

## RETAILERS IN LOIKAW TOWNSHIP (Nov. 2021)

# MARKET ACTOR SNAPSHOT

## Mercy Corps - Market Analysis Unit

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During Oct. 23–26 2021, the Market Analysis Unit (MAU) conducted phone interviews with retailers of consumer goods in Kayah State's Loikaw Township. Data are based on key informant interviews with ten retailers, and questions focused on business environment, supply and prices. This snapshot is a follow-up to the MAU's June 2021 report. MAU data and reports are available online at [www.themimu.info/market-analysis-unit](http://www.themimu.info/market-analysis-unit).

### Key Highlights

- Rice prices are up 10-20% since August, and some essential foods have risen 30-40% since June;
- Prices for hygiene products and some other NFIs are up 50% since September;
- Shipping costs are up 50-100% in recent months, and lead times have risen to five days or more;
- Retailers report a 20-60% drop in sales since June, and regional customer traffic is down;
- Credit from suppliers is nonexistent, and advance cash payments are made via shipping providers;
- Suppliers in Mandalay and Yangon lack inventory, particularly for medicines and NFIs.

### General Market Conditions

**Retailers say the security situation in Loikaw has deteriorated since June, although market conditions—like operating hours and locations—remain fairly consistent.** Retailers feel the security of their businesses has gradually worsened since June, although there have been no abrupt shifts. All respondents have operated more or less continuously since June, yet many have narrowed their hours of operation slightly. Several have closed their shops—at least briefly—when clashes have occurred or family member have fallen ill. Almost all respondents now operate from their usual business locations and sell publicly to all interested customers.

### Price and Availability of Goods

**Prices have increased in recent months for goods in all product categories except vegetables and particularly NFIs shipped from out-of-state.** Various hygiene products and other NFIs—both of which are sourced out-of-state—have risen as much as 50% since September (Table 2). Some medicines have also risen 30-40% since June. Prices for pulses have risen 30-40% since June as well, while prices for rice have risen 10-20% since August. Fish-based products like dried fish and fish-paste showed relatively stable prices since June. Respondents say vegetable prices have remained fairly stable, notwithstanding typical seasonal changes.

**The availability of medicines and essential foods remains poor in Loikaw and perhaps even worse in neighboring townships which rely on Loikaw for supply.** In some cases, retailers have reduced orders for fear of losing inventory during shipment, given the tenuous security situation. Retailers of medicines and NFIs also say their suppliers in Mandalay and Yangon are increasingly unable to provide supply due to lack of inventory. Retailers say cough syrups, cooking oil, and pulses have become more difficult to purchase in Loikaw since June, and NFIs that were scarce then remain so now (Table 1). Some retailers speculate that neighboring townships like Hpasauung face even poorer availability, due to difficulty shipping supplies from Loikaw Township.

**Table 1. Availability of Supply in Loikaw, Selected Products**

Category	Products	Retailer Observations on Supply
Essentials	Cooking oil, rice	Limited supply since August.
	Chickpeas	50% lower supply since June.
Vegetables	Various vegetables	Little or no change in vegetable supply since June.
Medicine	Cough syrup (Chericof, Woods'), multivitamins	50% lower supply of various medicines since June.
NFIs	Batteries, flashlights	Reduced supply of batteries / flashlights since August.
	Tarpaulins (thick)	Significantly reduced supply of tarps since September.

## Shipping and Logistics

**Retailers say lead times and shipping costs have grown significantly since June.**<sup>1</sup> In particular, lead times for out-of-state shipments have slowed or become less predictable. Medicines from Taunggyi used to arrive in two days (June) and now arrive in five. Dried fish from Yangon used to arrive in three days (February) and now arrive in five. Rice and essentials from Yangon which used to arrive in five days (April) now ship with unpredictable lead times. Most respondents say the frequency of shipments is the same or less, compared to past months (although one retailer of food and NFIs now receives more frequent shipments because they must source from more suppliers to meet inventory). Currently, medicines ship from Taunggyi roughly every two days. Out-of-state shipping fees vary depending on product and volume, yet they have generally risen in the range of 50-100% depending on the source of supply (Table 2). Multiple retailers also report increases in broken or damaged goods as a result of inspections during shipment.

### Box 1. Cash and Credit

Credit and e-payment systems remain unavailable to retailers, and cash transactions are now made via providers of shipping. Retailers say that prior to February, suppliers offered one month of credit, and from June this was reduced to 15 days; however, currently no credit is available and all goods are supplied only with advance payment. Suppliers and retailers have largely abandoned mobile payment options like KBZPay. Instead, outbound shipping providers carry cash to suppliers in Yangon, Mandalay or Taunggyi before returning with goods.

## Change in Sales and Customer Traffic

**Although respondents say their businesses have remained open in recent months, most report a 20-60% drop in sales since June.** Retailers of pulses, medicines, NFIs, shelter materials and meat/fish products all reported a 20-60% drop in sales, and only vegetable retailers reported no decline in sales (Table 3). In particular, demand from neighboring markets like Demoso and Hpasaung Townships has dropped off, as customers and shipping providers remain wary of travel (due to security conditions). Respondents also estimate they receive 20-50% fewer customers. Reductions in customers may not be proportional to reductions in sales. For example, customers for pulses have fallen only slightly, but sales have fallen 60% as individual customers spend less (possibly due to reduced incomes). By contrast, customers for medical supplies have fallen by an estimated 50%, yet sales have fallen less dramatically as remaining customers absorb more supply.

<sup>1</sup> Most respondents receive supplies from Mandalay or Yangon, although several also purchase from Taunggyi and Pinlaung suppliers.

**Table 2. Retail Prices in Loikaw, by Product (October 2021)<sup>2</sup>**

Category	Product	Specification	Price (MMK)	Unit	% Change	Change Since
Essentials	Peanut oil	Aye Thu Zar (brand)	6,200	Viss	+ 72%	June
	Palm oil	-	5,200	Liter	-	-
	Low-quality Rice	Shwe Yin Aye (variety)	750	Kg	+ 9%	August
	High-quality Rice	Paw San (variety)	1,250	Kg	+ 17%	August
	Pulses	Chickpeas	3,500	Viss	+ 40%	June
	Pulses	Lentils	4,500	Viss	+ 29%	June
Vegetables	Cabbage	Large	600	1 pc	No change	September
	Carrot	-	2800	Viss	+ 36%	September
	Eggplant	-	750	Viss	No change	September
	Potato	-	2300	Viss	+ 109%	September
	Tomato	-	1000	Viss	+ 43%	September
Prepared Food	Fried lab lab bean	-	4,800	Viss	+ 60%	June
	Tea leaf with oil	-	4,800	Viss	+ 7%	June
Meat / Fish	Dried Fish	Nga Yaung (variety)	12,000	Viss	+ 20%	June
	Dried Fish	Nga Takhon (variety)	8,000	Viss	No change	June
	Dried Shrimp	Small	12,000	Viss	No change	June
	Fish Paste	Cooking paste	4,000	Viss	No change	June
	Fish Paste	Animal feed	1,500	Viss	- 25%	June
	Meat Substitute	Soy-based	6,000	Viss	+ 33%	June
Medicine	Acetaminophen	Biogesic (brand)	550	10 tablets	-	-
	Cough Syrup	Woods' (brand)	5,100	100 ml	+ 42%	June
	Decitabine	Decolgen (brand)	1,600	10 pc	+ 33%	June
	Multivitamin	Supervit (brand)	4,600	10 pc	+ 44%	June
Hygiene	Detergent	Small, Fuji (brand)	4,500	2.3 kg	+ 41%	September
	Soap	Family Care (brand)	850	110 g	+ 55%	July
Other NFIs	Glassware	Various types	-	1 pc	+ 50%	September
	Tarp	Thick, Seahorse (brand)	1,800	Yard	+ 20%	September
	Vacuum Flask	10 cups	7,000	1 pc	+ 56%	September
Shipping	Shipping fees	From Mandalay	1,100	10 viss	+ 57%	July
	Shipping fees	From Yangon	6,000	Unknown	+ 100%	September
	Shipping fees	From Taunggyi	700	8 viss	+ 75%	September

<sup>2</sup> Prices in this table were collected separately from the October MAU Market Price Report, although the two are generally in agreement. Differences are moderate and may be attributable to differences in product specifications (e.g., variety, size, brand).

**Table 3. Change in Sales/Customers in Loikaw Since June, by Product**

Category	Products Sold (partial list)	Change in Sales	Change in Customer Traffic
<b>Essentials</b>	Rice, cooking oil	Lower	Lower
	Chickpeas, lentils	60% lower	Slightly lower
<b>Vegetables</b>	Eggplant, watercress, long bean	No change	Lower
<b>Meat / Fish</b>	Dried fish and shrimp, fish paste	50% lower	50% lower
<b>Medicine</b>	Medicines, hospital supplies	30-50% lower	50% lower
<b>NFIs</b>	Hygiene, tableware, dishware	30% lower	Much lower
	Tarps, carpets, netting	20% lower	20% lower

## Mercy Corps' Market Analysis Unit (MAU)

The Market Analysis Unit provides development practitioners, policymakers and private sector actors in Myanmar with data and analysis to better understand the impacts of Covid-19, conflict and other crises on:

- Household purchasing power, including coping mechanisms, safety nets and access to basic needs;
- Supply chains, including trade, cross-border dynamics and market functionality (particularly as it relates to food systems);
- Financial services, including financial services providers, household and business access to finance and remittances; and
- Labor markets (formal and informal), with a focus on agricultural labor and low-wage sectors (e.g., construction, food service).

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