

Market Snapshot F&B Retail Market in Myanmar

Myanmar Headlines

- The current population of Myanmar 53.9 million which represents a sizable consumers market in retail sector.¹
- Yangon's retail market (7 million population)² is set for major changes with new and modern shopping formats slated to be introduced in the medium term.³
- Yangon retail stock grew by 28% year over year on the back of a growing economy and expanding demographics.⁴
- The supply stock for retail market in Myanmar is expected to double by 2018 with over 250,000 sq m of retail space currently in the pipeline as a result of positive transition economic climate and increasing urban population in the country.⁵
- The majority of the retail space will take shape in the forms of community shopping centers, lifestyle malls, and support retail components.
- According to survey data from Nielsen, by 2014 around 33% of monthly household expenditure went toward food and groceries, around 35% went toward semi-necessities and the remaining 32% was spent discretionally.
- Consumer spending has the potential to increase to over \$100bn per year by 2030, which is triple the current \$35 billions.⁶

Business Opportunities

Myanmar political and economic reforms have opened up the country to outside investment and the country economy is growing along with the Foreign Direct Investment. There is a growing middle class and the demand for international food and beverage products is increasing, with higher purchasing power and increase in consumer spending. International brands like Nestle, Unilever, P&G, F&N, Lotte, Carlsberg, and Heineken have a presence in Myanmar.

Over the 2009-2013 period, all consumer goods categories in Myanmar recorded significant growth. Packaged food sales experienced a 12% (Compound Annual Growth Rate) CAGR to reach a market value of US\$1.6 billion in 2013. Canned/preserved food and baby food were the most dynamic packaged food categories, recording CAGRs of 24% and 22%, respectively, between 2009 and 2013. Overall packaged food sales are anticipated to register a CAGR of 15% between 2014 and 2018.⁷

Soft drinks experienced a CAGR of 18% in value terms over 2009-2013 reaching a market value of US\$264 million in the latter year. Juice (CAGR 23%) and carbonates (CAGR 14%) were the two largest soft drinks categories, amounting to US\$102 million and US\$100 million, respectively, in 2013. Value sales of soft drinks are anticipated to grow at a CAGR of 23% over 2014-2018.⁷

Import of British products

There are increasing opportunities and demand for British companies to import British Products to Myanmar. There is a demand for:

- Processed foods like cereals, biscuits, pasta, pasta sauces, chocolate.
- Dairy products like milk and cream, cheese, yoghurt, English tea & coffee, jams & honeys.
- Supply of dressing, canned and processed food
- Supply of seasonal fruits like apple and grapes
- Supply of organic products

Key Players

Local Stakeholders



MINISTRY OF COMMERCE
THE REPUBLIC OF THE UNION OF MYANMAR



Local Business Players



British Brands in the Market



Challenges

1. Import Procedures

The Ministry of Commerce is the government department which issues import licenses for food products, and the Department of Food and Drug Administration (FDA) is responsible for inspecting and clearing imported food at the border. Importers must obtain a food import licence from the FDA for each product line being imported (for example, each stock keeping unit (SKU) requires a separate licence). A common challenge for import is the amount of bureaucracy required for FDA approval and the time it takes to get a recommendation letter (it can take up to two to three months to obtain a recommendation letter), which can cause delays to the process.⁸

In addition to delays caused by having the correct documentation, food import licences can only be issued if the importer presents a food safety recommendation for each product. If there are multiple products, the process could be lengthy. Food safety recommendations are issued by the FDA. An example of the requirements from the FDA for a food safety recommendation is below:

- An application letter
- A product sample of 1.5 kilograms or 1.5 litres
- A certificate confirming that the product is allowed for sales as food in the country of origin
- Product specifications containing the following information:
 - Product description
 - Ingredient list
 - Physical and chemical analysis
 - Nutritional information
 - Microbiological standards
 - Packing
 - Storage and shelf life
- Manufacturing licence
- Payment of the relevant fees

The FDA reviews these documents and carries out a laboratory inspection on the product. If granted, the FDA recommendation lasts for two years.

2. Food Labelling

Currently, the Myanmar National Food Law 1997 stipulates the legal requirements for food labelling for pre-packaged food. Information with Distributor details should also be attached by the manufacturer / supplier prior to import into Myanmar and by the Distributor after the goods have arrived in Myanmar.

Legal requirements for food labelling can include:

- Brand name of the product to be imported
- Kind of food and flavour
- Ingredients
- Net content or net weight
- Manufacturer's name and address
- Country of origin

3. Customs Delay

The regulations for Customs clearance are constantly changing and delays remain a constant challenge for food products, especially perishable products like meat, fruits and vegetables.

4. Market Entry

Finding the right agents and distributors is important for a successful venture in this sector. Due to changing import rules and regulations, restrictions and limitations on products and services, challenges with

bureaucracy and understanding of the market environment, monitoring consumer trends and behaviour, a planned market entry strategy is required to enter Myanmar. The British Chamber of Commerce Myanmar can assist companies to overcome these challenges. Please read '**How we can help you**' below for more information.

5. Logistics

Most imported products arrive by sea through Yangon Port. Myanmar is currently implementing logistic hubs through the development of the Thilawa port, Kyauk Phyu Port and Dawei port. Currently many F&B products come into Myanmar overland from neighboring countries, particularly China, India and Thailand. However, road infrastructure is generally poor and road freight rates can be very high.

There are a growing number of direct air links with key Asia cities, and these provide a channel for air freight for perishable items. As air freight is very expensive, food products are often imported into Myanmar via distributors in Singapore and Thailand.

Case Studies for UK companies

City Mart

City Mart is the biggest supermarket chain in Myanmar. Established in 1996, City Mart supermarket has established itself amongst urban households who appreciate quality food and lifestyle. Currently City Mart is operating 21 City Mart supermarket outlets, 10 Ocean Supermarket outlets and 3 Marketplace supermarkets where they offer a wide range of international and premium products to better serve to fulfill customers growing lifestyle needs. At the City Mart marketplace outlets, they sell a lot of international F&B products and many of the confectionery products like biscuit, canned fish, sauce, English tea, jam, honey and coffee which are imported especially from UK. In Future, the company is planning to import seasonal fresh fruits like grapes and apples from UK companies. Apples and grapes are currently imported from the US but due to the availability of the fruits which are cultivated seasonally in US and other countries, City Mart is looking for other alternative source like UK for further import options. City Mart is working with Ramsden International Trading Company from UK to import UK products and sell those products at the City Mart outlets. It took 2 years for the negotiation process for the import procedures and FDA approval for 40 different importing items. Import documents and specification availability is a major challenge and it is not very easy to organize shipping arrangement since the order quantity is not very high at the initial stage.⁹

Unilever

Unilever started its distribution programme in Myanmar through third parties in 2010 and now aims to build a network of distributors and increase the availability of its brands through an ever-expanding retail outlet network. At present, its product range in the country includes goods from savoury, food products and other fast moving consumer goods. Unilever has long-term confidence in the growth of Myanmar, injecting significant financial investment in two manufacturing factories in Yangon. Unilever set up business in Myanmar 80 years ago, after a brief hiatus in 1965 where Unilever left Myanmar due to political unrest, it re-entered in 2010 by importing products from Thailand.

The performance of Unilever in Myanmar over the past three years has been steady and the company is positive in achieving its 10-year target where its ambitions are to become a No.1 fast-moving consumer goods company in Myanmar. Knorr seasoning powder and Lipton tea are well known among local consumers.

New Age Food Products

New Age Food Products Company was set up in 2015 and import branded food products from the US and Europe including UK. Currently the company imports the brands like Golden Lion bacon, beef and ham Singapore, Tiptree jams and honeys from UK, Taylors of Harrogate English tea and Coffee from UK, Italian pasta and dairy products like cheese and butter from the US and Europe. The company plans to start supplying branded foods to Myanmar retailers via the business. Currently the company import directly from

manufacturers and distributors in the South East Asia region and most of their suppliers are from Singapore. The company imports the UK's Taylors of Harrogate teas from distributors in Singapore. The company expects the market demand to grow and has interests in working directly with British suppliers. **11**

How we can help you

The British Chamber was established in July 2014 and has grown to a network of over 200 member companies, including Myanmar, British, ASEAN and European businesses. The Chamber provides regular networking opportunities for the business community, up to date and relevant information on doing business in Myanmar and advice for market entrants navigating the challenges of establishing a business here. Find out more about Chamber membership [HERE](#).

For more information about the Chamber, please contact to:

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The British Chamber can offer UK companies a range of business services to new UK Exporters and UK companies interested in doing business in Myanmar.

These include:

- **Business Matching**
- **Promotional Events**
- **Market Visit Programme**

Find out more about our Business Services [HERE](#). Further discussion on how we can help, please contact to:

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