

Watsons

-- Expansion Plan to Enter the Myanmar Market

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Abstract

This report provides a market report on Watsons' entry into the Myanmar market. First of all, this report emphasizes the importance of culture in the International Marketing environment. Second, the report describes the introduction of Watsons. The report then begins with a detailed description of Watsons' entry into the Myanmar market. Watsons is a major cosmetics company, it should consider Strategic Alliance as their market entry model. This reduces risk, and partners can help them share the financial burden. However, if there are management and cultural differences, it is easy to generate conflict. The marketing objectives of Watsons should be divided into long-term and short-term, and focus on local environment and consumer demand to adapt to the market and strengthen brand awareness. Finally, Watsons should appropriately change its marketing mix according to local conditions to meet consumer demand, market environment and its own marketing objectives.

Keywords

Cosmetics; Market; Myanmar; Watsons.

1. Introduction

This report will focus on the issues Watsons will face when entering the Myanmar market. First of all, this report will discuss and analyze the cultural and international marketing environment, and integrate it into the case of Watsons entering the Myanmar market. Secondly, this report will introduce Watsons's Company profile, and analyze Watsons's target market, major competitors, Market Entry Mode, International marketing objectives, and International Marketing mix. Based on this analysis, this report will provide Watsons with a detailed plan for entering the Myanmar market.

2. Culture in the International Marketing Environment

Culture is a learned, Shared, compelling, interrelated set of symbols (and practices) whose meaning provides a set of orientations for the members of society (Day, 2006). Taken together, these approaches solve the problems that all societies must solve if they are to survive. Identity, material life, language, social interaction, aesthetics, religion, education and value system are the eight elements of culture (Day, 2006).

Language is the "mirror" or expression of culture; It is essential for communication and provides insight into the culture. It has both verbal and non-verbal components (e.g., facial expressions and gestures) (Day, 2006). Different countries have different languages, and in some cases, the same language has different interpretations. Moreover, a particular gesture often has different meanings in different cultures. For example, the gesture of circling the thumb and forefinger with the other fingers outstretched means "yes" in the United States, "money" in Japan, and "zero" in Russia (Day, 2006). Language is a crucial factor in the market. Careless translation of advertising slogans or product labels may lead to language errors. Coca

Cola's French advertisement, for example, was supposed to say, "Have a Coke and a smile," but it sounded like "Have a Coke and a mouse."

When Watsons enters the Myanmar market, it should also be aware of the language issues. Myanmar's official language is Burmese, which means That Watsons should take into account not only the elegance and circularity of its mother tongue (Cantonese and Mandarin) in its campaigns and advertising campaigns, but also whether it has problems translating into Burmese. If there are problems, the propaganda and advertising language in the Myanmar market should be redesigned. In addition, 9, 13 and "complement" Numbers (10, 20, 30, 40, 50, 60, 70, 80, 90) with zero endings are taboo for Burmese people (Aung-Thwin & Aung-Thwin, 2012). Since a complement number with zero is considered to be lost, it is regarded as unlucky (Aung-Thwin & Aung-Thwin, 2012). Even in Myanmar, it is hard to sell if the total number of license plates is a supplement: 10, 20, 30 and so on. This means that Watsons's advertising, publicity and product packaging in the Myanmar market should be careful to avoid these figures. In fact, it could happen. Because in Chinese culture, 9 means "many, high, deep" and so on. Chinese companies, on the other hand, tend to use the number nine and its multiples when promoting their products. This is certainly something to be avoided in Myanmar.

Aesthetics have different interpretations in different countries, such as the role of color (Day, 2006). For example, red is considered lucky and prosperous in China, while in Colombia it means heat, in South Africa it is associated with mourning, and in Russia it is associated with Communism. It directly affects packaging, product and branding issues. When marketing in the host country is not accepted by the local society, negative colors may lead to the failure of the company (Day, 2006). For example, the logo of Hong Kong Disneyland is red, while the American logo is blue.

When Watsons enters the Burmese market, they should also be mindful of the color issue. Blue, black and grey are considered unlucky colors in Myanmar (Aung-Thwin & Aung-Thwin, 2012). Therefore, Watsons should refrain from using these colors for promotional, advertising, marking and product packaging in the Myanmar market. In fact, the impact on the brand will not be very serious. As mentioned above, the logo of Hong Kong Disneyland is red, while the American logo is blue. Therefore, color will not have a serious negative impact on brand promotion.

Social interaction refers to social activities in which individuals interact with each other for material and spiritual exchanges under certain historical conditions (Day, 2006). From different angles, social communication is divided into individual communication and group communication. Direct and indirect communication; Competition, cooperation, conflict, adjustment, etc. (Day, 2006). Social intercourse is the intrinsic requirement of the nature of living things. The essence of biological society is the sum total of all social relations formed on the basis of material production and labor (Day, 2006).

When Watsons enters the Myanmar market, it can be understood strictly as Watsons socialize with the Myanmar market and the consumers in the market. So, Watsons also needs to understand the taboos in Burmese society. For example, Burmese people have the concept of "large on the right and small on the left" (Aung-Thwin & Aung-Thwin, 2012). Walking with friends, do not use your left hand to hook your back (Aung-Thwin & Aung-Thwin, 2012). Do not use your left hand when handing items to elderly people (Aung-Thwin & Aung-Thwin, 2012). Because the left hand is considered unclean. Therefore, Watsons's activities in the Myanmar market (including operation, marketing, publicity, sales, after-sales service, etc.) should be right-oriented and avoid left-hand and left-hand usage. In addition, the top of the head is considered noble in Myanmar, so one cannot touch the head with one's hands, even if it is a very lovely child (Aung-Thwin & Aung-Thwin, 2012). In fact, it's probably more of a publicity and marketing issue. As a result, Watsons should avoid touching people's heads during social events,

and avoid head touching in advertisements (advertisements for products such as shampoo can use images of consumers touching their own heads).

3. Company Profile

Watsons is one of the largest health care retail stores in Asia, with a focus on healthcare and beauty chains. Watsons is headquartered in Hong Kong and has stores in mainland China, Macau, Hong Kong, Singapore, Thailand, Malaysia and other countries (Watson, Dunn & Fraser-Kirk, 2018). In fact, Watsons sells a wide range of products, including healthcare products, beauty products, foods, groceries, dairy products, institutional foods, frozen foods, other devices, and a number of franchised products. That is to say, it is in fact an international retail chain and has expanded to about 13,000 stores worldwide (Watson, Dunn & Fraser-Kirk, 2018). However, its main business is still providing customers with the best health and beauty solutions.

4. Target Market

To determine the target market, this report will break down the market from demographic, Psychographic, Behavioral, and Geographic. In fact, Watsons sells a wide range of products to a wide range of consumers. However, segmentation of the target market will help Watsons focus on its marketing strategy, thus more accurately predicting the needs and desires of the target consumers. Identifying different market segments will also allow Watsons to gain a competitive edge in the market, allowing it to gain more market share and consumer favor than its major competitors.

4.1. Market Segmentation

Table 1. Market segmentation of Myanmar market

Segmentations	Characteristics
Demographic	Age: 15-60 Gender: Both males and females
Psychographic	Social classes: High class, Medium class, and low class
Behavioral	Focusing on high quality and convenience
Geographic	Yangon: Largest commercial city, population 7.61 million, largest port city

From the perspective of demographic, Watsons should focus on consumers aged between 15 and 60. This is because there is not much spending power under the age of 15, let alone earning power. People over 60 have less spending power and less earning power as they retire. In addition, Watsons's products do not include infant and elderly care products, and their offerings are more focused on youth and adult use. Gender is not too restrictive a target market for Watsons. Most of the products sold by Watsons are used by both men and women. However, the consumption power of women is higher than that of men to some extent. Watsons should therefore focus on selling to women while targeting both sexes. Marital status doesn't have to be Watsons's particular concern, either, since Watsons sells a wide range of products, from personal care to groceries.

Psychographic, because Watsons has a huge range of products and a huge price range. In other words, products of the same type may be expensive or cheap. So, in terms of social stratification, Watsons's target audience can also include upper, middle and lower level consumers.

In Behavioral terms, consumers in Myanmar tend to be more concerned with quality and convenience than price. That is to say, they are in the middle of the pack, preferring high quality and convenience over cheap (or expensive) products.

From Geographic's perspective, Myanmar's largest commercial city is Yangon. With a population of 7.61 million, Yangon is also Myanmar's largest port city (Lonely Planet, n.d.). It was ranked 254th in the 2019 global 500 list (Lonely Planet, n.d.). That said, Watsons should target Myanmar's largest commercial city. And Rangoon's role as a port city also facilitates the movement of Watsons's goods.

4.2. Market Positioning

Positioning simply means using one product to directly target competitors' products and other products produced by our own company (Karadeniz, 2009). The aim is to focus attention on one product and compare it with other products of the same type, and to show its advantages over other products of the same type (Karadeniz, 2009). By analyzing the market positioning, this report can show the position of Watsons and its major competitors in the market, and analyze and discuss how to gain competitive advantages. This report believe Watsons's main competitors include SAI Cosmetic, Guardian and Super Red.

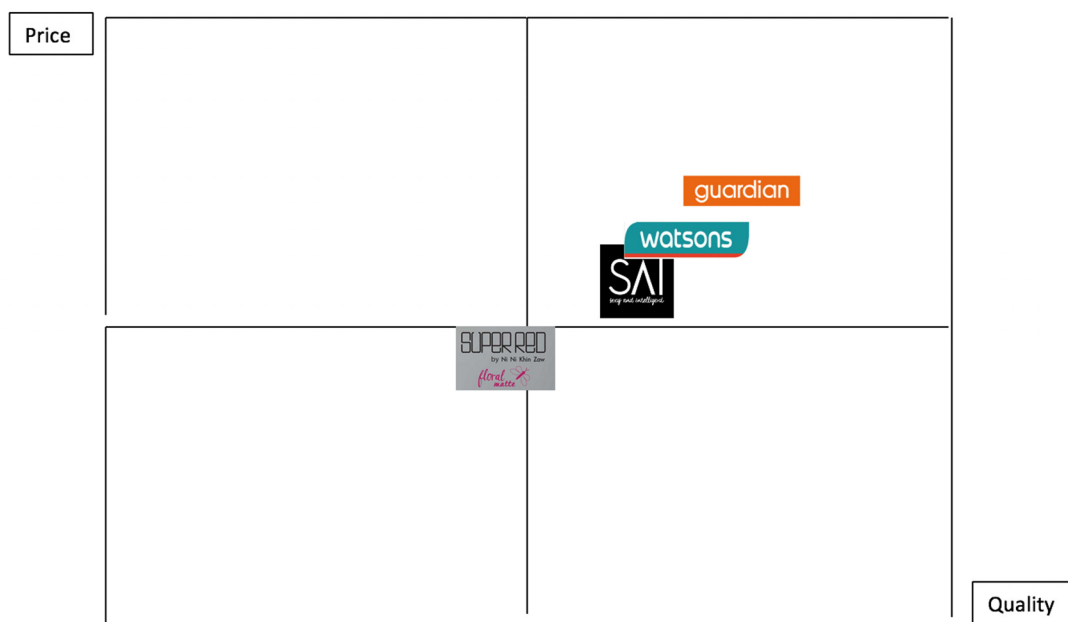


Fig 1. Market positioning about Watsons, SAI Cosmetic, Guardian and Super Red

The main features of a perceptual location map include price and quality. Generally speaking, the factors that customers care most about a product are probably quality and price, and they mainly rely on these two factors to compare similar products. While that's not the whole story, these are the two factors that most consumers are most concerned about. For example, most consumers want to buy higher quality goods at the same (or similar) price. Therefore, this report provides a perceptual positioning map by comparing the price and quality of Watsons's products with those of their competitors.

5. Competitor Analysis

In the cosmetics and beauty industry, the number of competitors is always increasing, and the price may be lower, so Watsons's competitors may focus on capturing consumers (Khan, Colon-Acevedo, Mettu, DeLorenzi & Woodward, 2017). As there are many local brands in the Myanmar market, as well as other brands that have entered the market earlier, It will be difficult for Watsons to establish its brand image quickly and gain market share when it first enters the market. The main competitor to be discussed in this report is SAI Cosmetics. SAI Cosmetics' main business is Sexy and intelligent Liquid lip Cream. Since any woman can use it, it is difficult for Watsons to compete with it in this aspect. In addition, it has a wide range of products and can be used on a variety of occasions, from meetings to evening parties to casual meals (Khan, Colon-Acevedo, Mettu, DeLorenzi & Woodward, 2017). Simply put, its innovation and product quality are very high, and the life of lipstick is relatively long. However, SAI Cosmetics' business is almost entirely focused on Cosmetics, while Watsons's business is very broad and equally high quality. This is Watsons's main strength against their main competitors. In addition, Watsons can offer various promotions and offers to further attract customers. Therefore, Watsons should maintain its broad business scope while competing in the market, and must maintain the high quality of their products to attract customers.

5.1. SWOT Analysis

5.1.1. Strength

Myanmar's low-cost labor force is one of the main advantages for brands entering its market. The low cost of labor means that the variable cost of enterprises will also be reduced, thus enabling enterprises to obtain more profits. Watsons is also able to offer a wide range of products to customers, and online sales offer a lot of flexibility for customers to buy, which is Watsons's strength in entering the Myanmar market.

5.1.2. Weakness

The Myanmar market has always been weak in macroeconomic management and market mechanism, which Watsons must face. Second, Watsons's website is not very efficient, which could be a fatal flaw in the e-commerce era. Finally, although Watsons has a wide range of businesses, its core business is still beauty and cosmetics. But their beauty and cosmetic products struggle to compete with their main competitors.

5.1.3. Opportunity

Myanmar's proximity to two of Asia's largest economies, China and India, means it has some access to business opportunities from those countries. Watsons, for its part, may also benefit. In addition, Myanmar's geographical location also determines that their products will not cost much to import. The improvement of Myanmar's economy also means the improvement of consumers' purchasing power, which will lead to the increase of product demand, thus helping the company to create more revenue (Bradley, Griffiths, Sherratt, Bell & Watson, 2015).

5.1.4. Threat

Economic and political changes in Myanmar will make it riskier for companies to enter its markets. Second, Watsons's main rival is also one of the threats. Finally, Watsons was also affected by some negative news, which led to Watsons's loss of customers (Tusiimire, et al, 2015).

6. Market Entry Mode

As Watsons is a well-established beauty cosmetics and health care product retailer, it is not appropriate for contract Manufacturing, joint Ventures, or the marketing finance situation of the wholly owned- subsidiaries. In addition, Exporting and Licensing are ways to import

Watsons's products into the Myanmar market with minimal risk and cost, but they do not offer the Watsons brand access to the Myanmar market and should therefore be excluded. In conclusion, Strategic Alliance becomes the best market Entry mode. Strategic Alliance is not affected by the exclusivity of the local market, as it enters the Myanmar market with local partners. In addition, partner resources can also be used by Watsons. In terms of funding, the partner will also provide Watsons with some help in setting up its Myanmar office. However, this model could cause Watsons to lose some autonomy when entering the Myanmar market, and could cause conflict if Watsons and its partners differ in management style and culture. These are some of the questions Watsons should look out for when choosing a partner in the Myanmar market.

7. International Marketing Objectives

Marketing goals are marketing strategies developed to achieve the overall goals of the organization (Paul Mckinney, 2018). First, Watsons should focus on the environment and the needs of local consumers before entering the Myanmar market. After understanding the marketing environment and consumer needs, I adjusted my marketing strategy and main product range to adapt to the local market environment. Second, Watsons should maintain the quality of its products and services, and strengthen its product awareness to improve existing products or develop new ones based on local environment. Finally, brand image is very important. Watsons should build a satisfactory brand image based on the local cultural tradition and market environment of Myanmar, and use the brand to attract consumers to make purchases and build customer loyalty.

On the other hand, the head office should develop a set of marketing objectives for the Myanmar branch, including strategic development and financial objectives, as well as both long-term and short-term objectives, so that Watsons can achieve sound development in the Myanmar market.

8. International Marketing Mix

8.1. Product

As Watsons is a beauty and cosmetics retailer, its main product has to be tailored to the local climate. This is because skin behaves differently in different climates. In the tropics of Myanmar, where temperatures are relatively high, there may be a major need for additional cooling effects in cosmetics. In addition, Myanmar has a lot of sunshine, so sunscreen products are also very important. Therefore, Watsons should appropriately improve their products in the Myanmar market and even develop new products for Burmese consumers.

8.2. Price

Burma is a developing country, and although its economy is growing rapidly, it is not stable. In addition, due to the low prices of raw materials and labor in Myanmar. Therefore, the price of the product should not be set too high. However, given the profitability of the company, the price of the product should be set slightly lower than the main competitors to attract consumers to buy.

8.3. Place

Myanmar is one of the fastest growing economies in the world, with an average annual GDP growth of 7.3% (PWC, 2018). In addition, Yangon can be regarded as the economic center and former capital of the country, and is the main driver of its economic growth, accounting for 23% of the country's GDP, with an average annual growth of 9.2% in the same period (PWC, 2018). In addition, Yangon is very densely populated, with more than 7 million people. Rangoon, on the other hand, is also Myanmar's trade and logistics hub, and connects road networks in

Southeast Asia, South Asia and China. Therefore, Yangon is the most suitable place to enter the Myanmar market.

8.4. Promotion

The main purpose of promotion is to promote the brand and product commercially. Watsons will be able to use the social media platform to communicate and interact with customers in order to promote them. In addition, Watsons could consider improving their official website, which would not only allow customers to learn about their brand from more sources, but also add additional sales channels. Advertisements should be designed separately according to the local laws and culture of Myanmar, and should not be used directly from the headquarters or other branches. On the other hand, some additional promotional activities should also be considered. For example, buy three lipstick, get a mask and so on. Finally, During traditional festivals in Myanmar, Watsons should also launch some activities and promotions to attract consumers to shop.

9. Conclusion

This report discusses and analyzes the international marketing environment. It also analyzes the company profile of Watsons, analyzes its target market, competitors, and lists detailed plans to enter the Myanmar market. The conclusion of this article is that Watsons is the largest healthcare retailer in Asia. After entering the Myanmar market, the main customers faced are men and women aged 15 to 60. Yangon, the largest commercial city in Myanmar, is the first choice for Watsons after entering Myanmar. Commercial cities will also usher in more business opportunities for Watsons and gain more market share. However, Watsons still has several problems in Myanmar. First, the language problem, which is also the primary problem. The problem of direct communication between employees and Burmese must be solved. Second, the number that Burmese taboos must be on the product label or price tag. The third is the color problem. Myanmar people don't like blue, black, and gray. They think these are unfortunate colors. Therefore, these colors must be avoided in product packaging and product leaflets. Fourth, Myanmar People are big on the right and small on the left, so you can put promotional products on the right. After Watson enters the Myanmar market, it needs to carry out regular promotional activities to attract consumers. In terms of prices, considering that Myanmar is a developing country, raw materials and labor are cheap and the company's profitability issues. Therefore, the price of the product should be set slightly lower than that of the main competitors to attract consumers to buy. Finally, Watsons needs to maintain the quality of products and services, enhance product awareness, improve or develop new products according to the needs of Myanmar people and the local market environment, use the image of big brands to attract consumers and customer loyalty, and finally establish a brand image and gain market Share.

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