A FEASIBILITY STUDY OF OPENING CONVENIENCE STORES IN YANGON, MYANMAR

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ABSTRACT

This study is intend to identify the direction of market opportunity for convenience stores business in Yangon, Myanmar and provide information for entrepreneurs who are interested in this business can make a decision on investing in launching convenience stores business based on customers’ needs and wants. This study also investigated the significance of demographic factors effecting on convenience store and consumers’ buying behavior in Yangon. Research was conducted by way of survey (quantitative) and interview questioning (qualitative) based in Yangon which was used by phenomenology research approach. The questionnaire was constructed by requirement of this study and under the guild-line of advisor as well.

The results of this study showed that the respondents regularly use convenience store service and consumers’ buying behavior shift from tradition store to modern store are increasing frequently because of changing of lifestyle and increasing income. The most critical factors that they mentioned the most are service and location of the store which will make the consumers to access convenience and comfortable. This research also concluded with recommendation for continuously further study on convenience store, investment in this business, and entrepreneurs who have already run this business.

INTRODUCTION

The Asian convenience store industry (C-store) has grown rapidly over the past few years with consumers’ lifestyle heading towards modernity and large participation from market players. Despite economic slowdown and financial crisis over the past few years, the Asian region has showed a good performance and the number of C-store increased rapidly.

Also the developed markets of western countries have become saturated with high C-store density posing a question mark over the industry’s growth potential. As a result, players have now started to look outside these markets and Asia represented the most lucrative C-store market with increasing consumers’ appetite for convenient shopping and surging sale. According Report Linker research (Report linker, 2011), Asian C-store market forecast to 2012 is heading fast towards the development phase.

Convenience store is one of the essentials for commercial and major cities of a country as it makes up for with convenience and short time by serving more locations and having shorter cashier lines. Likewise, the commercial city of Myanmar, Yangon with a population of more than 4 million, needs to develop the convenience store industry in order to serve the market opportunity with increasing middle-income in the future.

Rationale of the Study

As business confidence improves due to political and economic reforms from a new civil government under the leadership of President TheinSein since 2011, gross domestic product is expected to grow a projected 5.5% in FY2011 and 6.0% in FY2012, and it believes to grow in the future as well (Asian Development Bank, 2012). This progress will increase middle-class enormously especially in Yangon and high purchasing power as well. These consequences also shift people’s buying behavior to modern convenience store intern of traditional one as they are more educated.

In order to serve the people to consume the products easily in their daily life, many branches of convenience stores need to open in Yangon by way of international standard. Even though there are 108 retail shops franchise from Thailand and local brand, it still has a need for booming market in the future. Thus, opening convenience stores by way of international standard is a need for Myanmar’s market before coming AEC 2015.

Purpose of the Study

1. To conduct the feasibilities of opening Convenience Stores in Myanmar focusing on commercial city, Yangon.
2. To identify the direction/dimension of market opportunity for convenience store industry in Yangon, Myanmar.

Scope of the Study
This study explored the consumers' buying behavior in Yangon intern of different education, age and income levels and their attitude to use convenience store instead of traditional one, and then it will conduct the feasibilities of opening convenience stores in Yangon, Myanmar. Likewise, it will analyze and conduct the future aspect of market opportunity of convenience store industry in Myanmar intended to extend the market.

LITERATURE REVIEW

This section describes concerning the theories and reviews of related literatures in order to make strongly supports to this study.

Marketing Mix

Marketing mix is the overall marketing offer to appeal to the target market. It consists of four basic areas: product (development of a product, service to exchange), pricing (what to charge for the exchange), marketing communications (how to communicate with the target market about the possible exchange), and distribution (how to get the product, service to the target market) (Bearden, Ingram, Laforge, 2001).

McCarthy (1996) mentioned that marketing mix is the external factor that influence on buyer’s purchasing decision. It consists of a set of controllable tactical market tools such as product, price, place and promotion that firm uses to produce the response it wants in the target market. Kotler (2000) also declared that marketing mix is the set of marketing tools such product, price, place, and promotion that the firms use to pursue its marketing objectives in the target market.

Product

Kolter (2003) stated that product is anything that can be offered to a market to satisfy a want or need. Products that are marketed include physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. McCarthy and Perreault (2002) also mentioned that product means the need-satisfying offering of a firm.

Price

Hawkins and Kenneth (1998) mentioned that price refers to the perceived value of goods and service measured in some medium of exchange. Price refers to the cost of acquiring the products and services in the eyes of customers.

Price is one of the four major variables a marketing manager control. Price-level decisions are especially important because they affect both the number of sales a firm makes and how much money it earns. From a customer’s perspective, price is what must be given up to get the benefits offered by the rest of a firm’s marketing mix, so it plays a direct role in shaping customer value (McCarthy, 2002).

Place

In convenience store industry, place is one of the most significant to settle in order to create the consumers to access the products easily and convenience. To bold it, Kotler (2003) mentioned that location or place is the critical factors in retailing success and key to its ability to attract customers. In additional, the right location or place can diminish the cost of transportation and time consuming, and raise goods delivery system smoothly. Kotler (2003) stated that transportation affects the pricing in shipping products to the consumers. On-time delivery performance and the condition of goods when they arrive can affect the customer satisfaction as well.

Promotion

Promotion is communication information between seller and potential buyer or others in the channel to influence attitude and behavior (McCarthy and Perreault, 2002). The marketing manager’s main promotion job is to tell target customers that the right product is available at the right place at the right price. Shimp (1997) also mentioned that promotion is about communication with the customer and about persuading people to try our products and is often very much concerned with attitude change. Promotion comprises elements such as: advertising, personal selling, sales promotion and public relations.

Service Marketing

Organizations already have discovered that their survival no longer exclusively depends on the products they offer, but also on the additional offerings they make to their customers that differentiate them from their competitors. Innovative organizations, offering new services as well as unique customer services, are now succeeding in markets where established organizations have failed (Lovlock and Patterson, 1998).

Customers are becoming more educated and demand not only quality products but also high levels of services to company. Service organizations therefore need to adapt to customers’ views on services in order to assess whether the services they provide are perceived by customers as better than those provided by other service providers (Kasper et al., 1999).

Consumer Behavior

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how

- The psychology of how consumers think, fell, reason, and select between different alternatives (e.g., brands, products, and retailers)
- The consumer is influenced by his or her environment such culture, family and media
- The behavior of consumers while shopping or making other marketing decisions
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer, and
The roles of consumer behavior are very important in contribution of marketing strategy. In consumer markets, marketing strategies are typically designed to increase the chances that consumers will have favorable thoughts and feelings about particular products, services, and brands, and will try them and repeatedly purchase them. Also, marketing strategies are developed by retail stores, catalog retailers, e-tailers and other direct marketers to increase the chances that consumers will have favorable thoughts and feelings about purchasing form them and will actually do so (Peter and Olson, 2008).

Model of Consumer Behavior

Understanding consumer behavior and “knowing customers,” have and never will be simple. Consumers may say one thing but do another and not be in touch with their deeper motivations. However, there are numerous models trying to explain consumer behavior. These models generally deal with various stimuli, influential factors, the decision-making process and outcomes. Some models are very basic and categorize all variables such as the one proposed by Kolter (2000), which is illustrated in Figure 2.1.

**RESEARCH METHODOLOGY**

Research was conducted by way of a survey and interview question. Using quantitative research method will be the main methodology to conduct in this research and other is qualitative method (interview questioning). Data collection especially commercial city, Yangon, will be the main task to carry out in this research.

The objective of this research is to discover the diversity of consumers’ buying behavior intern of different incomes, ages, educations, and society in order to shore up this study. Additionally, it is to find out to achieve market opportunity and dimension of convenience store industry in Yangon, Myanmar and other relevant data to create the best feasibility of opening convenience store in Yangon as an international standard.

In quantitative research, it was conducted by way of a survey which will involve aggregate data analysis especially from the consumers in Yangon by questionnaires. The questionnaire was composed of 11 items which related to the required information for this study.

Phenomenology research method was implemented to carry out in this qualitative research approach as it intends to describe one or more individuals’ experiences of a phenomenon (e.g., the experience of the dead market of an industry). The scope of this research is to explore the observation of interviewees on the perspective and overall of convenience store industry in Yangon, Myanmar. The primary data collection is aiming to get in-depth interviews with up to 15 people. The data analysis investigates each finding of the significant statements, the attitudes of the objects, and the essence of the phenomenon.

**RESULT AND CONCLUSION**

**Results**

**Table 4.1 Respondents Classify by Occupation**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of respondents</th>
<th>Frequency usage per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>30</td>
<td>&gt; 2 ≤ 5</td>
</tr>
<tr>
<td>Company employee</td>
<td>35</td>
<td>&gt; 2 ≤ 4</td>
</tr>
<tr>
<td>Housewife/Househusband</td>
<td>5</td>
<td>&gt; 1 ≤ 3</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td></td>
</tr>
</tbody>
</table>

In result of table 4.1, the respondents who use convenience the most are students, company employee and followed by housewife/househusband.

**Table 4.2 Respondents classify by income level**

<table>
<thead>
<tr>
<th>Income Level (Myanmar Kyat)</th>
<th>Number of respondents</th>
<th>Frequency usage per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤80,000</td>
<td>15</td>
<td>&gt;1 ≤ 4</td>
</tr>
<tr>
<td>100,000-199,999</td>
<td>35</td>
<td>&gt;2 ≤ 5</td>
</tr>
<tr>
<td>200,000-399,999</td>
<td>16</td>
<td>&gt;2 ≤ 5</td>
</tr>
<tr>
<td>400,000 or more</td>
<td>4</td>
<td>&gt;2 ≤ 4</td>
</tr>
</tbody>
</table>

From result in table 4.2, the result found that different income level has different frequency in purchasing power at convenience store. Based on questionnaire survey, income level between 100,000 and 199,999 are the majority who use convenience store. They are students and private company’s employees who are age between 18 and 26 year olds.

Based on questionnaire, most of the respondents had positive views toward convenience store industry. They satisfied buying the products at the convenience store and appreciated to have many branches of store in Yangon in order to access convenience. There are some perceptions that they mentioned about convenience store.

The most critical factors that they mentioned are service and the location of the store which will make the customers to access it convenience. The other factor is the...
available of product varieties that will satisfy a wide range of consumer tastes and create the convenient environment for consumers to access the products in one place.

Discussions

From the perception of interviewees toward consumers' buying behavior, some of the consumer in Yangon is still dominated by the traditions/street shops. But overall of the trend, the numbers of consumers' buying behavior shift from tradition store to modern store are increasing frequently because of lifestyle, living standard, income, and culture affect from neighbor countries. Overall, there is the positive side from consumers' buying behavior toward convenience store industry.

Regarding to after AEC 2015, they predicted that convenience store industry in Myanmar would be one of the booming markets as many investment from foreign will definitely enter in many different sectors, and living style and consumers' buying behavior is going to change like other countries. On the other hand, many people from regionals will move to cities/urban areas in which many job opportunities will create for them. These consequences will effect on high frequency purchasing in convenience store as the number of population in cities/urban and income level is going to increase.

Moreover, they described the key factors for the conveniences store in order to success in valuing and creating convenience the customers which are concerned mostly in theory;

1) Location
Location is the key convenience success factor and for the customers. Location should be close to where they live, where they work, or on their normal route to and from home or work. In addition, location, to be really convenient, must have easy access and egress, and convenient parking spaces for customers who only want to shop in the store and to get in and out quickly. The right location provides both convenience and value.

2) Product Assortments
From many product categories, consumers have their favorite brand names, flavors, or sizes that they want to purchase and that they expect a “good” convenience store to carry. For some products, like cigarettes, some consumers are extremely loyal to their brand and for other products like cool or soft drinks they may have several brands that they alternatively use. In any case, to provide convenience and value to consumers, store must not only carry these best-selling brand name products but must be in-stock at all the time.

3) Service
In an environment where consumers are always pressed for time, convenience and value are both provided when store is easy to shop, where customers can easily locate what they what to buy, and they can get fast, efficient and friendly service. The action of speed service will satisfy the customers and convey them to buy again.

4) Price
Price is a key component of value, but value for money spent is probably a more important consideration. Generally, consumers expect to spend a little more when they purchase products in a convenience store. They can justify a small convenience premium because it is close, convenient, they are saving precious time, and if the store is clean, friendly and has the products they want. However, if they feel that they are being “overcharged” by high prices and the store is unclean and poor service then they won’t come to buy again and value disappears.

5) Environment
Nowadays the store environment plays an important role in the consumer’s perception of value, as more and more updated and modern convenience stores appear in the marketplace. If the store is clean, bright, and easy to shop, the staff appears friendly and interested, and the store offers a wider range of convenience products and services, the consumers are more willing to use it more frequently. If however, the store is old, dirty, cluttered, etc., the store will probably only be used for “emergency purchases”.

6) Inventory Management
Maintaining proper inventory levels is the key to success in convenience store as well because of high renting cost of space and inventory managers have to identify which products sell faster or slower, products need more space to store for high consumption. On the other hand, an effective point of sale (POS) perpetual inventory system can implement through in managing inventory as well. If inventory management can handle properly, not only the other relative cost can eliminate and it also can create high turnover rate of the products as well.

Suggestions for Further Study

Recommendation for further study, the future study should continue to conduct on quality of service, consumers’ buying behavior, and location for convenience in order to build the strong of marketing strategy and the sustainable business cycle. For entrepreneurs who have already run this business should evaluate their services, which products are high turn-over rate, customers’ satisfaction and feedback every month in order to improve their services to meet customers’ satisfaction.

REFERENCES
