How to ask Questions

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2. Type your question here

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• Strategic location in Asia
• Land area
  › 652,290 square km
• Population
  › 53 million (small premium consumer class)
  › Good English in urban areas
  › Ethnic diversity
• Economy (2016 estimates)
  › GDP: US$68 billion
  › GDP per cap: US$1,306
  › Inflation: 9.8%

Data: DFAT Country fact sheet, World Bank, ADB
Map: Myanmar Information Management Unit
Average GDP growth for the ASEAN region expected to be 4.5% in 2016 and 4.8% in 2017.
MYANMAR IN FIGURES

- **Male : Female**
  - Male: 48%
  - Female: 52%

- **Urban Population (% of total population)**
  - Rate of Urbanization: 2.49%

- **Family Size**
  - 4.2 People per Household

- **Mains electric lighting in the home**
  - 32.4%

- **Flushing toilet at home**
  - 2.1%

- **Access to private transport**
  - Tractor: 2.5%
  - Bullock cart: 21.6%
  - Car/truck/van: 3.1%
  - Motorbike/moped: 38.7%
  - Bicycle: 35.9%

- **Median Age**
  - Age in years:
    - Myanmar: 28.3
    - India: 27.3
    - China: 36.8
    - US: 37.8
    - UK: 40.4
    - Japan: 46.5

- **Age Distribution**
  - Elderly (65+): 5.8%
  - Children (0-14): 28.6%
  - Economically productive (15-64): 65.6%

Source: WPP.com; CIA World Factbook; National Sensis released in 2015
Monthly household income

- Vietnam: 11%
- Myanmar: 30%
- Cambodia: 26%

Myanmar household expenditure breakdown (% Total)

- Groceries: 13%
- Eating/drinking out: 38%
- Education: 8%
- Transportation: 5%
- Utilities: 5%
- Communications: 5%
- Toiletries: 12%
- Housing: 6%
- Others: 5%

Source: WPP.com; CIA World Factbook; National Sensis released in 2015; TNS
• Buying decisions are made by consumers according to their trusted network
• Brand champions are popular in Myanmar
• Strong influence from celebrities and a new group of online bloggers – which is relatively new to Myanmar as internet access hasn’t been readily available
• Market also follows regional trends – Singapore, Thailand and Korea
COMPETITIVE ENVIRONMENT

• Small number of international brands operating stores in malls as well as areas within duty free stores and premium supermarkets – Nature Republic, Clinique, Kanebo, Yves Rocher, L’Oréal and Revlon.

• European brands are trusted and “Made in USA” is very popular.

• Korean is No.1 due to the TV soaps

• Smaller individual stores spread throughout Yangon and smaller cities

• The lower end of the market is dominated by very affordable brands from the region

• Myanmar brands – Bella and others
• Traditional advertising is expensive, reach is limited
• Social media (Facebook) is critical to promote your brand and supporting bloggers is important
• Continuous marketing is important to build brand recognition/loyalty
• Online buying has a way to go (access to cards and courier systems still has a way to go)
• Trade shows are starting to become common and popular to find new products and suppliers
• Seek an import partner with distribution in Yangon and possibly Mandalay
MYANMAR’S COMMERCIAL POTENTIAL FOR PERSONAL CARE

• Premium retail supermarkets selling personal care items
• Malls featuring cosmetic stores
• Convenience stores
• Retailers are looking for different ranges
• There is a niche for premium brands, as a small but growing number of Myanmar consumers do consider quality over price
OPPORTUNITIES

• Complete specialty store range
• Skin brightening cream
• Sunscreen
• Lipsticks
• Skin rejuvenation cream
• Foundation cream
• Pressed powder
• Hair Products
• Fragrances
• Experienced with sampling showcases to prospective importers as well as retail customers
• Can provide tailored services to assist with partner searches
• Austrade’s next sampling showcase is planned for July/August 2017 - Low risk/cost opportunity to assess the market potential, with a comprehensive report provided and Austrade follow-up
Distributor background

- I am an ex-Myanmar citizen living in Australia for the past 18 years.
- My background is in Business Administration and Accounting.
- I am also a freelance make-up artist and a qualified beautician.
- I worked in the international trade industry for the past 11 years in Australia specialising in import/export and trade finances.
How it’s all started?

I love Australis products and was using them on my clients. The price is very affordable too. I was so keen to introduce good quality and affordable products to Myanmar Market. I was given an opportunity by Australis team. I started with very small quantity and introduced Australis products online on Facebook in 2012-2013. Now I am distributing Australis products to 13 beauty supply stores (similar to Priceline) in major cities in Myanmar such as Yangon, Mandalay & Pathein. We are working on distributing to more stores and the numbers are expected to be doubled in 2017/2018.
Registration of Trademark and Sole Distributorship

- Requires local lawyer to prepare the documentations and application.

- Application process could take a few months to a couple of years depending on the Australian supplier’s willingness to provide necessary documentations which may not be required for similar process in other countries.

- Once registered, it needs to be published in the local newspaper.
Current Cosmetic Market in Myanmar

- Current Cosmetic Market in Myanmar is very competitive.

- There are lots of cosmetic products coming in from neighbouring countries such as Thailand, China, Taiwan & Korea.

- Local artist/celebrity brands. (Sai Sai & Ni Ni Khin Zaw)

- Own Branding - Manufactured in Korea (Bella)

- Well known and globally trusted cosmetic brands like Revlon, Lorea’l and Maybelline.

- Local manufacturing is very limited at the moment due to high manufacturing cost. (Co Co Health is one of the well known and high quality local produce extra virgin coconut oil in Myanmar and now they are producing coconut related skincare and hair products)
Opportunities for Cosmetic Industry

• Market is very competitive and more and more cosmetic brands are entering into Myanmar cosmetic market.

• Increasing numbers of Beauty Bloggers promoting and educating young generation about the importance of skincare routines, sunscreen and make-up trends.

• Young generation are using more and more cosmetic and skin care products. Back in the days, people only use Thanakha (traditional plant based product used as a sunscreen) on their face.

• Government is welcoming more foreign investments.
Marketing

- There are specific ways to advertise and promote branding in Myanmar.

- Sponsoring products to Bloggers for their reviews (Uses Social Media to promote Brand Awareness). Some bloggers may charge one-off fees to write a review.

- Using local celebrities & artists (Price ranges from AUD1500-3000) for the billboard/posters or flyer.

- Advertising with local media companies - (For example - DVB program for 6 months costs approximately AUD 2,000 per month plus directing fees of AUD 4,000).

- Participate in trade expo (USD 1500-2000)

- Providing make-up/skincare educating sessions with local makeup artists & bloggers.

- Sales & Promotions.
Custom Regulations

- Local companies are allowed to import/export products in and out of country.
- Requires export/import licence and company registration.
- Custom process could take up to 6 weeks.
- Import duties and taxes are high for cosmetic products.
Challenges

- Due to higher taxes and importation costs from Australia, it is difficult to compete with local and imported products from the neighbouring countries. As we import directly from Australia by air freight, our cost is higher compared to other cosmetic products coming in from neighbouring countries across the border regardless of the country of origin. Therefore our expenses on marketing and promoting brand awareness is very restricted.

- Pricing is another challenge for Australian companies. Local consumers tend to buy products that are cheaper. Majority of the population is on low income and affordability plays a significant role in product selection. Quality of the product is not highly regarded in such cases.
Challenges con’t

• Currency exchange rate fluctuation is one of the biggest challenges in Myanmar.

• Local rules & regulations are different from other countries. For example: FDA requires documents with three years validity.

• Due to delays in processing of trademark and distributorship registrations, by the time FDA receives the documents, legal documents no longer have three years validity. When the distributor requests new documents with the new validity date, suppliers are hesitant to provide revised documents due to the lack of local knowledge.

• Therefore we have to go back and forth between distributor, suppliers, local authorities and agents to get one document approved.
Market Restriction

• Skin care products: Weather and Humidity is really high. Most people have oily or combination skin and they are afraid to use moisturising and hydrating products.

• Only certain products can be sold in Myanmar - local prefers brightening and lightening products. For example: Foundation: People tend to use light colour foundations instead of the colour that are suitable for their skin tones.
• Cosmetics must be approved for import by the Myanmar Food & Drug Administration (MFDA)
• Samples are required for testing by MFDA
• Approval process for cosmetics/beauty care items can take from a few months up to 2 years to be approved
• Labelling - name, batch number, date of manufacture, expiration date, name/address of manufacturer, volume
  › most foreign brands do not have labels in Myanmar language at this stage
APPROVAL PROCESS

- Applicants for import approval must be from Myanmar or a resident representative.
- Authorisation letter is required from the foreign party.
- List of products required, payment of assessment fee and laboratory analysis fee to MFDA.
- Documents required: company profile, authorisation letter, certification of product to WHO standard, good manufacturing practice certificate, copy of manufacturing licence statement of finances and the product information sheet. Also in Myanmar language.
  › Include formula and composition, physical and chemical properties, analytical data on active substances, quality control processes used.
Both Myanmar and Australia are signatories to the Association of Southeast Asian Nations (ASEAN) Australia New Zealand Free Trade Agreement (AANZFTA).

A range of Australian products can avail of lower tariff rates when exported to Myanmar under the agreement.

Anti-acne; face and skin creams and lotions, make-up preparations, powders etc – HS code 3304 all 20 per cent until 2020. MFN is 27 per cent.

Two websites


http://aseanfta.asean.gov.au
CONTACT US

ADDRESS: AUSTRALIAN EMBASSY  
88 STRAND ROAD, YANGON

TEL: +95 1 251 810  
FAX: +95 1 246 159

www.austrade.gov.au

yangon@austrade.gov.au

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