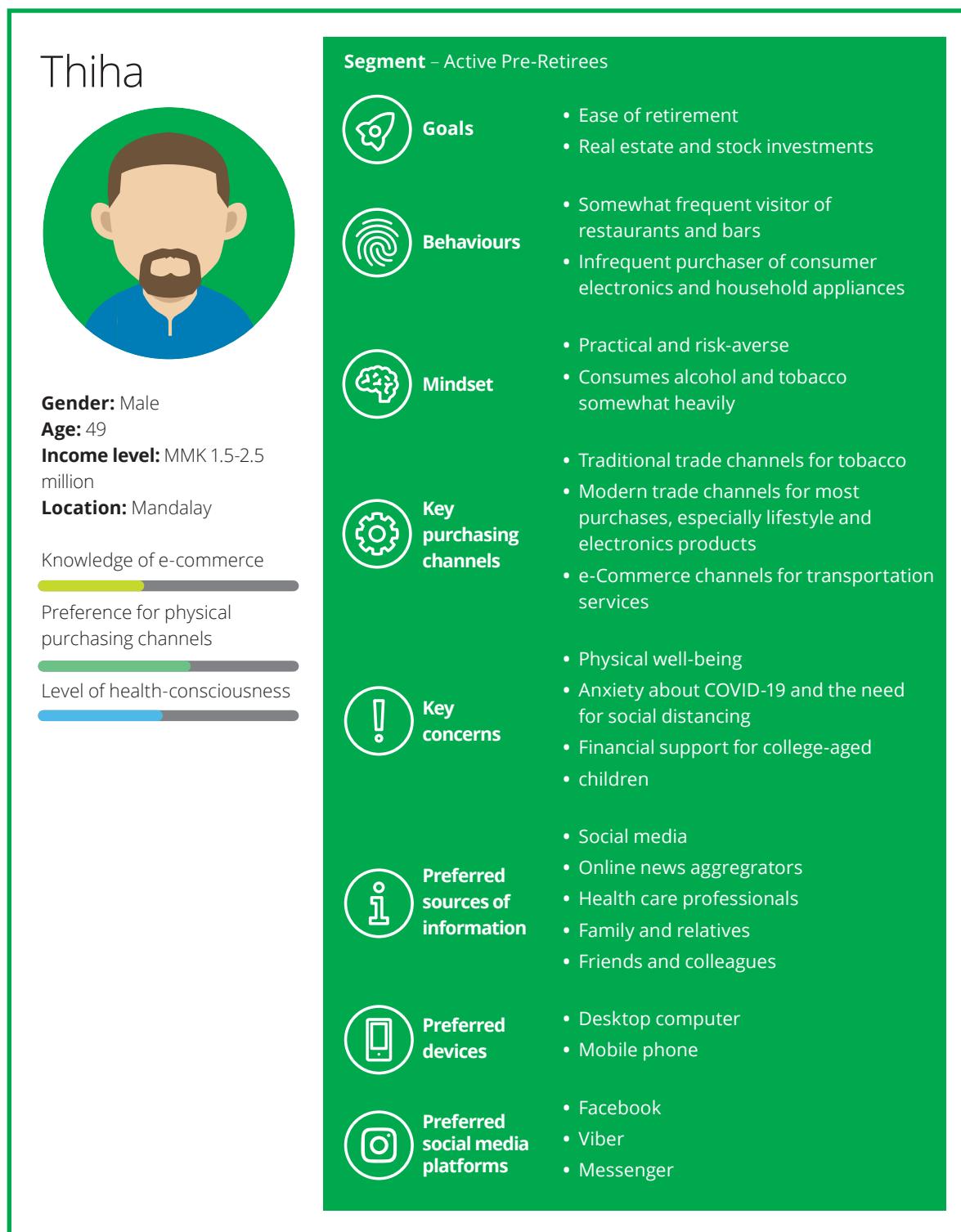


Persona 2: Aung Ko

Aung Ko is a young working professional in the 25-35 age group. He earns a mid-level monthly income of MMK 1-1.5 million at an early stage of his career, and is focused on his priorities of career progression, financial security, and family development. As a Millennial consumer, he is highly digitally savvy, but is equally comfortable with the use of both offline and online purchasing channels.

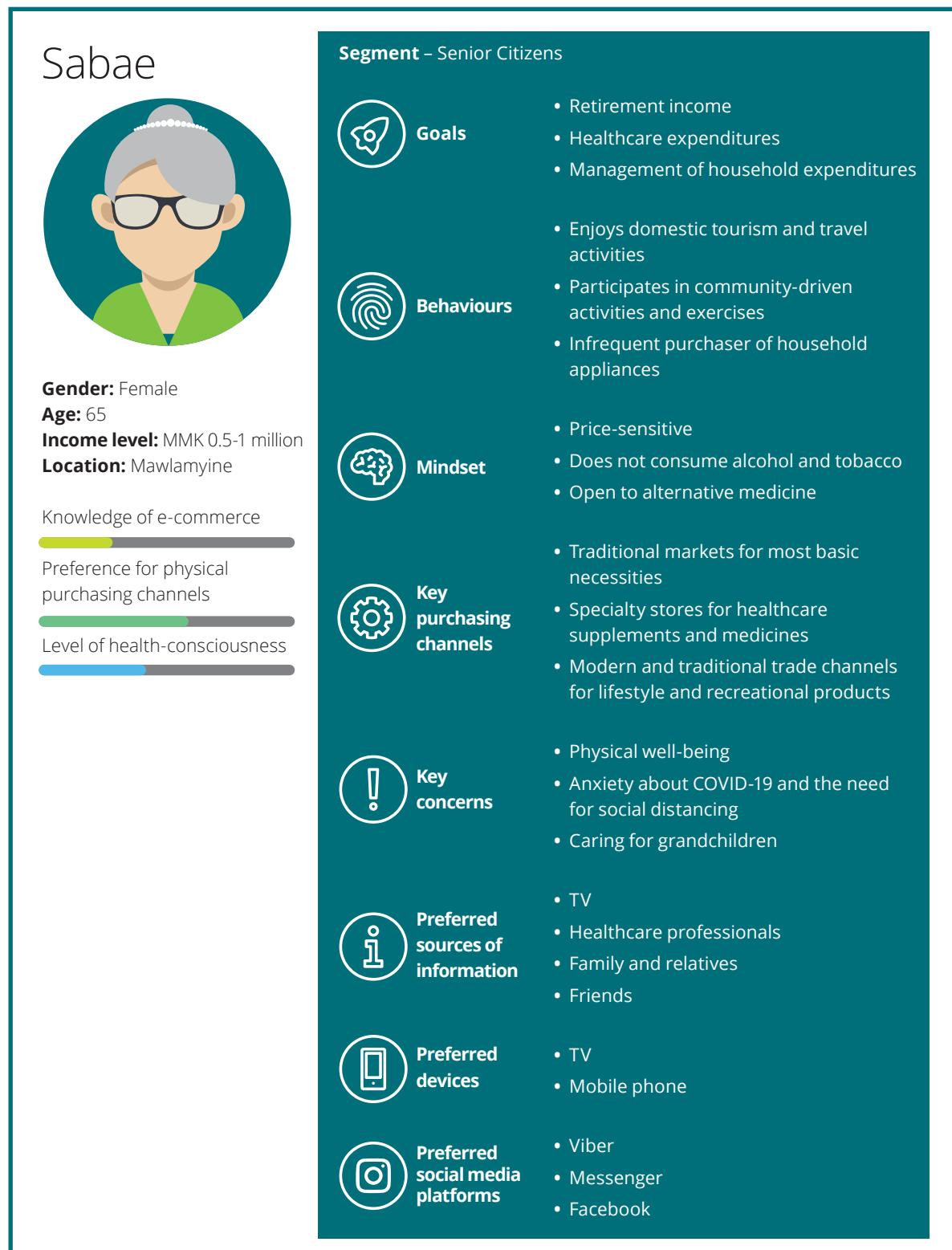


Persona 3: Thiha

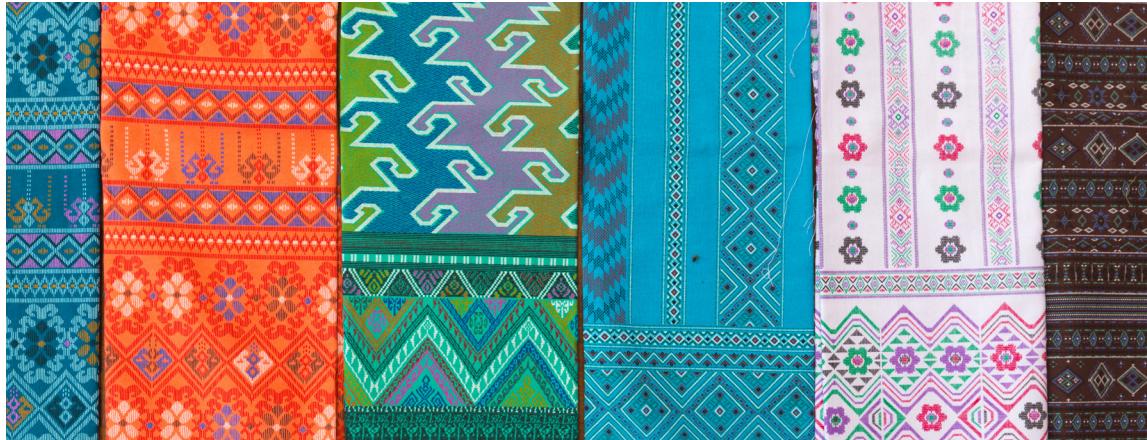


Persona 4: Sabae

Sabae is a senior citizen drawing a low- to mid-passive monthly income of MMK 0.5-1 million that comes primarily from sources such as investments, pension funds, and allowances. She is relatively less digitally savvy as compared to the other consumer segments, and has a strong preference for traditional modes of communication and physical purchasing channels. In line with her traditional mindset, she is slightly more price-sensitive and health-conscious, as her concerns over age-related ailments grow.



The Myanmar Consumer Survey



Methodology

In this fifth edition of the Myanmar Consumer Survey, we explore some of the latest changes in the consumer journey amidst the tumultuous COVID-19 pandemic uncovered by the recent consumer survey conducted by Deloitte in the third quarter of 2020 across three major cities: Mandalay, Mawlamyine, and Yangon. It should be noted, however, that this survey was conducted before the military came into power on 1 February 2021.

Face-to-face interviews were conducted with over 600 households, and the respondent sample had been carefully constructed to be representative of Myanmar's population, in terms of age, gender, marital status, household income, and geographical distribution.

Respondents were surveyed on their consumer sentiment, spending patterns, purchasing considerations, communication channels, and purchasing channels across the following product categories:

Basic Necessities

- Food (Packaged & Fresh)
- Food (Canned)
- Transportation
- Housing & Utilities
- Healthcare
- Education

Recreational Consumer Goods

- Beverages (Alcoholic)
- Beverages (Non-Alcoholic)
- Confectionery
- Tobacco

Lifestyle Products

- Internet Services
- Cosmetics & Beauty Care Products
- Personal Hygiene Products
- Household Cleaning Products
- Fitness & Wellness
- Leisure & Holiday
- Karaoke & Nightclubs

Consumer Electronics

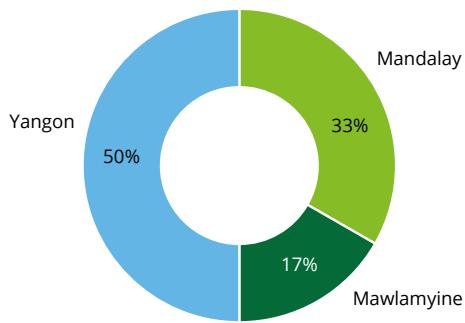
- Audio & Video Electronics Products
- Household Appliances (Major)
- Household Appliances (Small)

Welfare and Savings

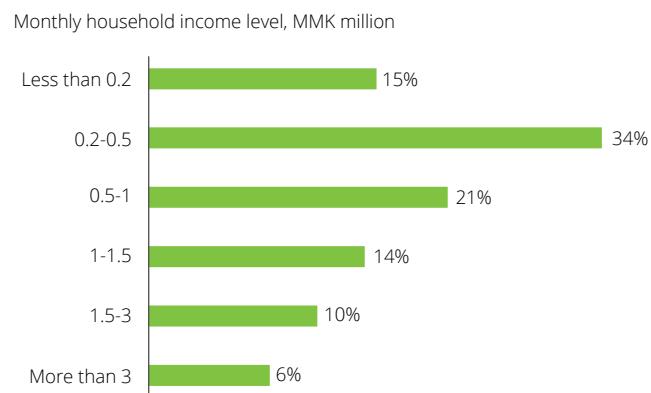
- Insurance
- Welfare & Savings

Demographics of survey respondents

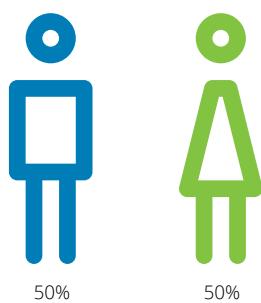
Geographical distribution



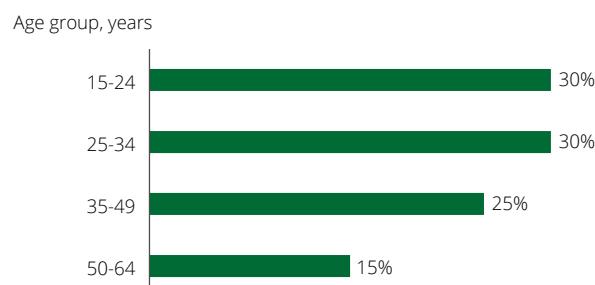
Monthly household income distribution



Gender distribution



Age distribution





Heart: Understanding changes in consumer sentiment

The consumer sentiment broadly reflects the general market consensus on Myanmar's economic growth prospects, with relatively moderate sentiments for the short term, and more optimistic sentiments for the medium term.

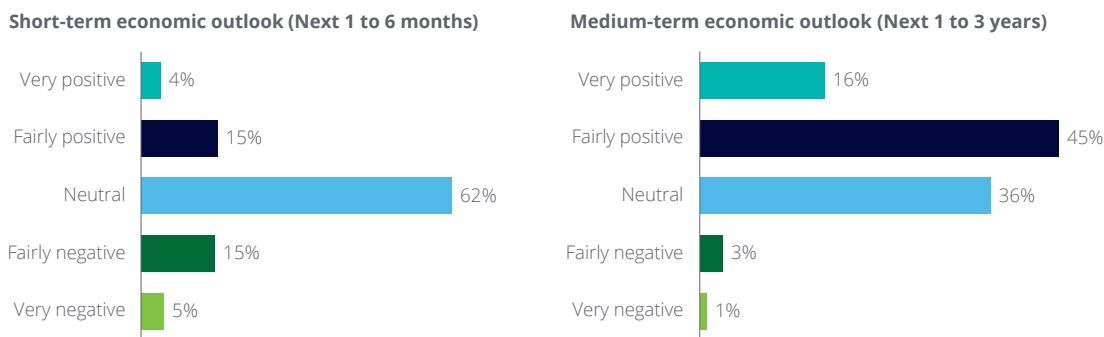
Optimistic medium-term outlook tempered by moderate short-term sentiments

As one of the markets that had been more severely impacted by the COVID-19 pandemic, Myanmar's economy had taken a significant hit. For Financial Year 2019-2020, its baseline growth is expected to come in at about 0.5%, a substantial decline from the 6.8% experienced in Financial Year 2018-2019⁶.

In the medium term, however, estimates suggest a more optimistic outlook. Notwithstanding several downside risks – including further domestic COVID-19 outbreaks as had been witnessed in the second half of 2020, as well as the compounded effects of a possible global recession – public investment, a resurgence in manufacturing, and productivity gains associated with the adoption of digital technology are expected to contribute to an uptick in economic growth⁷.

This market consensus appears to have been broadly reflected in our survey results, with survey respondents indicating moderate sentiments for their short-term economic outlook, and relatively more optimistic sentiments for their medium-term economic outlook. Specifically, the majority 62% of them indicated neutral sentiments, and about 20% expressed pessimistic sentiments for their short-term economic outlook. This is in stark contrast to their medium-term economic outlook, where about 61% of survey respondents indicated optimistic sentiments (see Figure 1).

Figure 1: Overall short-term and medium-term economic outlook



Source: Deloitte's Myanmar Consumer Survey (2020)

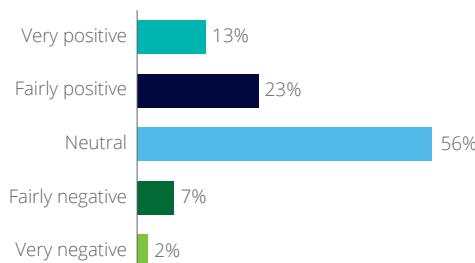
6 "Myanmar Economic Monitor: Myanmar in the Time of COVID-19". The World Bank. June 2020.

7 "Myanmar's economy hit hard by second wave of COVID-19: Report". The World Bank. 15 December 2020.

Employment outlook remains resilient

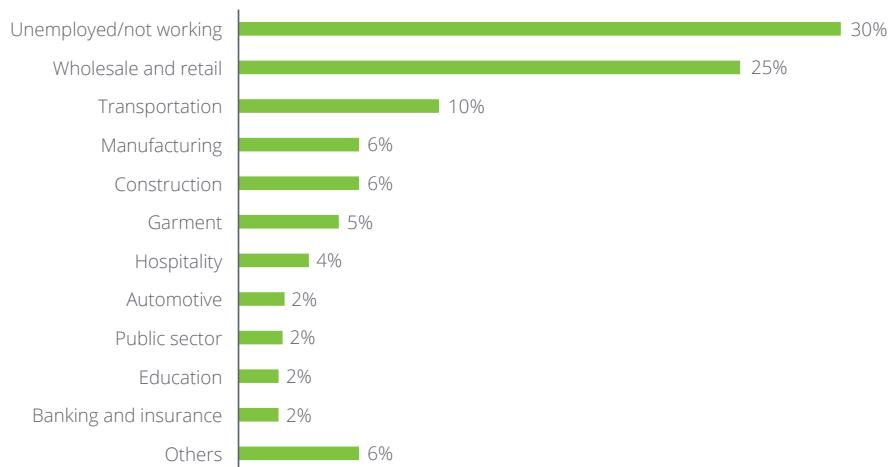
Overall, survey respondents expressed fairly moderate sentiments for their employment outlook, with the majority 56% expressing neutral sentiments, and about 36% indicating optimistic sentiments (see Figure 2). This resilience is evident despite the fact that a significant proportion of survey respondents are employed in industries with medium to high risk of disruption from COVID-19, such as wholesale and retail, transportation, manufacturing, and hospitality⁸ (see Figure 3).

Figure 2: Overall employment outlook



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 3: Breakdown of survey respondents' occupations



Source: Deloitte's Myanmar Consumer Survey (2020)



Thiha
Active
Pre-Retirees

Thiha, and the majority of his peers (58%) in the same age group, expect to experience increases in their monthly household income levels within the next one to two years. He is generally resilient in his outlook – a trait that seems to be fairly typical for many Myanmar consumers. Indeed, about two-thirds of overall survey respondents expect to experience some level of increase in their monthly household income levels.



Aung Ko
Young
Working
Professionals

Like many of his peers with tertiary educations, Aung Ko is moderately optimistic about his employment outlook, and is upbeat about his prospects for salary growth over the next two years. Overall, 61% of graduate degree holders and 100% of undergraduate degree holders in his age group expect to receive salary increases.

⁸ "COVID-19 impact on employment and labour market in Myanmar". International Labour Organisation. July 2020.



Wallet: Observing changes in consumer expenditure

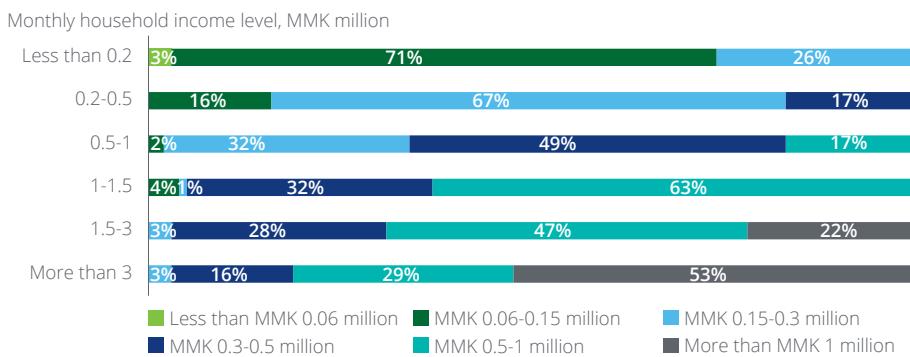
In this uncertain economic climate amidst the ongoing pandemic, the Myanmar consumer is exercising caution and prudence by prioritising necessities in their expenditure, and shifting the focus from out-of-home consumption to at-home consumption.

Caution reigns amidst the pandemic

As compared to the previous edition of the survey, average monthly household expenditure levels have decreased. This is evident across all monthly household income levels, but is especially stark amongst survey respondents with lower monthly household income levels (see Figure 4 and 5). These reductions come on the back of disruptions to monthly household income levels as a result of COVID-19, including a decline in overseas remittances, reduced job security, loss of employment in informal sectors, and a lack of household savings⁹.

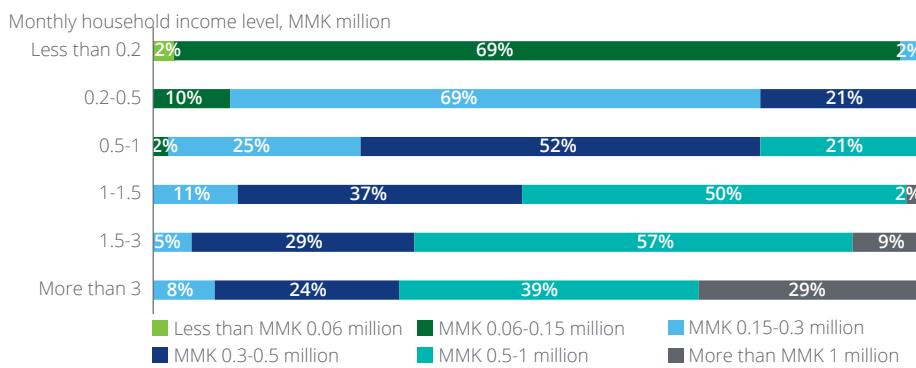
On the other hand, survey respondents with higher monthly household income levels appear to have increased their monthly household expenditures slightly, likely a result of the panic buying of basic necessities that was witnessed during the earlier wave of COVID-19 infections in the first quarter of 2020¹⁰.

Figure 4: Monthly household expenditure by monthly household income level (2020)



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 5: Monthly household expenditure by monthly household income level (2019)



Source: Deloitte's Myanmar Consumer Survey (2020)

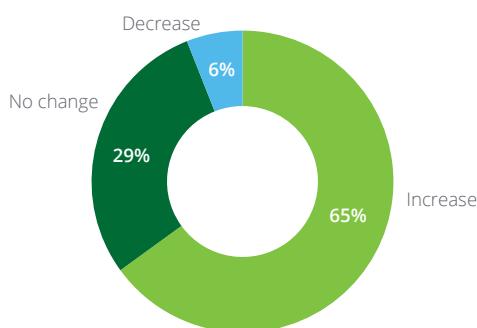
⁹ "Myanmar Economic Monitor June 2020: Myanmar in the Time of COVID-19". The World Bank. 25 June 2020.

¹⁰ "Community rallies as panic buying hits Myanmar over COVID-19 fears". Frontier Myanmar. 25 March 2020.

Greater degree of prudence in future expenditure

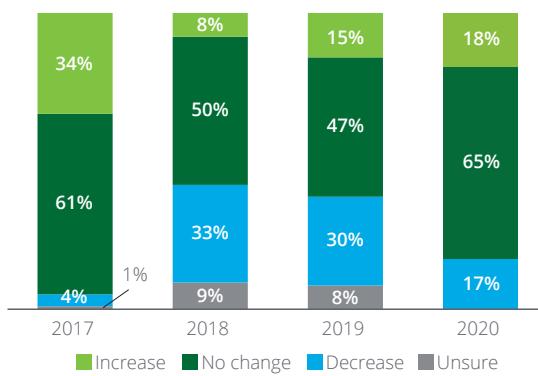
Although Myanmar consumers appear to be optimistic about the growth in their monthly household income levels – about two-thirds of overall survey respondents expect to experience some level of increase in their monthly household income levels within the next one to two years (see Figure 6) – they nevertheless seem to be exercising greater prudence in their expectations for future expenditures as compared to previous years in the context of the ongoing COVID-19 pandemic (see Figure 7).

Figure 6: Overall expectations for changes to monthly household income levels



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 7: Spending intention (2017-2020)



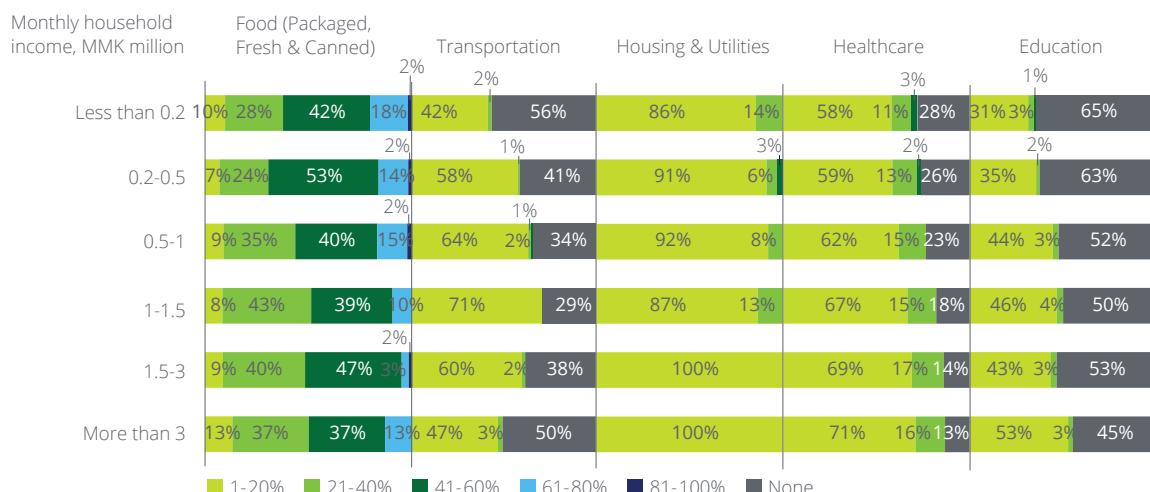
Source: Deloitte's Myanmar Consumer Survey (2017, 2018, 2019, and 2020)

Necessities are prioritised in expenditure allocation

Overall, we observed that Basic Necessities – including product categories such as Food (Packaged, Fresh & Canned), Transportation, Housing & Utilities, Healthcare, and Education – have been prioritised by consumers in their expenditure allocation. While this shift is evident across the board, it is particularly pronounced amongst survey respondents with lower monthly household income levels.

In particular, survey respondents with monthly household income levels of less than MMK 1 million allocate the majority of their monthly household income to expenditure on Basic Necessities, with about 40% of this expenditure accounted for by the Food (Packaged, Fresh & Canned) category. On the other hand, survey respondents with higher monthly household incomes levels are better able to allocate greater proportions of their expenditure to categories such as Healthcare and Education (see Figure 8).

Figure 8: Expenditure allocation to Basic Necessities by monthly household income level

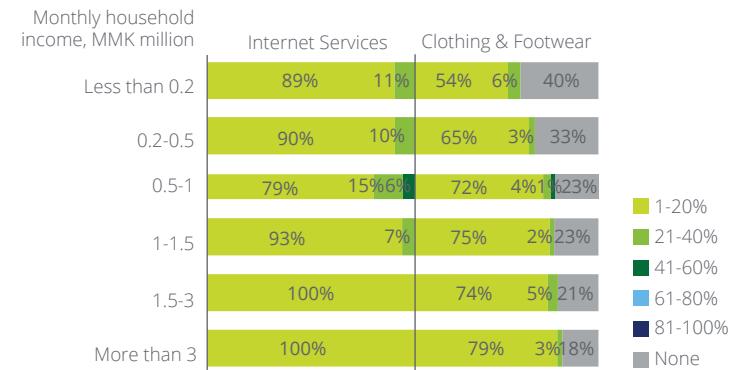


Source: Deloitte's Myanmar Consumer Survey (2020)

While not strictly considered necessities, Internet Services also continue to be prioritised given the Myanmar consumer's penchant for Internet and social media activities. Amongst our survey respondents, the majority of them allocate up to 20% of their expenditure to this category (see Figure 9).

Given Myanmar's accelerating digital penetrations rates, this is perhaps no surprise: Myanmar had about 22 million Internet users as of January 2020, and its number of social media users jumped by about 1.4 million in a one-year span between 2019 and 2020¹¹. With the onset of the COVID-19 outbreak, the demand for Internet Services is expected to continue to grow as the increased use of remote working tools result in a broad-based shift towards broadband and Cloud services¹².

Figure 9: Expenditure allocation to Lifestyle Products by monthly household income level



Source: Deloitte's Myanmar Consumer Survey (2020)

Changes in planned expenditures reflect new COVID-19 realities

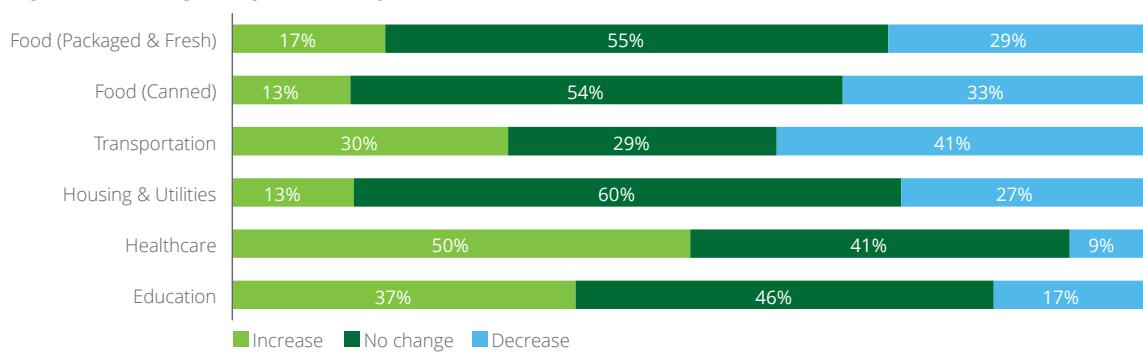
The COVID-19 pandemic and related social distancing measures have resulted in consumers spending more time at home, and increasing their focus on at-home consumption. In this section, we will explore some of the changes in their planned expenditure in each of the following product categories that have occurred as a result of COVID-19:

Basic Necessities

With the ongoing COVID-19 pandemic, survey respondents have indicated a significant overall increase in their planned expenditure on the Healthcare category. This is in line with many market observations of skyrocketing demand for basic healthcare products following the outbreak, including but not limited to hand sanitisers, face masks, and vitamins.

Following the introduction of social distancing measures, survey respondents also indicated plans to increase or at least maintain their expenditure on the Food (Packaged & Fresh), Food (Canned), and Housing & Utilities categories. Planned expenditure on the Transportation category, however, has discernibly decreased on the back of mobility restrictions (see Figure 10).

Figure 10: Changes in planned expenditure for Basic Necessities as a result of COVID-19



Source: Deloitte's Myanmar Consumer Survey (2020)

11 "Capitalising on the young mobile-first generation". The Myanmar Times. 21 January 2021.

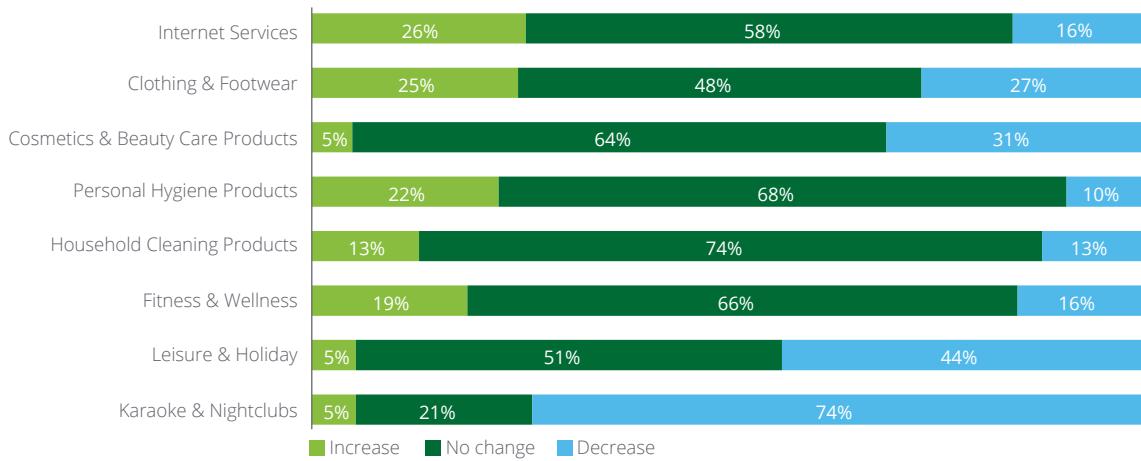
12 "How is Covid-19 transforming Myanmar's digital economy?". Oxford Business Group. 30 June 2020.

Lifestyle Products

Within Lifestyle Products, planned expenditure for activities such as Leisure & Holiday and Karaoke & Nightclubs have witnessed drastic reductions due to the closure of these facilities as a result of COVID-19. Planned expenditure on categories such as Clothing & Footwear and Cosmetics & Beauty have also seen some reductions as consumers reduce their participation in out-of-home social activities.

On the other hand, there appears to be a surge in planned expenditure on the Internet Services, Personal Hygiene Products, Household Cleaning Products, and Fitness & Wellness categories as consumers spend more time at home (see Figure 11).

Figure 11: Changes in planned expenditure for Lifestyle Products as a result of COVID-19

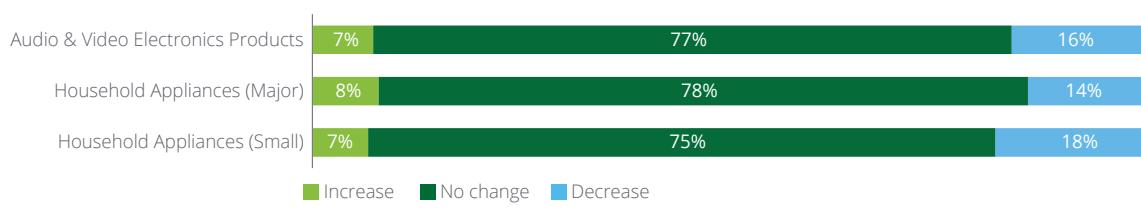


Source: Deloitte's Myanmar Consumer Survey (2020)

Consumer Electronics

Across all Consumer Electronics categories, the majority of survey respondents have indicated that they intend to maintain their level of expenditure (see Figure 12). This is perhaps due to the fact that Myanmar consumers tend to purchase these products on an as-needed basis, and this behaviour does not appear to have been altered by the onset of the COVID-19 pandemic.

Figure 12: Changes in planned expenditure for Electronics Products as a result of COVID-19



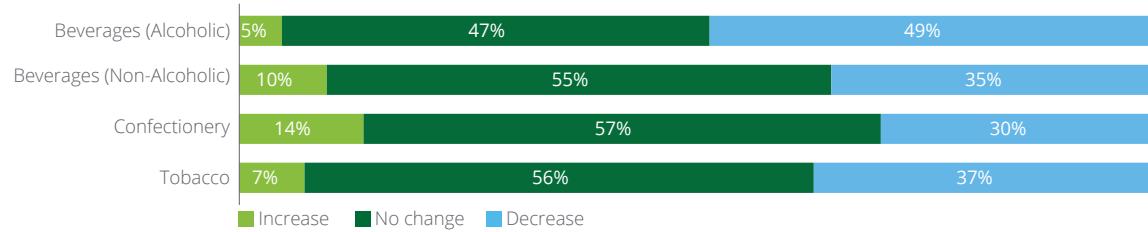
Source: Deloitte's Myanmar Consumer Survey (2020)

Recreational Consumer Goods

As the consumption of alcoholic beverages by the Myanmar consumer typically takes place in on-premise settings, such as bars, restaurants, and beer stations, the COVID-19 pandemic appears to have resulted in a reduction in planned expenditure on the Beverages (Alcoholic) category as these locations had to be temporarily closed.

A significant proportion of survey respondents also indicated plans to reduce their expenditure on other Recreational Consumer Goods categories, such as Beverages (Non-Alcoholic), Confectionery, and Tobacco (see Figure 13), which suggests an increasing level of health-consciousness amongst Myanmar consumers.

Figure 13: Changes in planned expenditure for Recreational Consumer Goods as a result of COVID-19

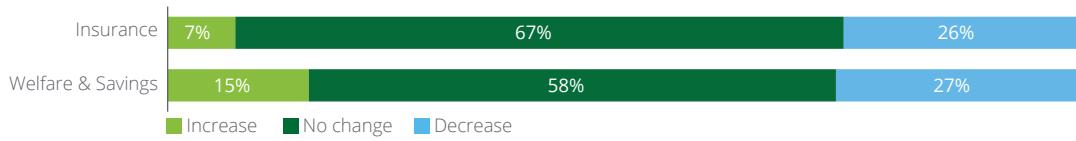


Source: Deloitte's Myanmar Consumer Survey (2020)

Welfare and Savings

Myanmar's insurance coverage has been estimated to be at only about 4% of its total population, one of the lowest insurance coverage rates in the world¹³. Since late 2019, however, its insurance sector has been experiencing a growth surge with the entry of foreign insurers into its underpenetrated market. Although the pandemic does not appear to have significantly increased the planned expenditure on Insurance products as witnessed in other markets, the majority of survey respondents have nonetheless favoured maintaining their level of expenditure on this category (see Figure 14).

Figure 14: Changes in planned expenditure for Welfare and Savings as a result of COVID-19

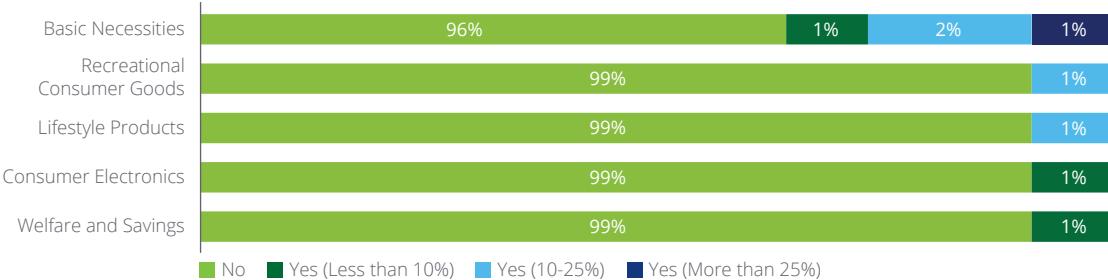


Source: Deloitte's Myanmar Consumer Survey (2020)

Extremely low willingness to rely on credit for necessities

When asked about their willingness to rely on credit to sustain their expenditure across the different product categories, survey respondents displayed an extremely low willingness to do so. In particular, about 99% of survey respondents expressed an unwillingness to rely on credit for all product categories except Basic Necessities, where the proportion is slightly lower at 96% (see Figure 15). This suggests that Myanmar consumers may be very averse to the use of credit, except in situations where their basic survival is concerned.

Figure 15: Willingness to rely on credit by product category



Source: Deloitte's Myanmar Consumer Survey (2020)

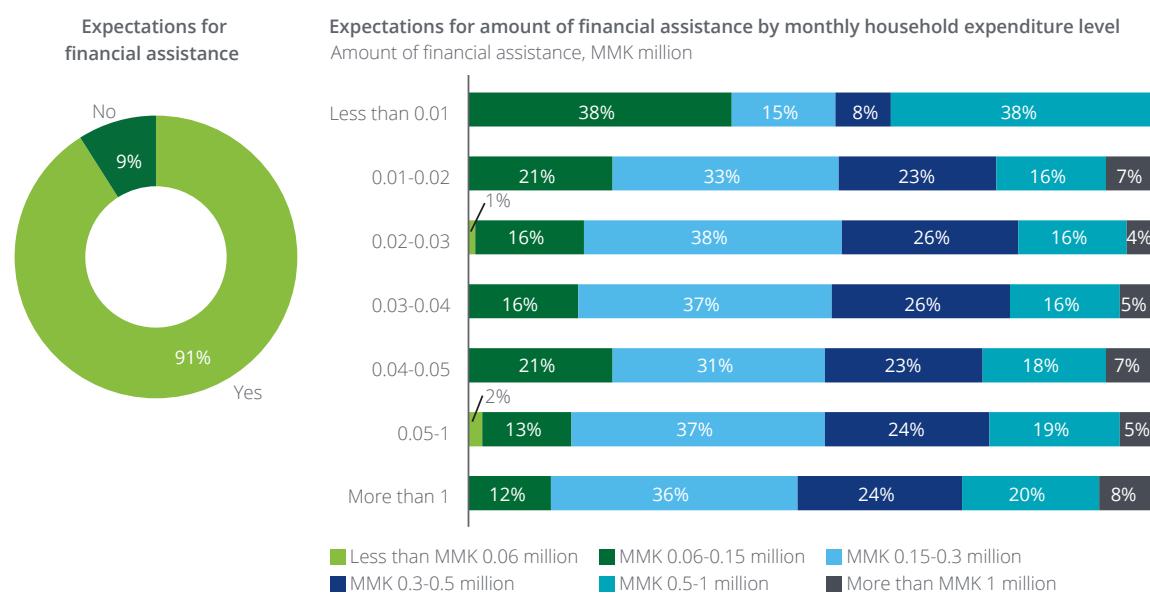
13 "COVID-19 and Myanmar: Can the fledgling insurance sector adapt to the disruption?". Oxford Business Group, 29 October 2020.

High expectations for financial assistance

Earlier in April 2020, the government launched the COVID-19 Economic Relief Plan detailing the set of measures that it plans to introduce to mitigate the economic impact of the pandemic on businesses, households, and individuals. Under this program, part of a cash payout of around MMK 20,000 (USD 15) was made in July and October 2020 to four million families who meet the qualifying criteria, which includes not having steady income streams or owning parcels of land¹⁴.

Overall, we observed that the majority of survey respondents were in favour of financial assistance schemes, with 91% indicating that the government should offer unemployment assistance, although the specific amount varies by monthly household expenditure level (see Figure 16).

Figure 16: Overall expectations for financial assistance



Source: Deloitte's Myanmar Consumer Survey (2020)



Nadi
Students &
Graduates

Nadi, like many of her peers in her age group, is a strong advocate of unemployment allowances. Overall, 93% of graduate students and 90% of college and high school students are in favour of such schemes – the highest amongst all survey respondents. While she may not have been directly affected by the COVID-19 pandemic and the resulting economic fallout, she is empathetic to those in distress. Through social media channels, she learns about their plight, and follows the conversations that are increasingly calling for government help to support displaced workers.

¹⁴ "Millions of families receive first cash handouts under COVID-19 relief scheme". Frontier Myanmar. 1 August 2020.



Mind: Deciphering new purchase drivers

Convenience has always been one of the top considerations for the Myanmar consumer. With social distancing measures in place, this consideration has translated into an increased preference for Traditional Trade channels, which tend to be located in closer proximity to residential areas.

Pre-purchase

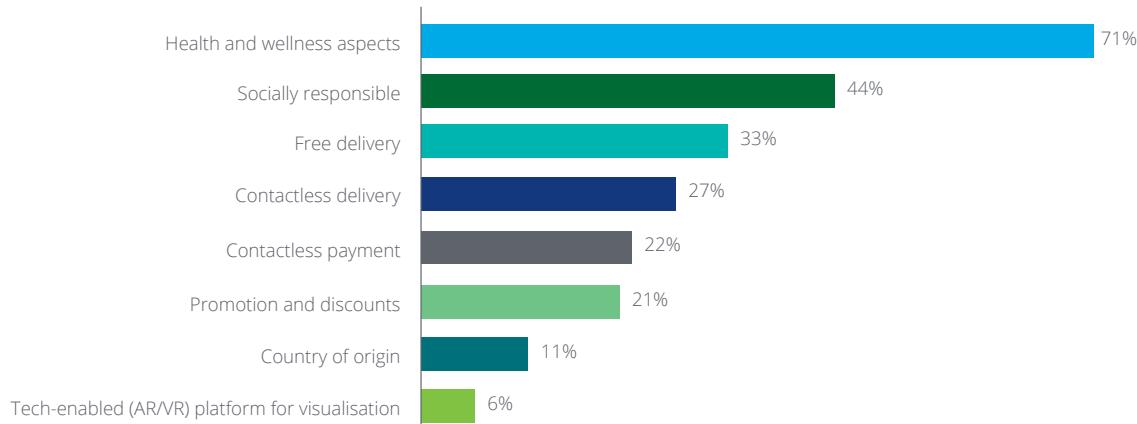
Changes to purchasing considerations as a result of COVID-19

Our survey results reveal that there have been several shifts in the Myanmar consumer's overall purchasing considerations as a result of the onset of the COVID-19 pandemic. In particular, 71% of survey respondents indicated that they have increased their consideration of health and wellness aspects, and 44% of them have increased their consideration of social responsibility aspects (see Figure 17).

This is likely a result not only of a heightened health awareness across the board, but also a better understanding or appreciation of companies that go the extra mile to safeguard their customers and employees' well-being during the pandemic.

Furthermore, free delivery was also cited by 33% of survey respondents as an increased consideration, likely due to the increased usage of on-demand food delivery services as a result of social distancing measures. In the pre-pandemic era, food delivery platforms were typically perceived to be catering primarily to the more affluent segments and foreigners¹⁵, but this appears to be changing as the demand for these services skyrocketed across the board during the pandemic.

Figure 17: Changes to purchasing considerations as a result of COVID-19



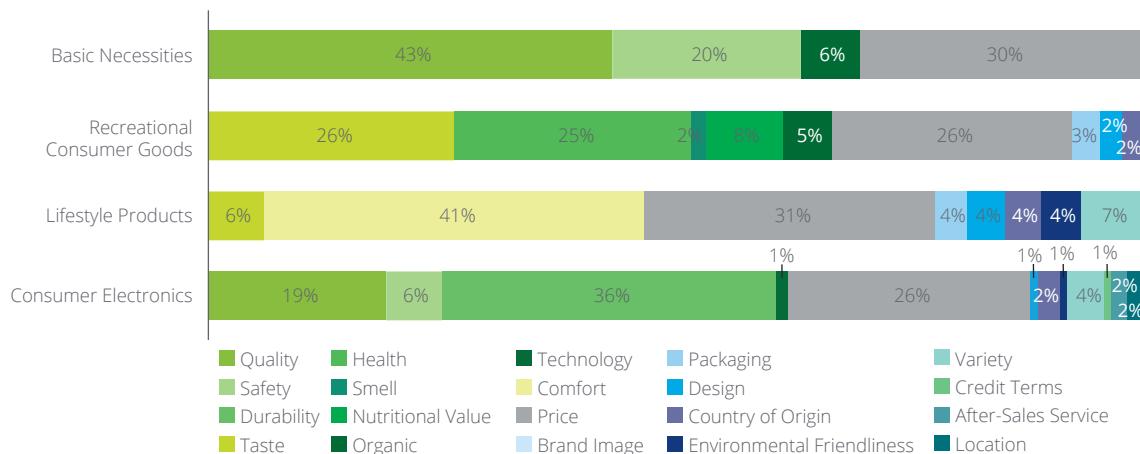
Source: Deloitte's Myanmar Consumer Survey (2020)

¹⁵ "As delivery apps boom, restaurants struggle with commission fees". Frontier Myanmar. 11 June 2020.

Heightened consideration of quality-related aspects

While we have observed Price to be one of the most important considerations for the Myanmar consumer over the previous editions of the survey, there has been a noticeable shift towards quality-related considerations in this latest edition. As a result of the COVID-19 pandemic, survey respondents are now prioritising considerations such as Safety, Health, and Nutritional Value for Basic Necessities, as well as Quality and Durability for the other categories (see Figure 18).

Figure 18: Purchasing drivers across product categories



Source: Deloitte's Myanmar Consumer Survey (2020)

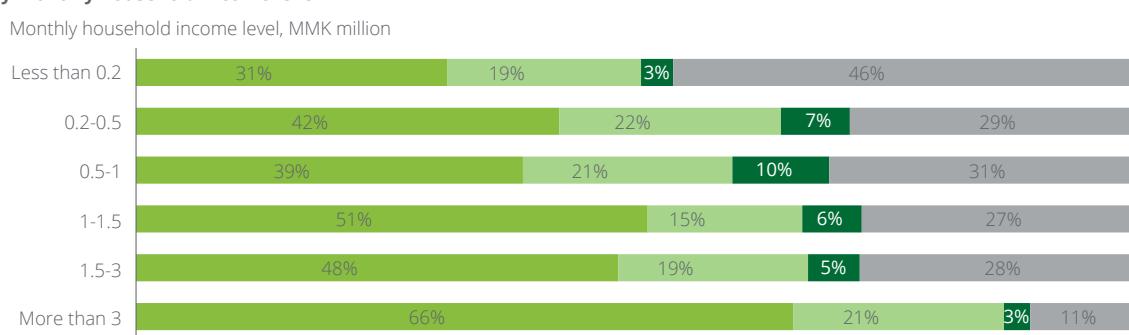
In this section, we will explore some of the specific purchasing drivers for several product categories:

Basic Necessities

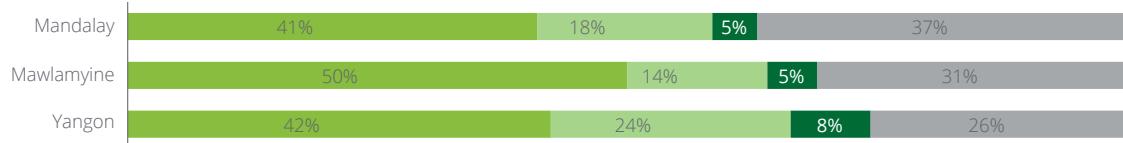
Across the board, survey respondents ranked Quality as the most important attribute for Basic Necessities – which include the Food (Packaged & Fresh), Food (Canned), Transportation, Housing & Utilities, Healthcare, and Education categories (see Figure 19). This preference also becomes more pronounced as the monthly household income level increases, which suggests a willingness to spend more on premium items, or trade up, as the Myanmar consumer grows in affluence.

Figure 19: Purchasing drivers for Basic Necessities by monthly household income level and city

By monthly household income level



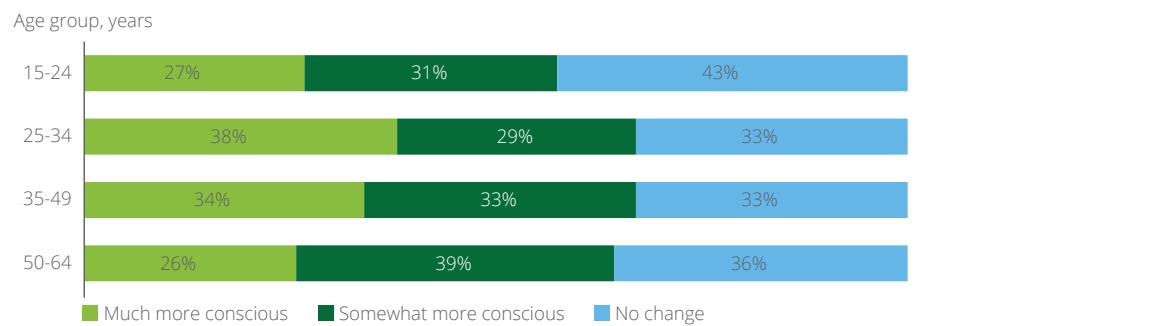
By city



Source: Deloitte's Myanmar Consumer Survey (2020)

Furthermore, Safety aspects also appear to have risen in importance as consumers become increasingly conscious about the products that they are consuming on the back of the COVID-19 pandemic. In particular, about 60% of survey respondents across all age groups indicated that they have become more conscious about the origin and nutritional value of their products after the onset of the pandemic (see Figure 20), likely a result not only of the salience of health threats, but also some of the recent health and fitness trends that have taken off on social media platforms as consumers spent more time at home.

Figure 20: Change in consciousness of origin and nutritional value of products as a result of COVID-19



Source: Deloitte's Myanmar Consumer Survey (2020)

Recreational Consumer Goods

Overall, survey respondents ranked Taste, Health, and Price as the top three considerations for Recreational Consumer Goods – which include the Beverages (Alcoholic), Beverages (Non-Alcoholic), Confectionery, and Tobacco categories. Health considerations, in particular, are a relatively newer addition, which suggests a combination of the impact of COVID-19 on consumer mindsets and a generally increasing level of health-consciousness amongst consumers in more urban areas.

Given that Price still remains an important consideration, affordable luxury may be the way forward for consumer companies in these categories. Other considerations also include Brand Image, Packaging, and Country of Origin (see Figure 21).

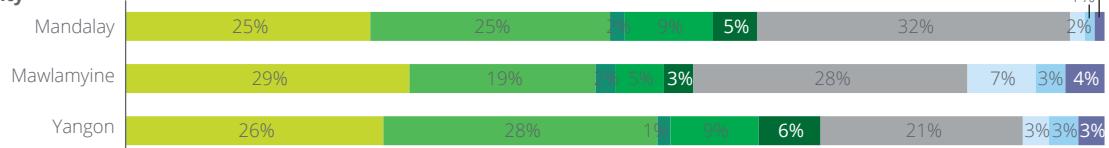
Figure 21: Purchasing drivers for Recreational Consumer Goods by monthly household income level and city

By monthly household income level

Monthly household income level, MMK million



By city



Legend: Taste (yellow), Health (green), Smell (dark green), Nutritional Value (medium green), Organic (dark blue), Price (grey), Brand Image (light blue), Packaging (blue), Country of Origin (dark purple)

Source: Deloitte's Myanmar Consumer Survey (2020)

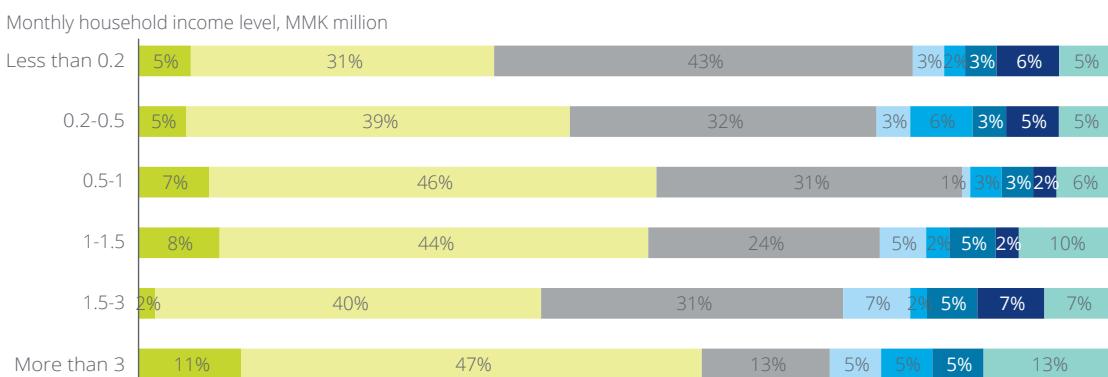
Lifestyle Products

For Lifestyle Products – which include the Internet Services, Cosmetics & Beauty Care Products, Personal Hygiene Products, Household Cleaning Products, Fitness & Wellness, Leisure & Holiday, and Karaoke & Nightclubs categories – Comfort is the main consideration, followed by Price. Having said that, other brand-related aspects, including Brand Image, Packaging, and Environmental Impact also matter (see Figure 22).

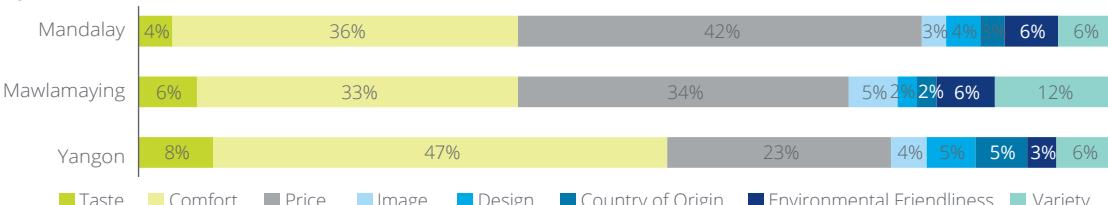
In particular, survey respondents with higher monthly household income levels and those from Yangon also appear to be more conscious about these aspects, which corroborates with our market observation of the increasing popularity of local fashion labels that brand themselves as ethical and luxurious amongst these demographics.

Figure 22: Purchasing drivers for Lifestyle Products by monthly household income level and city

By monthly household income level



By city



Source: Deloitte's Myanmar Consumer Survey (2020)

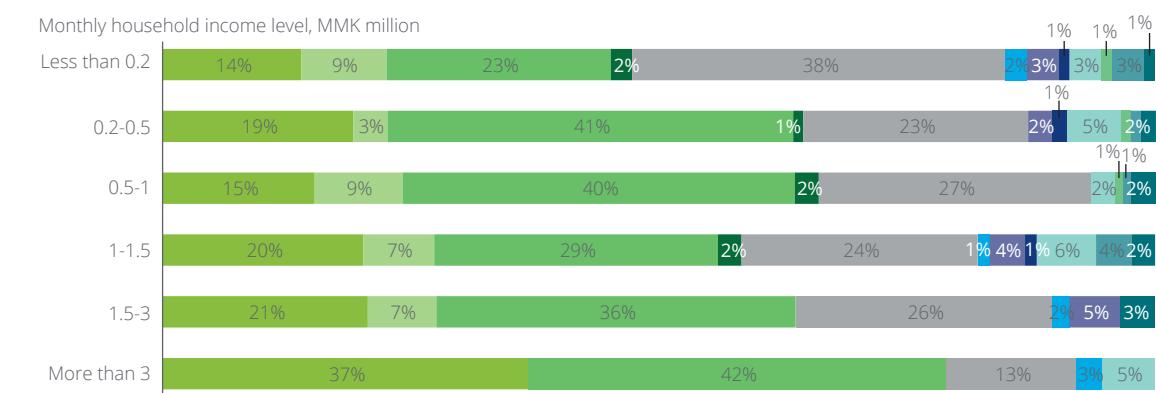
Consumer Electronics

Consistent with the previous editions of our survey, Durability is the most important consideration for Consumer Electronics – which include the Audio & Video Electronics Products, Mobile Phones & Digital Gadgets, Household Appliances (Major), and Household Appliances (Small) categories. This attribute is also likely to be closely related to several other considerations, such as Country of Origin, as consumers may hold certain perceptions about the quality and durability of products that are made in certain countries.

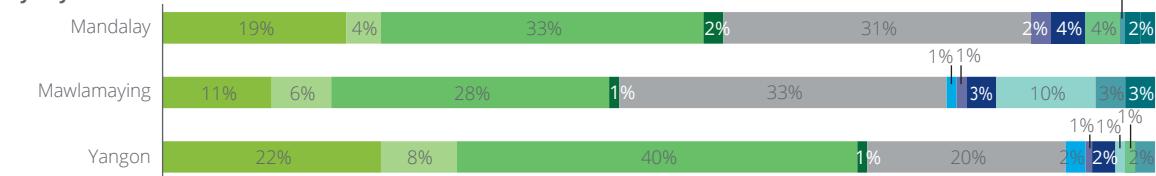
However, this is not to say that consumers are not price-sensitive. Price attributes remain one of the top three most important considerations for Consumer Electronics, although other factors such as Location, Variety, Credit Terms, and After-Sales Support also play a role (see Figure 23).

Figure 23: Purchasing drivers for Consumer Electronics by monthly household income level and city

By monthly household income level



By city



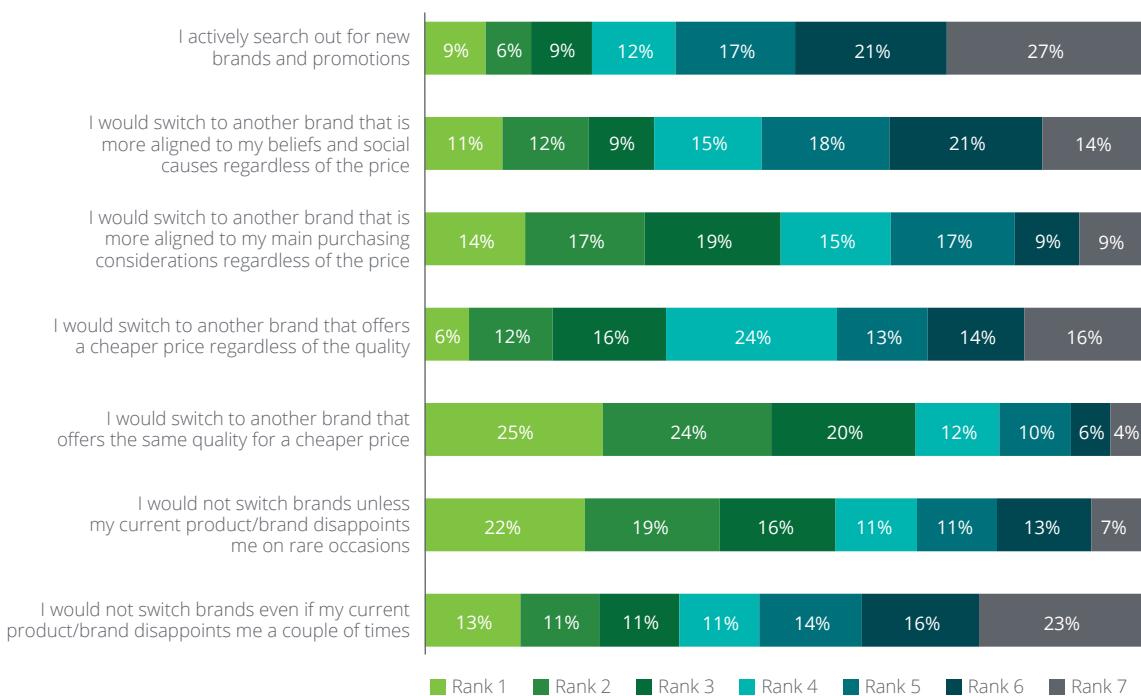
█ Quality █ Safety █ Durability █ Technology █ Price █ Design █ Country of Origin █ Environmental Friendliness
█ Variety █ Credit Terms █ After-Sales Service █ Location

Source: Deloitte's Myanmar Consumer Survey (2020)

Moderate brand loyalty

In general, Myanmar consumers appear to be fairly loyal to brands. Overall, 13% would not switch brands even if their current product/brand disappoints them a couple of times, and 22% would not switch brands unless their current product/brand disappoints them on rare occasions (see Figure 24). When switching brands, however, the average survey respondent primarily considers the trade-offs between price and quality, with less emphasis on beliefs and social causes.

Figure 24: Overall attitudes towards brand loyalty



Source: Deloitte's Myanmar Consumer Survey (2020)

Purchase

A sharp focus on convenience amidst the pandemic

Overall, our survey results have shown that convenience is overwhelmingly the top consideration for survey respondents when making their purchasing channel decision (see Figure 25). Although this is not a new observation – and is consistent with our findings from the previous edition of the survey – we believe that this preference may have played an important role in shaping some of the latest purchasing behaviours during the course of the pandemic.

Specifically, we found that the onset of the global pandemic and accompanying social distancing measures appear to have resulted in a stronger consumer preference for Traditional Trade channels, such as Mom & Pop Stores and Traditional Markets, which tend to be located closer to residential areas, and would therefore require less travelling. This represents somewhat of a reversal, as Modern Trade channels have been making sizeable inroads in recent years.

Figure 25: Top reasons for choosing a purchasing channel



Source: Deloitte's Myanmar Consumer Survey (2020)



Sabae
Senior
Citizens

During the pandemic, Sabae – like many of her peers in the same age group – prioritised convenience over other considerations when making her purchasing channel decisions. However, those with higher monthly household income levels of above MMK 1.5 million showed a greater preference for brand familiarity, indicating that some level of brand equity could still serve as a significant differentiating factor for consumer companies.

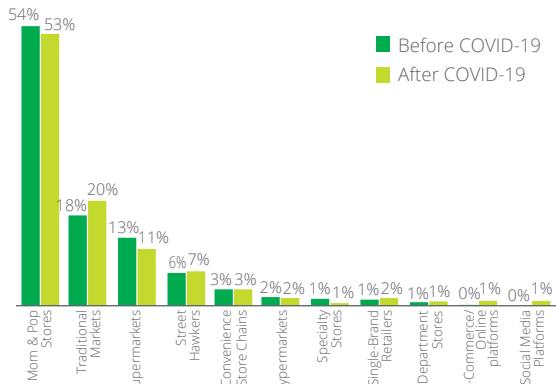
There are, however, slight nuances that we observed across product categories. In this section, we will explore some of the changes to channel preferences that have occurred as a result of the COVID-19 pandemic for several key product categories in greater detail:

Food (Packaged & Fresh) and Food (Canned)

As a result of social distancing measures that were put in place during the pandemic, Traditional Trade channels continued to maintain their dominance for the Food (Packaged & Fresh) and Food (Canned) categories, with the preference for Mom & Pop Stores increasing more significantly for the purchase of Food (Canned) products (see Figure 26 and 27).

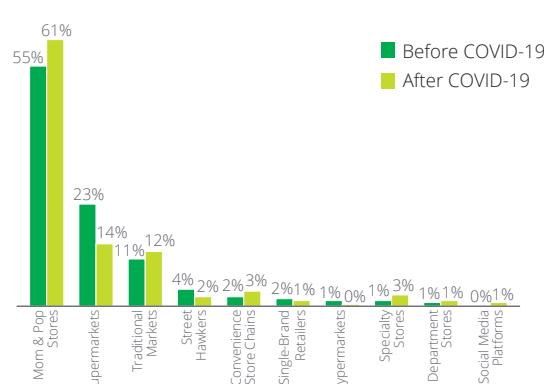
Apart from the widely held perception that Traditional Trade outlets offer fresher produce, the close proximity of Traditional Trade outlets to residential areas was likely to be an important driver for this increased preference. In particular, consumers who were bulk buying or stockpiling food items during the pandemic, especially bulky canned items, were likely to have prioritised convenience above many other factors. Looking ahead, however, it remains to be seen if this preference for Traditional Trade channels represents only a temporary adjustment or a more permanent shift.

Figure 26: Channel preferences for Food (Packaged & Fresh)



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 27: Channel preferences for Food (Canned)

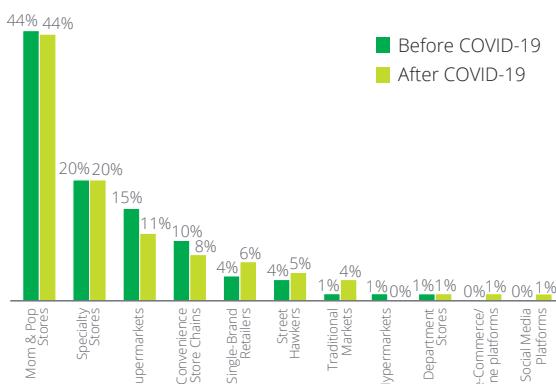


Source: Deloitte's Myanmar Consumer Survey (2020)

Beverages (Alcoholic) and Beverages (Non-Alcoholic)

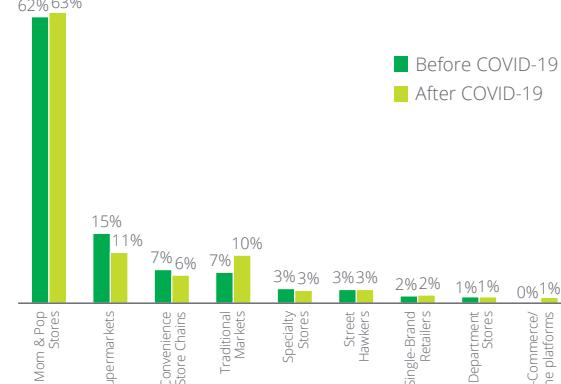
For both the Beverages (Alcoholic) and Beverages (Non-Alcoholic) categories, Mom & Pop Stores were the most preferred channels. This is likely due to the same factors driving the preference for Traditional Trade channels for the Food (Packaged & Fresh) and Food (Canned) categories – as these categories of products also tend to frequently be purchased at the same time – where the proximity of such outlets to residential areas makes it more convenient for consumers to purchase these products in view of social distancing measures and the bulkiness of such products (see Figure 28 and 29).

Figure 28: Channel preferences for Beverages (Alcoholic)



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 29: Channel preferences for Beverages (Non-Alcoholic)



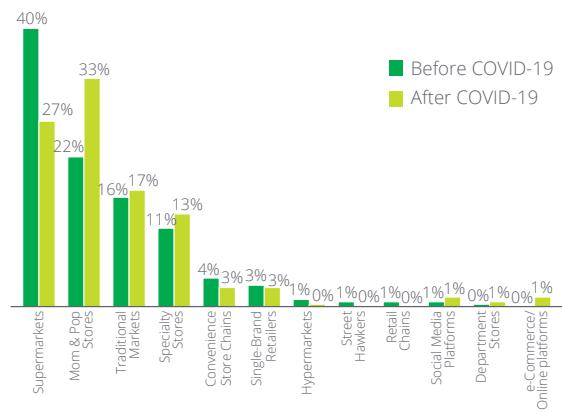
Source: Deloitte's Myanmar Consumer Survey (2020)

Cosmetics & Beauty Care Products and Personal Hygiene Products

With consumers placing greater emphasis on convenience over other considerations, such as variety and price, during the pandemic, the preference for Traditional Trade channels also appears to have increased for the Cosmetics & Beauty Care Products and Personal Hygiene Products categories (see Figure 30 and 31).

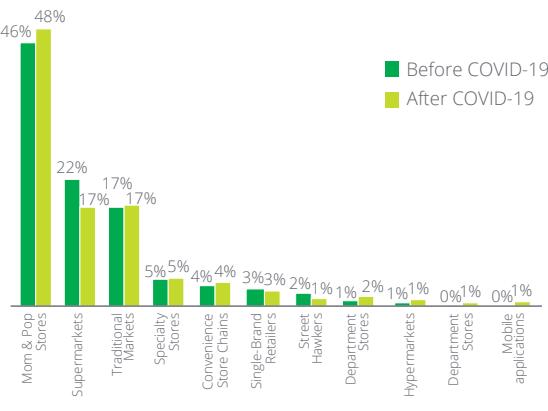
This suggests that consumers are likely forgoing certain preferred products or brands to fulfil all of their shopping needs in limited locations near their homes. Consumer companies should therefore expand their consideration beyond the factors of price and quality, and also take into account the geographical coverage and distribution capabilities of the various product lines when assessing their competition.

Figure 30: Channel preferences for Cosmetics & Beauty Care Products



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 31: Channel preferences for Personal Hygiene Products



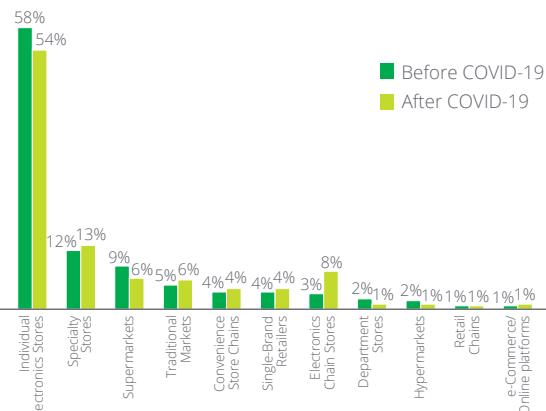
Source: Deloitte's Myanmar Consumer Survey (2020)

Consumer Electronics

Overall, Individual Electronic Stores remained the preferred purchasing channel across the Consumer Electronics categories of Household Appliances (Major), and Household Appliances (Small). There was, however, a slight decrease in this preference for the Household Appliances (Small) category, where consumers may have instead settled for purchases at Traditional Markets located closer to their homes for the sake of convenience during the pandemic (see Figure 32 and 33).

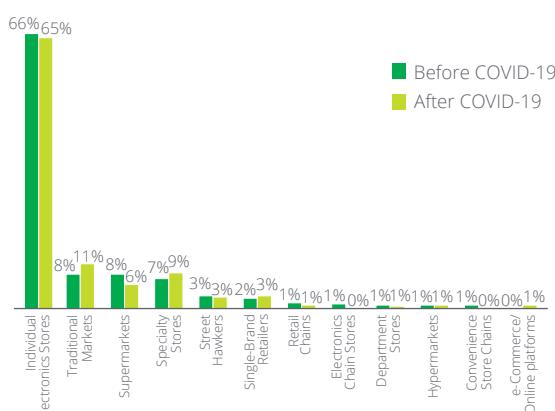
On the other hand, it is worthwhile noting that the preference for Electronics Chain Stores in the Household Appliances (Major) category appeared to have more than doubled since the onset of the pandemic, with the proportion of survey respondents indicating this preference increasing from 3% to 8%. Although this channel is not amongst the most preferred overall, it is likely to be preferred for certain types of products, especially those that are considered to be larger ticket items, and which involve a greater amount of research on the part of the consumer. For these products, Electronics Chain Stores may have an edge because they are able to provide greater brand assurance, as well as better after-sales support.

Figure 32: Channel preferences for Household Appliances (Major)



Source: Deloitte's Myanmar Consumer Survey (2020)

Figure 33: Channel preferences for Household Appliances (Small)



Source: Deloitte's Myanmar Consumer Survey (2020)

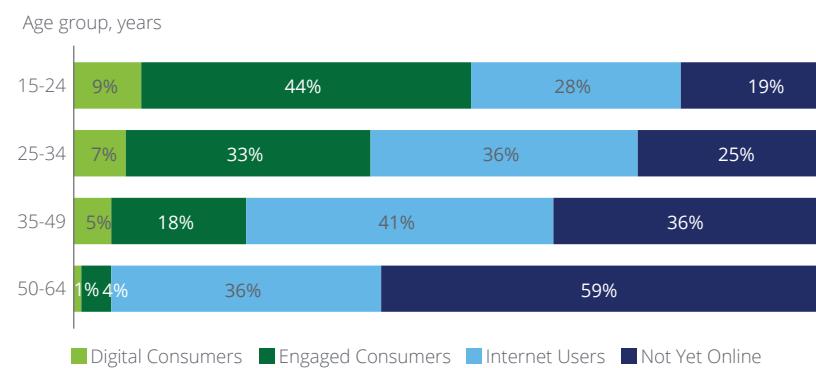
Differing levels of digital readiness

Broadly, consumers can be classified into four main stages based on their attitudes and adoption of digital channels:

- **Digital Consumers:** Consumers are highly comfortable with the use of digital channels and mobile applications. They consume content, conduct research, and perform transactions on digital platforms.
- **Engaged Consumers:** Consumers conduct some research, and consume some content on digital platforms and mobile applications
- **Internet Users:** Consumers consume very limited content on digital platforms and mobile applications.
- **Not Yet Online:** Consumers only have a very limited use of mobile applications, utilising mostly only messaging applications.

Overall, there is a clear pattern across the various age groups, with a more than half (59%) of survey respondents in the 50-64 year age group indicating that they are Not Yet Online. Conversely, about 44% and 9% of those in the 15-24 year age group are Engaged Consumers and Digital Consumers respectively (see Figure 34).

Figure 34: Digital readiness by age group



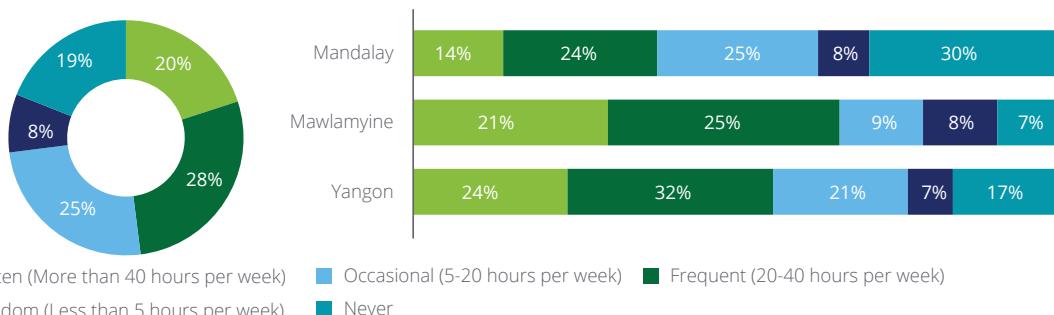
Digital behaviours differ by city

Overall, Myanmar consumers appear to be fairly digitally-savvy, with nearly half (48%) of survey respondents spending at least 20 hours online per week. However, there remains some room for greater digital uptake, with about 19% of survey respondents indicating that they do not spend time online at all.

Amongst the various cities, Yangon appears to be the most digitally active, with 56% of survey respondents spending at least 20 hours online per week. On the other hand, Mandalay appears to be have lowest digital activity, with the highest proportion of survey respondents (30%) indicating that they do not spend time any time online at all. This is perhaps due to the fact that Mandalay is Myanmar's traditional or cultural centre, and is therefore more focused on traditional businesses and modes of communication (see Figure 35).

This, however, could be set to change, with the push for Mandalay to become Myanmar's first Smart city. In line with this objective, newly launched initiatives include the Mandalay City Development Committee's introduction of the Mandalay Smart Pay mobile payments application for residents to make payments for their municipal bills, including water, electricity, and waste, as well as automated traffic control, waste management, and water metering systems¹⁶.

Figure 35: Overall digital activity



Source: Deloitte's Myanmar Consumer Survey (2020)

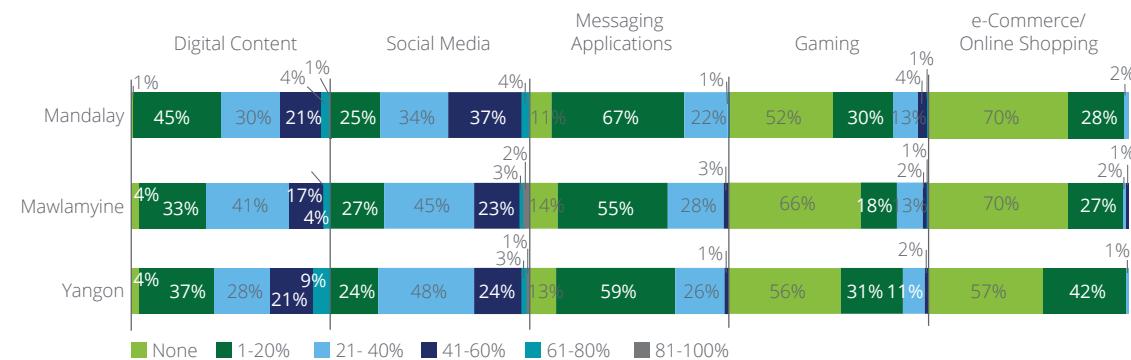
16 "Mandalay unveils easier way to pay water, other bills". The Myanmar Times. 18 March 2020.

In terms of digital platforms, participation in e-Commerce/Online Shopping and Gaming is generally low across all cities. However, survey respondents from Yangon appear to be more inclined towards e-Commerce/Online Shopping, with about 42% of them spending up to 20% of their time online on these platforms (see Figure 36).

Across the board, Digital Content and Social Media account for most of the time survey respondents spent online, with more than 50% spending up to 40% of their time online on these platforms. The use of Messaging Applications also appears to be fairly popular, suggesting that this mode of communication may have become an important channel through which companies can reach their target consumers.

Indeed, several companies have already begun to invest in such efforts. The United Nations Children's Fund (UNICEF), for example, recently launched a partnership program with Viber to mobilise and engage young people in Myanmar. The program aims to leverage the messaging platform as a community participation tool to enable youths to express their opinions and drive positive change in the communities they live in¹⁷.

Figure 36: Overall participation on digital platforms

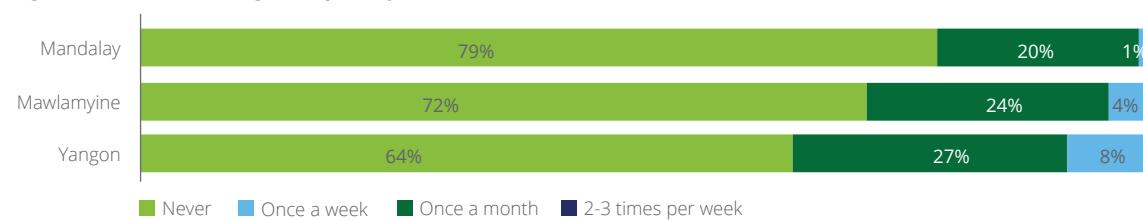


Source: Deloitte's Myanmar Consumer Survey (2020)

Trust issues the main barrier for greater e-commerce uptake

Overall, Myanmar's e-commerce sector is still fairly nascent. Even in Yangon, the business capital, only about 36% of survey respondents indicated that they shop online at least once a month (see Figure 37). Looking ahead, however, many of the COVID-19-induced online shopping behaviours are likely to become more permanent consumer habits in the long run. In anticipation of this, the Myanmar government is also currently looking to introduce a set of new legislations for the digital economy¹⁸.

Figure 37: Overall usage frequency for e-Commerce/Online channels



Source: Deloitte's Myanmar Consumer Survey (2020)



Thiha
Active
Pre-Retirees

Like many in his age group (45%), Thiha shops online at least once a month. Amongst his online purchases, about 89% of them are made through informal storefronts on social media platforms, which have proliferated in recent years to offer consumers a wide variety of different products from clothing to kitchenware. To make his online purchases, Thiha communicates directly with sellers on messaging platforms such as Messenger and Viber.

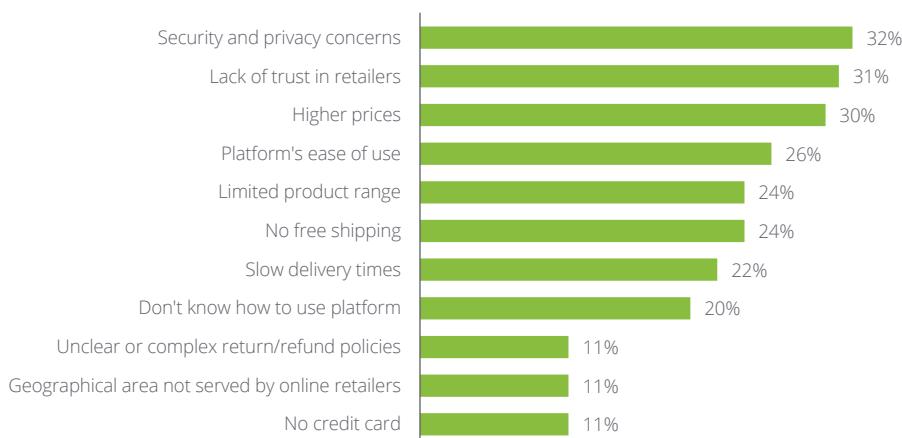
17 "UNICEF partnership with Rakuten Viber set to amplify voices of young people in Myanmar". UNICEF. 11 December 2020.

18 "Online sales boom amid COVID-19: e-commerce body". The Myanmar Times. 17 November 2020.

Our survey findings reveal that several issues consider to hinder greater uptake of e-Commerce/Online channels. These include security and privacy concerns (32%), as well as a general lack of trust in retailers (31%), and perception of higher prices (30%) (see Figure 38).

Many of these trust issues are likely to be related to purchases from informal storefronts on social media platforms, where sellers conduct regular livestream infomercials to sell their products. While these informal storefronts have increased in popularity in recent years, there remain some concerns over their credibility and ability to offer consistent service. Looking ahead, consumer protection regulations will be a crucial step in enabling the sector to overcome some of these issues.

Figure 38: Barriers to uptake for e-Commerce/Online channels

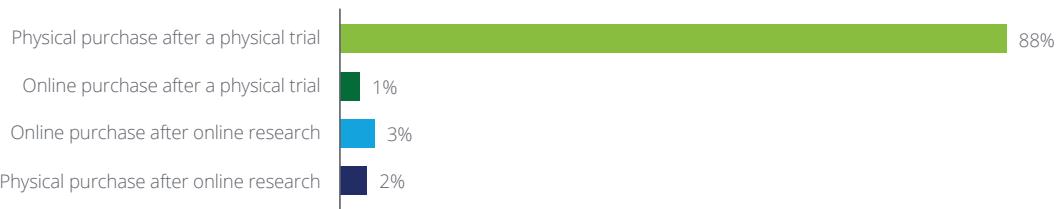


Source: Deloitte's Myanmar Consumer Survey (2020)

Lack of offline-online integration

The results of our survey revealed that there remains a strong separation between offline and online channels. Currently, an overwhelming 88% of survey respondents continue to prefer making a physical purchase after a physical trial (see Figure 39).

Figure 39: Overall offline-online purchasing behaviours



Source: Deloitte's Myanmar Consumer Survey (2020)

With the outbreak of COVID-19, however, our marketplace observations suggest that this preference may be on the cusp of change. Apart from the take-off of livestream infomercials on social media platforms, we observed that many offline retailers have also started introducing their own online delivery platforms, or collaborating with third-party online delivery platforms, to reach their consumers in this new normal.

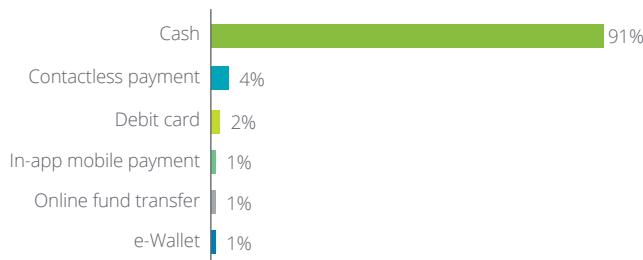
These include, for example, CityMart, Myanmar's largest retail group, which offers direct delivery and physical store pickup services for online purchase through its "City Mall" platform¹⁹, as well as convenience store chain G&G, which has partnered with Myanmar's largest shopping platform, Shop.com.mm, to offer its products.

Cash remains king

Despite the growth of mobile wallet payments, accelerated no doubt by the pandemic, cash remains king for the Myanmar consumer, with 91% of survey respondents citing it as their most frequent payment method (see Figure 40).

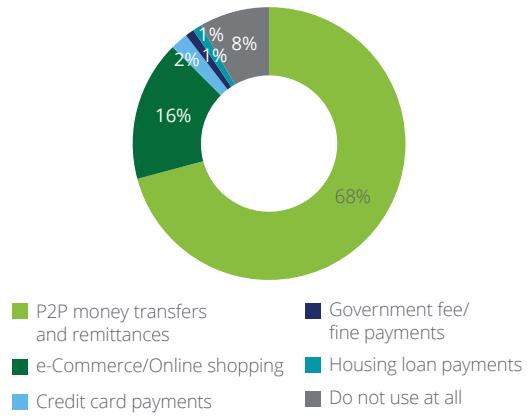
Overall, digital payments are primarily used to carry out person-to-person (P2P) money transfers and remittances (68%). Notably, however, there has been a significant uptake of digital payments for online shopping (16%), which suggests the growing potential of this use case in the e-commerce sector (see Figure 41).

Figure 40: Most preferred payment methods



Source: Deloitte's Myanmar Consumer Survey (2020)

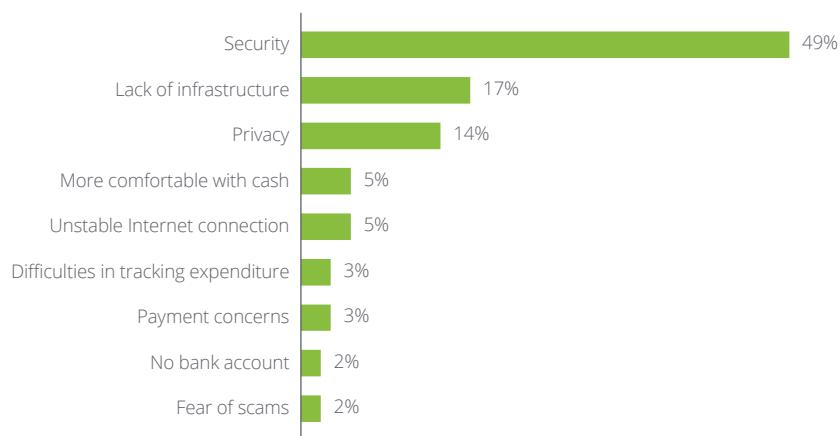
Figure 41: Usage of digital payments



Assurance-related factors key to further adoption of digital payments

Assurance-related factors continue to hinder the further adoption of digital payments. Specifically, 49% of survey respondents cited security concerns as their top consideration (see Figure 42), likely a result of frequent reports about online scams and other privacy breaches. To instil greater confidence digital payment methods, clearer and more robust regulation may be needed.

Figure 42: Barriers for the uptake of digital payment methods



Source: Deloitte's Myanmar Consumer Survey (2020)

Post-purchase

Last-mile delivery is top consideration

The results of our survey reveal that last-mile delivery continues to be the top consideration for Myanmar consumers. Specifically, about 47% of survey respondents had placed orders for items with same-day delivery options, and 31% have paid for expedited shipping.

Conversely, 29% of survey respondents did not order an item because of their delivery times, and 29% of them did not order because the delivery date was unclear (see Figure 43). This suggests that last-mile delivery could be a significant differentiator for many consumer companies in Myanmar, and there remains significant room for improvement in this aspect.

Figure 43: Delivery-related experience on e-Commerce/Online platforms



Source: Deloitte's Myanmar Consumer Survey (2020)

Similarly, free return shipping is one of the top considerations for consumers when it comes to the refunds/returns process (see Figure 44). Given that e-Commerce/Online platforms tend to have higher rates of returns than physical stores, it is important for these retailers to put in place the appropriate mechanism to facilitate this process, especially in a sector where competition is steep and margins are thin.

Figure 44: Top considerations for the refunds/returns process on e-Commerce/Online platforms



Source: Deloitte's Myanmar Consumer Survey (2020)

19 "City Mart to limit purchasing amount of basic goods". The Myanmar Times. 28 March 2020.

Looking ahead



In this fifth edition of the Deloitte Consumer Insights, we explored some of the latest consumer sentiments and behaviours through the hearts, wallets, and minds of four personas amidst the global COVID-19 pandemic that were uncovered by our recent consumer survey conducted in three major cities: Mandalay, Mawlamyine, and Yangon.

There are three key takeaways. Firstly, we have observed that the Myanmar consumer has relatively moderate sentiments for the short term, and more optimistic sentiments for the medium term. As Myanmar's economy had taken a significant hit from the COVID-19 pandemic, consumers are more cautious in the short-term, and are exercising a degree of prudence by prioritising necessities in their expenditure. In the medium to long term, however, Myanmar's economic fundamentals and public investments are expected to play a larger role in steering the economy back to its growth trajectory.

Secondly, Myanmar's retail scene continues to be dominated by Traditional Trade channels. While there has been some uptake of e-Commerce/Online channels during the pandemic, there was a greater shift in consumer preference towards Traditional Trade. This is a manifestation of the Myanmar consumer's need for convenience, with the close proximity of Traditional Trade channels driving their greater uptake. For consumer companies, this also suggests that it is important to take into account geographical coverage and distribution capabilities when assessing their competitive advantage, as consumers may even be willing to forgo certain preferred products or brands to fulfil all of their shopping needs in limited locations near their homes.

Finally, assurance-related factors remain key barriers impeding the greater uptake of e-Commerce/Online channels and digital payments. Cash is very much still king, and consumers overwhelmingly prefer to make purchases at physical outlets. To instil greater confidence in digital platforms, companies and regulators alike will need to collaborate to put in place clearer and more robust regulations and processes.

While the impact of the military coming into power remains unclear, companies looking to find the bright spots amidst the uncertainty will ultimately need to not only understand the dynamics of the underlying macro trends, but also how these forces converge with one another to play out across the Myanmar market, given its various regional differences and consumer inclinations.

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