Empowering Myanmar Online Shops by Breaking Barriers

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1. What is E Commerce?

E-commerce refers to buying and selling goods and services using the internet with online transactions. E-commerce was introduced with teleshopping by Michael Aldrich in the United Kingdom in 1979 by connecting television and telephone lines; received (goods) orders that are advertised on television. The internet was invented throughout the 1980 and into the early 1990. The first online shopping happened through Net Market, an American retail platform on the August 11, 1994. The development of technologies (internet and secure payment systems), economic factors (lower costs for businesses and globalization), and consumer behaviours (convenience and varieties of choices with customization) led to the widespread use of E commerce. There are four main types of E commerce, business-to-consumer (B2C), business-to-business (B2B), consumer-to-consumer (C2C), and consumer-to-business (C2B).

2. How did E commerce start in Myanmar?

In 2013, the government allowed foreign telecommunications companies, for example, Telenor and Ooredoo and most of the citizens can use smartphones at an affordable price of sim cards. Afterwards, the internet rates have grown overtime before the 2021 coup. This improvement fostered the E commerce market in Myanmar, and business-to-consumer (B2C) is the most popular one in Myanmar. Social media, especially Facebook, played a crucial role in informal e-commerce to advertise and communicate. The most popular platforms are grab, food panda, Shop.com.mm and rgo 47.

3. How did E commerce relate to Global Pandemic in Myanmar?

In 2020, the former government stated the rules and regulations because of the global pandemic, including lockdowns and staying away from each other at least 6 feet for social distancing to control COVID-19.

Because of the global pandemic, many households faced uncertainty and income changes; consumers did not want to buy non-essential goods; for instance, luxury goods dropped sharply. Consumers bought more affordable products and local products instead of imported

ones because of logistic issues that pushed up prices of the imported products.[1] However, consumers still purchased essential goods, for instance, medical supplies and food essentials (rice, fuel, basic clothing), despite price increases.

Businesses alter their cost structures and behaviours to survive during the pandemic by reducing labour and wages to respond to decreased demand and supply chain issues. This affected the labour market by increasing the unemployment rate.[2]

And then, most of the sellers and buyers adopted E commerce widely; citizens used, especially, Facebook as a platform to trade products. Customers still need to buy for their survival, especially daily uses, essential products, and businesses have to sell their products to continue their operations in the long run. The most popular advertising (subset of marketing) strategy is live sales by offering discounts during this period.

4. Challenges and potential solutions

However, there are challenges faced by both retailers and citizens.

4.1 Problem (1) Most of the online businesses do not have enough level of cybersecurity knowledge, and this causes an inability to protect customers' data and privacy. The lack of cybersecurity knowledge increases the risk of data leaks or unauthorised access.

Solution - Online businesses should collaborate with IT experts to improve security. Although some large companies have implemented it, most small businesses do not invest in it. Businesses should try to invest in security systems by the level of their business to get trust from the customers.

4.2 Problem (2) Most of the customers do not have enough digital literacy knowledge to buy from online shopping securely and effectively. For example, some people do not know how to check the reliable online shops, and they also do not have analysis for the products, they want to buy. This makes it difficult for them to purchase from online shops without facing challenges.

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[1] World Bank. (2022). *Transport and Logistics: Myanmar Infrastructure monitoring*. Washington, DC: World Bank. Retrieved from https://documents.worldbank.org/curated/en/099045004062222979/P1775400655744061094c1049b1 d5d25a22.

[2] International Labour Organization. (2020). *COVID-19 impact assessment on employment and labour market in Myanmar*. United Nations Myanmar. Retrieved from https://myanmar.un.org/sites/default/files/2020-07/ILO%20Myanmar%20COVID-19%20Impact%20As sessment%20-%20updated.pdf.

Solution - Businesses should educate customers indirectly in combination with marketing strategies. This will be beneficial for both them and customers by promoting their products and educating the customers, respectively.

4.3 Problem (3) There is not enough underdeveloped logistics and delivery infrastructure, especially that leads to increasing shipping costs due to the inefficiencies of delivery services. Additionally, it causes delays in delivery processes; this results in waiting times for customers to receive the products, and they do not have sufficient services from online shopping.

Solution - Businesses also need to partner with reliable logistics companies to be faster and lower costs for customers. If it is possible, they should have a shipping department to handle order processing, packaging, checking in returning products from customers and coordinating shipments. It ensures timely delivery and manages tracking and returns. That will be more efficient to build strong beliefs with customers.

4.4 Problem (4) Myanmar heavily relies on cash-based system and customers do not believe in online payments until now because they sometimes face transaction issues. For instance, during the live sales on Facebook, sometimes customers are manipulated by some similar fake pages to transfer the money to them. The other common issue is phishing attacks and fake product listings. These scams are particularly common in social media-based selling platforms, such as Facebook to set up fake pages that resemble real businesses. As a result, consumers are often hesitant to use digital payment methods, preferring cash on delivery when possible

Solution - Business should be partnership with secure payment providers to ensure safe and reliable online transactions. This would be more confident for customers to buy online and encourage them without hesitation. In addition, cash on delivery service should be allowed for customers who have still hesitated for online transactions and lead to further enhancing trust in business.

4.5 Problem (5) Myanmar's internet infrastructure, while improving, remains barriers including political situations. Now, citizens have VPN issues related to Facebook because of SAC restrictions, and sellers do rely on Tik Tok as a main platform for live sales. Tit Tok and Viber can be accessed without VPN with good internet speed until now, and therefore, most of the online shops advertise on Tit Tok platform and receive customers' orders with Viber.

4.6 Problem (6) Sellers use their Facebook pages, to communicate with consumers; this may be complicated to view the products and wait for Facebook page admins to get replies that leads to delayed communications. Customers cannot have chances to categorise their preferred products. Sometimes, customers receive low-quality products that are different from photos that are shown by online shops.

4.7 Problem (7) Current issue - *The current issue that relates to all challenges directly or indirectly that are faced by both firms and customers is political instability; as a result, there are no rules and regulations that support E-commerce. In addition, some regions such as, Kachin, Rakhine, Chin, especially areas with ongoing conflicts between ethnic armed groups and the military cannot access the internet, and citizens from there do not have a chance to be a part of online shopping. Next, most rural areas have undeveloped road networks and postal services.*

For the internet and road network that depends on the government regulations because some regions cannot have access to the internet and citizens are not available to build the road with their own budget that absolutely needs institutional support. Only stable political situations will be supportive to implementing accessible infrastructure for sectors.

4.8 The solutions below only refer to the regions that have internet access and able to deliver products.

To handle problems that are already mentioned above in problem (5) and (6), VPN issues on Facebook because of political restrictions have pushed sellers to rely on TikTok for live sales and Viber for customer orders, as these platforms work well without VPNs. Then, using Facebook for communication can cause delays, making it difficult for customers to view and categorise products. Additionally, customers sometimes receive products that differ in quality from the images shown.

Solution - Therefore, firms should invest in building websites and applications by collaborating with experts from this field. Businesses can expand this platform as a third party by accepting products from other businesses. If the platform has been updated to accept second-hand products, they will support improving Customer to Customer (C2C) business. Therefore, they can trade through applications and websites; there will be no barriers for VPN issues like Facebook.

This application should be simplified categories with Burmese language to target for all generations. By placing orders on this platform, customers cannot wait to get replies, and they can view the products that they want every time. Mobile Wallets and QR payment should be integrated in the applications, and cash-on-delivery should be added. Users are allowed to create personal accounts to check their orders and to give recommendations for the products. Sellers are authorised to manage the inventories and to track the sales. This type of online shopping application has already been popular in other countries, for instance, Lazada and Shopee in Thailand.

Although businesses have a website and platform, if they prefer live sales, they should hire a celebrity who is proficient at these products, for example, their business that sell cosmetics, they should hire beauty bloggers. Some owners hire trending celebrities who are not

proficient at the products, which leads to the manipulation of the customers, and there are many realistic examples.

Additionally, even when a platform is built, businesses might be less interested in customers if they do not promote the application. They should apply and invest more in advanced online marketing strategies to get interested, for example, by offering discounts on Myanmar Festivals by collaborating with marketing experts and professionals systematically. To implement this, businesses have to analyse the behaviours of Myanmar customers to advertise and promote the online shopping platforms effectively.

Note - However, solving only one problem is not effective. A real-world example - City Mart Online, a grocery e-commerce service that offers Burmese-language support and a simplified interface. However, they still face challenges with elderly or rural customers who are less familiar with digital transactions. Therefore, online shopping businesses should try to handle the problems as much as they can to run sustainability in the long run by applying developing technologies with an increasing investment.

5. Alternative Solutions

Solving all problems by collaborating with experts from respective fields will be the best way for all online businesses. However, all online businesses may not be able to afford investment in a realistic way to build a (application) platform and website; they should try to solve in these problems at least; lacking cyber cybersecurity knowledge of online businesses, not sufficient digital literacy knowledge of some customers and not enough underdeveloped logistics and delivery infrastructure. Moreover, Businesses should emphasise to provide a secure payment to ensure safe and reliable online transactions and cash on delivery should be allowed. Another way is that they also have a chance to sell their products on platforms that are designed by other firms.

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