

The Republic of the Union of Myanmar

**Preparatory Survey on BOP Business for Daily
Home Delivery of the Lactobacillus-based Beverage
in Myanmar
Report (Summary)**

December 2018

Japan International Cooperation Agency (JICA)

Yakult Honsha Co., Ltd.

OS
JR
18-053

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Chapter 1: Executive Summary

1. Overview of the Survey and Consistency with Development Themes

1-1. Overview of the Survey

Items	Details
Objective	To determine the feasibility of the Yakult business making the most of the Yakult Ladies' organization, encouraging the self-reliance of women, including those in the BOP class, through which useful products for human health are delivered to many homes
Period	March 2017 to December 2018 (22 months)
Areas for activities	Yangon and Naypyidaw in Myanmar
Outline of businesses for commercialization	Manufacturing and sales of the Yakult <i>Lactobacillus</i> -based beverage and the development of an original logistics network, making the most of Yakult Ladies in Myanmar
Target development effects and beneficiaries	Job creation for women and establishment of a national health practice in Myanmar
Activity details	<ul style="list-style-type: none"> ① Surveys including preparatory studies based on literature and the like and interviews with people at concerned authorities and organizations, as well as experts in Myanmar ② A survey measuring the receptive capacity of 1,000 men and 1,000 women including drinking tests for the actual product in the Yangon area, in five monthly household income levels, and four age groups. ③ A survey for measuring willingness to work of 500 women in their 20s to 40s in the Yangon area, in five monthly household income levels, and three age groups ④ Interviews with people at companies and organizations in Myanmar where women work successfully, based on findings through the surveys stated in ① to ③ above

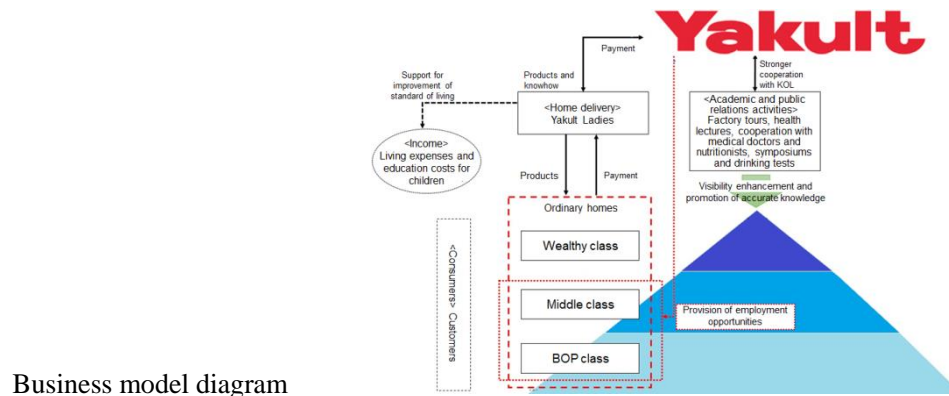
1-2. Background of the Survey

The Yakult Ladies model, which offers employment opportunities for women based on the corporate philosophy of Yakult Honsha Co., Ltd., is already contributing to improving the standard of living for people, including members of the bottom of the pyramid (BOP) class, in many countries. Yakult Honsha Co., Ltd. is aiming to develop businesses in Myanmar, which it considers the last remaining large country among the members of the Association of Southeast Asian Nations (ASEAN), in its medium- and long-term business plans.

1-3. Survey Objective

The objective of the survey is to determine the feasibility of the Yakult business making the most of the Yakult Ladies' organization, encouraging the self-reliance of women through which useful products for human health are delivered to many homes.

1-4. Outline of the Business Model



Business model diagram

1-5. Consistency with Development Themes

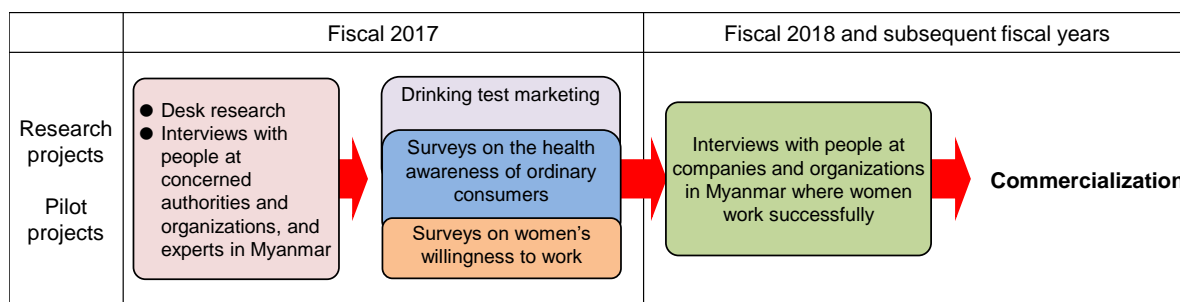
Employment difficulties and unsanitary conditions due to low income are development themes in Myanmar. Under such conditions, many children have poor health and are dying from acute diarrhea caused by enteric infections in particular. The Yakult *Lactobacillus*-based beverage, whose *Lactobacillus casei* strain Shirota has been proven to reach the intestines alive and improve the intestinal environment, will be able to (1) contribute to improving living standards by generating employment opportunities for local women through the recruitment and education of the Yakult Ladies responsible for the home delivery system, and (2) develop healthy local communities through its sustained consumption.

In the Yakult Honsha Co., Ltd.'s business model, Yakult Ladies are educated systematically. Women who are to be employed as Yakult Ladies are guided and supported to stand on their own feet after several months of painstaking training through programs, including desk studies and on-the-job (OJT) training. Yakult Honsha Co., Ltd. aims to increase income by creating jobs, promote health, and, by extension, improve the standard of living while reducing the gender gap through the provision of opportunities to continue drinking its product, which conditions the intestinal environment, through a business model involving vocational training for local women called Yakult Ladies.

2. Survey Method

2-1. Overall Survey Plan

Interview experts at concerned organizations on the latest local trends, in addition to conducting advance desk research. Shape plans for solving development themes to prepare for a sales launch following the operation of a factory by studying target women's willingness to work, in addition to the health awareness of people living in Myanmar, including the BOP class, and conducting drinking tests for the actual product. Use all findings through on-site surveys, health awareness surveys and studies on willingness to work effectively and apply them to holding workshops and developing a network in preparation for commercialization.



2-2. Survey Period

① First on-site survey: interviews with people at concerned authorities and organizations, as well as experts in Myanmar

Schedule A: Monday, June 5 to Saturday, June 10, 2017; Schedule B: Monday, July 10 to Saturday, July 15, 2017

② Second on-site survey on health awareness: a survey for measuring receptive capacity: a survey including Yakult drinking tests for 1,000 men and 1,000 women including drinking tests for the actual product in the Yangon area, in five monthly household income levels, and four age groups
Tuesday, December 5 to Friday, December 16, 2017

③ Second on-site survey on women's willingness to work: a survey for measuring willingness to work for 500 women in their 20s to 40s in the Yangon area, assumed to be candidates for Yakult Ladies, in five monthly household income levels, and three age groups
Tuesday, December 5 to Friday, December 16, 2017

④ Third on-site survey: interviews with people at companies and organizations in Myanmar where women work successfully
Wednesday, September 19 to Friday, September 21, 2018

2-3. Survey Areas

Yangon and Naypyidaw areas in Myanmar

2-4. Survey Organization and Roles

Proposing company (business	
Yakult Honsha Co., Ltd.	
Supervise the business as a whole and act as the person in charge of contact with JICA	
Survey 1 on investment and business conditions/survey related to manufacturing/distribution, sales and marketing studies/business plan formulation	Survey on legal restrictions related to health claims
<i>Lactobacilli</i> studies and academic research	Survey 1 related to food restrictions, safety and hygiene
Survey 2 related to food regulations, safety and hygiene	Survey related to distribution
Assistant to the person in charge of the business/seminar sponsorship support	Survey process management/adjustments in Japan/accounting

Outside personnel	
Outside personnel supervision/workshop operation supervision	Survey plan formulation/execution and management of surveys on women's willingness to work
Preparations for interviews with experts 2/workshop execution management	Responses to cooperating companies in Myanmar/execution and management of interviews with experts/execution and management of drinking tests and health surveys
Promotion of interviews with experts/drinking test and health survey supervision	Drinking test and health survey supervision/sample logistics management
Execution of interviews with experts 1/consumer survey operation and execution, and survey analysis/baseline studies and examination of development effects	Support for consumer surveys and analysis/support for baseline studies and examination of development effects
Execution of interviews with experts 2/preparations for workshop surveys	Preparations for interviews with experts 1/interviews in Japan

2-5. Verification Items

- ① Whether or not a high-certainty sales scheme using Yakult Ladies can be established (establishment of sales networks, high-certainty production and distribution networks)
- ② Whether or not local needs can be satisfied in terms of health awareness, price and taste (matching paying capacities of consumers)
- ③ Adaptability to localization by understanding our USP (Unique Selling Proposition: local establishment of a system for our strength, Yakult Ladies) and issues before launch (marketing from zero)
- ④ Whether or not our sales and distribution methods work (cultivation of Yakult Ladies)
- ⑤ Whether or not we can build a relationship with related authorities and academic institutes for cooperation.

3. Verification Results

3-1. Feasibility of business

We see that we can proceed with employment and education of Yakult Ladies and start of product sales at an appropriate timing when plant is completed and ready for production.

3-2. Base for Determining Feasibility of Business and Verification Results

As a result of the health awareness survey including tasting that we conducted to understand the demand for the product, which is a source of Yakult Lady job creation, there were high acceptance levels for the price, taste and expectations for its benefit to health. Based on those, we anticipate a high consumer appetite. In addition, since 90% of consumers had favorable feelings regarding home delivery by women, we consider that the business can get off to a smooth start. The details are described in Chapter 2.

3-3. Remaining Issues and Actions for the Future

Items	Remaining issues	Actions
Distribution	Secure sufficient number of Yakult Ladies	Consider a recruitment guidebook based on the survey results
Sales and marketing	Promote understanding of probiotics products (<i>Lactobacillus</i> -based beverage Yakult)	Improve recognition of Yakult Enhance relationship with related authorities and academic institutes

3-4. Business Launch Plan

Yakult headquarters has established Yakult Myanmar Co., Ltd. aiming toward our business expansion in Myanmar and planned and started construction of a local production plant of *Lactobacillus*-based beverage Yakult. The suggestions obtained from the survey results will be used as references for planning and expansion of the business in the future. The timing for completion of the plant and production equipment, start of trial production, start of full-swing production, and start of sales activities is currently under consideration.

Outline of Plant at Yakult Myanmar Co., Ltd.

- (1) Location: Thilawa Special Economic Zone, a suburb of Yangon in Myanmar
- (2) Area: Approx. 20,800 m²
- (3) Building area: Approx. 7,453 m²
- (4) Total floor area: Approx. 9,045 m²
- (5) Start of construction: October 2016
- (6) Produced item: Yakult
- (7) Production capacity: 134,000 pieces per day at first



Myanmar plant, currently under construction (as of September 2018)

Chapter 2: Details of Survey Results

1. Investment and business environments (policies and systems, infrastructure and related facilities, and others)

1-1. Policies and legal systems related to foreign investment in general

(1) Myanmar legal systems

Myanmar has the three following legal systems, including especially important legal regulations in terms of Japanese companies' inroads into Myanmar.

① The Myanmar Companies Act

(a) Definition of foreign companies

Foreign companies were redefined by the New Companies Act as companies with more than 35% of stocks owned by foreign employees of nationalities other than Myanmar or foreign companies.

(b) Establishment of foreign companies

The Old Companies Act stipulated that permission to operate a business in advance from the Directorate of Investment and Company Administration (DICA) was required to establish a foreign company in Myanmar. Because the New Companies Act does not stipulate a system for acquiring permission to operate a business, you can be exempt from the process of acquiring permission to operate a business when establishing a foreign company.

(c) Establishment of subsidiaries by foreign companies

Because the New Companies Act permits foreign companies to own the stocks of other companies, they are permitted to establish subsidiaries.

(d) Number of companies' stockholders

The New Companies Act permits the establishment of companies with a stockholder.

(e) Stipulations about investment in kind

Because the New Companies Act stipulates that the value of investment in kind and the grounds for its evaluation must be recorded by a companies' board of directors, the board of directors takes responsibility for investment in kind.

② Myanmar Foreign Investment Law

(a) Basic investment targets

- Business enterprises
- Movable property, real estate and related real estate rights, cash, pledge, mortgage, lien, machinery, equipment, spare parts and related tools
- Companies' equity rights, stocks and debentures
- Intellectual property rights
- Contracted rights to make claims with monetary value
- Contracted rights for construction, manufacturing and so on
- Transferable rights based on contracts related to the exploration of natural resources and so on

(b) Businesses whose investment activities are permitted only if you submit proposals to the MIC and gain permission

- Strategically important investment to Myanmar
- Massive capital-intensive investment project
- Investment that may have a huge impact on the environment and society
- Investment using land and buildings owned by the national government
- Investment designed by the Myanmar federal government that needs to be proposed to the MIC

(c) Forbidden investment activities

- Investment activity in businesses that may import dangerous or harmful waste into Myanmar
- Investment activity in businesses that may import plants and animals under investigation or not approved yet into Myanmar
- Investment activity in businesses that may affect the traditions and customs of Myanmar's ethnic groups
- Investment activity in businesses that may harm the general public
- Investment activity in businesses that may affect nature and ecosystems
- Investment activity in businesses related to the manufacturing of products and services forbidden by existing laws

In addition, the Myanmar Investment Law permits you to lease land and buildings for a long time by following the newly regulated procedures for approval, which saves you the trouble of submitting applications to the MIC.

Regarding preferential measures in taxation, the period of exemption from corporate tax for companies that received permission from the MIC varies from 3 years to 5 years to 7 years according to the level of development of the region. Preferential measures are only applicable to business designated by the MIC.

③ The Special Economic Zone Law

(a) Classification of Free Zones and Promotion Zones in the Special Economic Zone

Area	Free Zones	Promotion Zones
Target business	<ul style="list-style-type: none"> - Export-oriented manufacturing industry - Manufacturing industry by indirect export 	<ul style="list-style-type: none"> - Business for the Myanmar domestic market - Residential districts - Supermarkets - Banking - Insurance industry - Schools - Hospitals - Entertainment facilities
Permitted matters	<ul style="list-style-type: none"> - Exports are the main target, but sales to the domestic market and Promotion Zones are also possible. (In such case, you must follow the necessary procedures.) 	<ul style="list-style-type: none"> - Sales to Free Zones and direct exports to foreign countries are possible. (For sales to Free Zones, you must follow the necessary procedures.)

(Source: Created based on materials at the time of the overseas briefing service in the JETRO Yangon Office)

(b) Stipulations about investment incentives for the Special Economic Zones

Type of tax exemption		Old Investment Law	New Special Economic Zone Law		
			Free Zones	Promotion Zones	Special economic zone developer
Target business	Tax exemption	5 years	7 years	5 years	8 years
	50% tax exemption	-	In and after the first year 5 years	In and after the first year 5 years	In and after the first year 5 years
	50% tax exemption on reinvestment profit	In and after the sixth year	In and after the first year 5 years	In and after the first year 5 years	In and after the first year 5 years
Import tariff	Building materials, manufacturing equipment and raw materials	Tax exemption	Tax exemption	More than 5 years	Tax exemption
Land use		Initial 50 years (Two 10-year extensions are possible)	Initially 50 years (One 25-year extension is possible)		

(Source: Created based on materials at the time of the overseas briefing service in the JETRO Yangon Office)

(c) Setting up a One Stop Service Center (OSSC)

A facility established under the direction of the Special Economic Zone Management Committee to supervise functions related to the special economic zone.

(d) The relaxation of foreign capital regulation

The New Special Economic Zone (SEZ) Law relaxed foreign capital regulation significantly. Depending on the approval by the Special Economic Zone Management Committee, it is even possible to make a 100% investment in foreign capital. In addition, it is also possible to invest in business areas that were regulated under the Old Investment Law.

1-2. Legal systems related to the business and need to acquire permits and licenses

To grasp the circumstances surrounding the policies and legal systems related to the business, we conducted a survey with the main managers of facilities located in Naypyidaw and Yangon after investigating major administrative, medical and research organizations. In addition, regarding the development of the business, we also conducted surveys with related organizations about administrative organizations that give approval and authorization to product production, putting products on the market and the current state of gut bacteria research and clinical tests, which are essential to basic health data.

(1) Outline of implementation for Expert Visiting Survey

Period	Schedule A: From June 5 (Monday) to 10 (Saturday), 2017 Schedule B: From July 10 (Monday) to 15 (Saturday), 2017
Area	Yangon and Naypyidaw
Target	Administrative organizations

Organization name	Location
The Ministry of Commerce	Naypyidaw
The Ministry of Health and Sports	Naypyidaw



Left: The Ministry of Commerce, right: The Ministry of Health and Sports

(Source: photos taken on a visit to Myanmar)

Medical and research organizations

Organization name	Location
Yezin Agricultural University	Naypyidaw
Naypyitaw General Hospital	Naypyidaw
Myanmar Medical Council (MMC)	Yangon
The University of Medicine 1, Myanmar	Yangon
Medical Research Institute	Yangon
Yangon General Hospital	Yangon
North Okkalapa General Hospital	Yangon
Thingangyun Sanpya General Hospital	Yangon
Myanmar Medical Council (MMC)	Yangon
Myanmar General Practitioners Association (MGPA)	Yangon
Victoria Hospital (private)	Yangon



Yezin Agricultural University



North Okkalapa General Hospital



Victoria Hospital

(Source: photos taken on a visit to Myanmar)

(2) Circumstances after the institution of the Law Concerning Consumer Protection

Based on the Law Concerning Consumer Protection, which was enacted by parliament in March 2014, the Consumer Agency was established in April 2016. This agency consists of the headquarters made up of 23 officials and regional branches. This move was meant to keep pace with other countries as a member of the

Association of South East Asian Nations (ASEAN) and the project is being implemented according to a 10-year plan for 2016-2025. Of the planned 2,700 staff members, 1,700 have already been secured.

The Food and Drug Administration (FDA) takes charge of quality control of foods and medical supplies according to the Codex Alimentarius. Currently, laws for the quality control of foods are insufficient, so the Consumer Agency carries out three activities: ① protecting consumers' rights, ② giving directions for the distribution of safe products to the market, and ③ researching the quality of products. In an effort to enhance laws and help raise awareness of product safety, the agency also conducted 12,000 awareness-raising campaigns and 6,000 food safety tests in the last year alone and created a change in consumer awareness about having the right to choose products.

Regarding discussions about specific future food safety and health claim systems, if you have an office in the Thilawa SEZ, you must contact the officials sent there by each government organization.

(3) About marketing products

In order to put products on the market, they need to be inspected by Yangon City Development Committee (YCDC) and you must take the following procedures in advance.

- ① Fill out the form and submit it (does not need to be submitted to Naypyidaw)
- ② Pay an inspection visit to the factory
- ③ Submit a product sample to be examined
- ④ Apply to YCDC for a product inspection

(4) About clinical testing

You must acquire permission from the Ministry of Health for clinical testing. The Ministry of Health makes a judgment about the submission of written plans on clinical testing programs in cooperation with the Department of Medical Research (DMR) and hospitals. You must take the following procedures.

- ① Submit a written plan to the Ministry of Health and Sports to gain permission for implementation
- ② If the contents of testing are approved, the ministry will choose a department suitable for implementation (DMR and FDA, and others) and build a system for managing the test
- ③ A proper testing field (hospital) is chosen within the organization that manages testing and makes an offer
- ④ The Human Testing Ethics Committee is run by a committee within the DMR, not each hospital

(5) About organizations conducting research on microorganisms

The FDA and the DMR within the Ministry of Health are government-related organizations to which microorganism researchers belong, and the National Health Laboratory is a government-related organization that handles infectious diseases. The most important organization is ① the Myanmar Medical Council. ② The Myanmar Academy of Medical Sciences (MAMS) makes recommendations to the Minister of Health as a thinktank. For joint projects with foreign entities, you must submit an application to the Ethics Review/Research Committee (ERC) of the DMR to obtain approval. ③ The Myanmar Medical Association is an academia-related organization and the Microorganism Research Association is a field-specific organization under its umbrella.

2. Market for the Concerned Business

2-1. Surveys on Current Market Conditions (Market Competition, Market Size, Distribution Systems and Others)

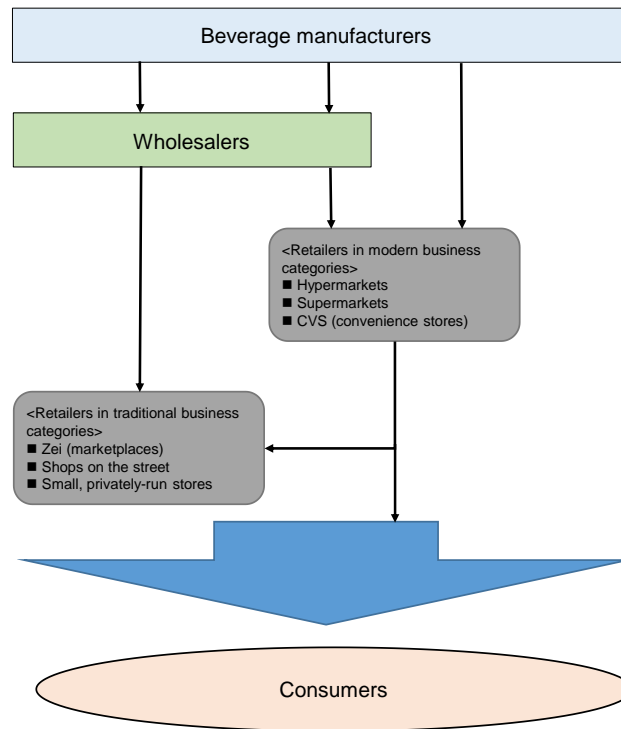
(1) Competition in the Market and Market Size

According to officials in charge at local food manufacturers, three types of beverages—bottled water, carbonated drinks and energy drinks—currently occupy the beverage market in Myanmar. Other beverages, including milk-based drinks, are handled collectively as others. Their market is said to be extremely small. Three companies in Myanmar distribute and sell products similar to the Lactobacillus-based beverage, the focus of the concerned business. None of these three has a Lactobacillus-based beverage manufacturing facility in Myanmar. Their products are manufactured in Thailand and carried to Myanmar via overland transport.

(2) Distribution Systems

Currently, overland transport using trucks is the main stream of logistics in Myanmar. The time required for overland transport using trucks is said to be decreasing with the improvement of the road-related infrastructure. In the opinion of leading retailer C, the introduction of global positioning system (GPS) functions and trucker functions to logistics based on third party logistics (3PL) contracts with foreign-affiliated companies has made logistics management easier in recent years. The retailer shared the view that logistics via cold chains will spread in Myanmar in the near future, with Yangon at the center of this trend. In many parts of relatively large cities, such as Yangon, Mandalay, Naypyidaw and Taunggyi, recently products have been sold to consumers via retail routes, including hypermarkets such as Ocean Supercenter, supermarkets such as City Mart, and convenience stores such as G & G. However, retailers in traditional business categories, such as shops on the street and small, privately-run stores, continue to account for a large volume of distributed products.

Beverage products are basically supplied to retailers in a variety of categories via wholesalers. There are also cases in which companies in modern retail business categories purchase beverage products directly from their manufacturers without going through wholesalers by forming an alliance with manufacturers.



(Prepared based on interviews with officials at manufacturers and retail stores)

2-2. Marketing Research on Target Purchasers

(1) Implementation outline for average consumer survey

We conducted test marketing research to measure demand for Yakult products. Products which state that you can improve your intestinal environment and maintain health by taking probiotics every day are new to Myanmar consumers. Therefore, before starting local production and sales, we conducted test marketing by importing Yakult products and holding a tasting for 1,000 average consumers. Also, we researched the attitude toward health and understanding of the body, and the level of understanding of probiotics.

Although in the first interview survey of knowledgeable people it was found that probiotics was not widely recognized even by researchers, it would be possible for average consumers to understand by providing information and educating them through a face-to-face approach from a Yakult Lady. The taste and characteristics of the products were highly evaluated in general. Of the respondents, 90% expressed a favorable impression of the new face-to-face home delivery sales method in which women deliver products to the homes and workplaces of customers. The products are expected to be well accepted.

- Survey period From Tuesday, December 5 to Friday, December 16, 2017
- Survey area Yangon area
- Survey target Men and women from age 20 to 49
- Valid response 1,000 people
- Respondent attribute Gender and age group: Men in their 20s, 30s, 40s and 50s; Women in their 20s, 30s, 40s, and 50s; 125 people per age group
 Marital status: 303 married people, 667 single people, 30 other people (separated, widowed)
 SEC (household monthly salary category): A (above 2,000,000 MMK), B (1,000,001 – 2,000,000 MMK), C (400,001 – 1,000,000 MMK), D (200,001 – 400,000 MMK), E (200,000 MMK or less), 200 people, respectively
- Survey method CLT venue test (investigator interview method)



Reception of the survey in the venue (health attitude survey)



Interview survey



Explanation of probiotics (Burmese)

(2) Understanding the intestinal environment and probiotics

In this survey we explained the body’s digestion mechanism and probiotics using an A4 panel in the face-to-face method, and asked the level of understanding about the contents.

① Body’s digestion mechanism

Of the overall survey target, 34% replied, “I understood it well,” and 50% replied, “I think I understood it.” The total of both parties reached 84%. Looking at the BOP segment, in SEC-D 29% responded, “I understood it well,” with 46% responding, “I think I understood it.” In SEC-E 24% responded, “I understood it well,” with 49% responding, “I think I understood it.” The results show that the lower the SEC, the lower the level of understanding.

② Probiotics

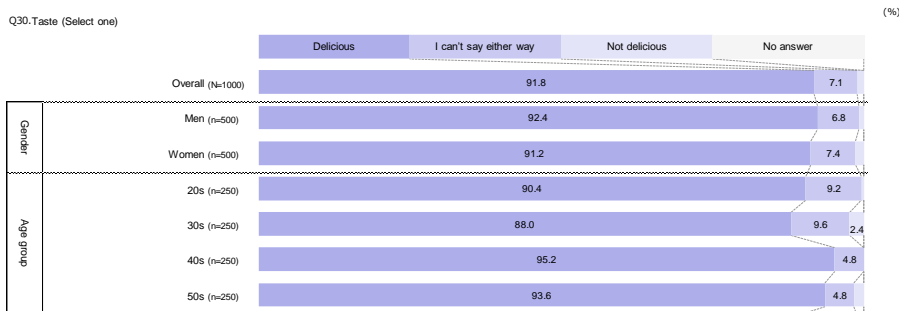
Of the overall survey target, 28% responded, “I understood it well,” 49% responded, “I think I understood it.” The total of both parties reached 77%. Similar to the body’s digestion mechanism above, there is a tendency where the lower the BOP segment, the lower the level of understanding.

(3) Acceptance of the products

With regard to the evaluation of the products after tasting, 92% responded, “Delicious” about the taste. Regarding ease of drinking, 98% responded, “Could drink regularly,” including 47% responding, “Could drink daily.” The percentage of people who responded, “I don’t want to drink” was below 2%. For the (expected) sales price, 91% replied, “Reasonable.” Because 90% highly evaluated sales performance, responding, “They are likely to sell well,” it is expected that acceptance to purchase rate is high.

As points to note on sales, with regard to whether there is any drink that is similar to Yakult after the explanation and tasting, 83% responded, “None.” Most people think it is a new product that they have never before experienced. Therefore, it is preferable to educate people carefully about the body mechanism and the product features of Yakult, as in this test marketing in the initial promotional activities. With regard to the volume, 67% replied, “Small.” It is necessary to explain that unlike conventional soft drinks, regularly consuming lactic acid bacteria will improve the intestinal environment.

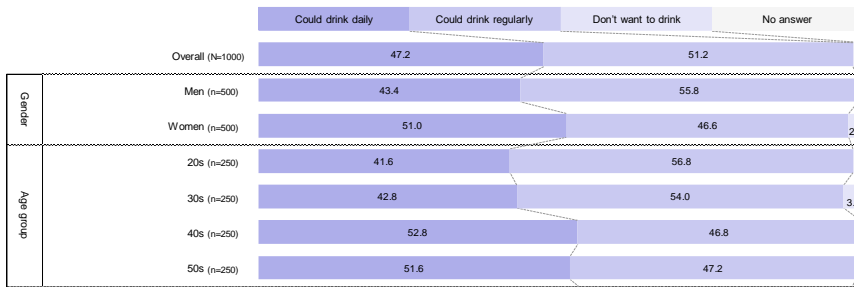
① Taste



② Ease of drinking

Q31.Ease of drinking (intention) (Select one)

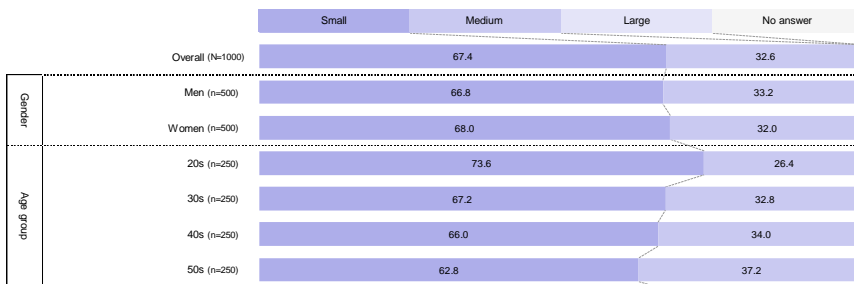
(%)



③ Volume

Q32.Volume (Select one)

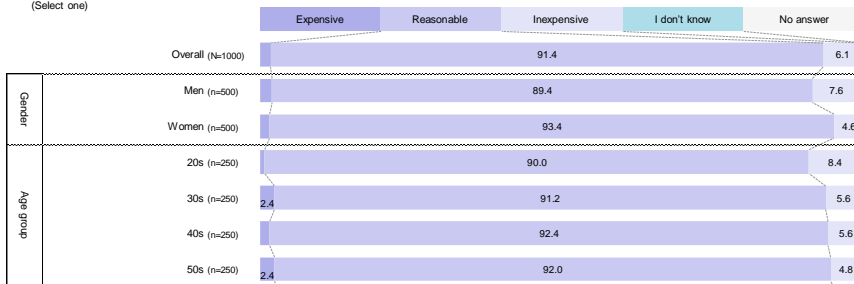
(%)



④ Price

Q27.Price acceptance (in the case of 300 MMK per bottle)
(Select one)

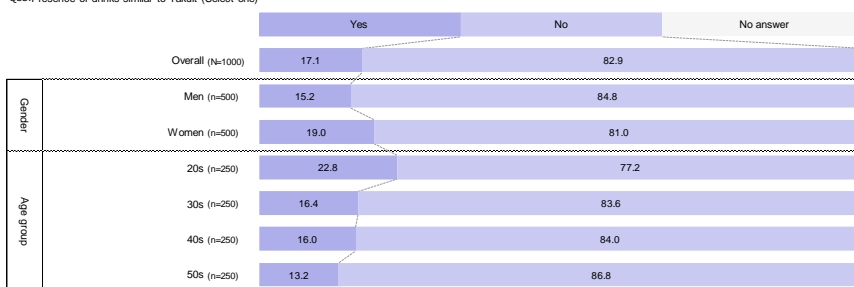
(%)



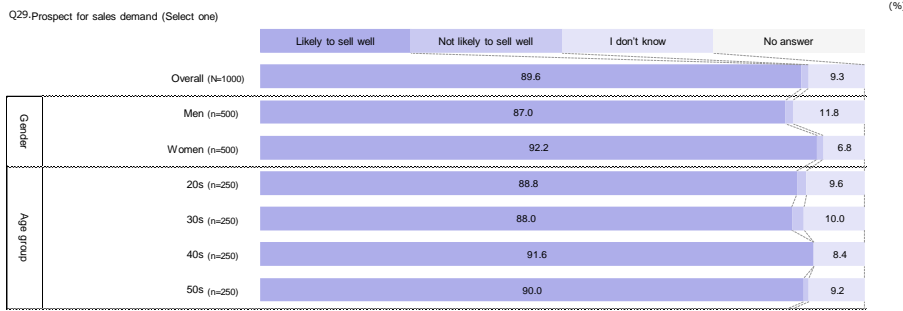
⑤ Presence of similar drinks

Q33.Presence of drinks similar to Yakult (Select one)

(%)



⑥ Prospect for sales of products



(4) Expectations for intestinal health

After explaining the body’s digestion mechanism and probiotics, we asked about the expectations for Yakult’s effect on intestinal health. Of the overall survey target, 98% responded, “High expectations” and “Somewhat high expectations.” There is not a large difference among the SEC, and in the BOP segment, the total nearly reached 100%. It can be said that expectations for Yakult’s effect on intestinal health are very high.

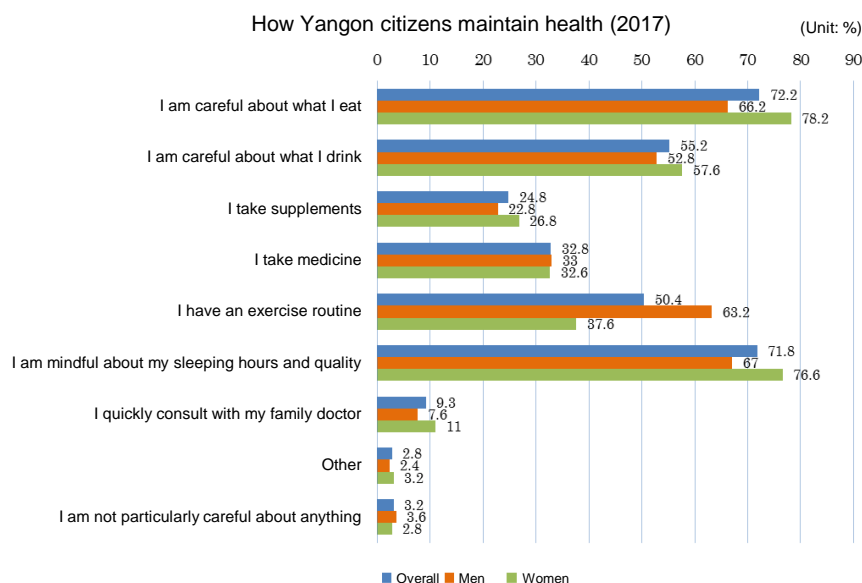


(5) Attitude toward health

In the second field survey, we asked 1,000 average men and women, aged 20 to 59, who lived in the applicable Yangon area about how they maintain their health. Approx. 72% responded, “I am careful about what I eat” and “I am mindful about my sleeping hours and quality,” respectively, with 55% responding, “I am careful about what I drink.” By gender, more women than men responded, “I am careful about what I eat,” and more men than women responded, “I have an exercise routine.” About half of the respondents are careful about what they drink, being mindful of their health. With regard to supplements, only 25% used them; and the percentage was less than 33% in medicine.

With regard to “I am careful about what I drink,” we assume the issue of quality drinking water is mainly involved. It seems that few people took an active attitude toward improving their gut using daily drinks to prevent disease, and it is necessary to promote education.

How Yangon citizens maintain health



(Source: Second pilot project of health attitude survey from December 5 to December 16, 2017)

2-3. Distribution and Sales Related Survey

(1) Implementation outline of “Status of Women’s Work Survey,” the interview with the BOP segment of Yakult Lady applicants

We conducted the survey to confirm the current status of women’s work and understand the attitude toward work for the applicants as sales ladies, Yakult Ladies, who will become a major force in the distribution networks for lactic acid drink products.

When we explained the outline using the sheet that describes the duties of a Yakult Lady who works around the world, the BOP segment showed great interest in the work, and they were expected to recommend it to surrounding people. However, the survey results revealed that approx. half of the women had the right to decide whether they worked. Therefore, it is necessary to promote understanding of a Yakult Lady’s work to their spouses and families, in addition to training, when we carry out recruiting activities.

- Survey period From Tuesday, December 5 to Friday, December 16, 2017
- Survey area Yangon area
- Survey target Average women aged 20 to 49
- Valid response 500 people
- Respondent attribute Age group: Women in their 20s: 166; women in their 30s: 167; women in their 40s: 167
Marital status: 325 married people, 163 single people, 12 people in other (separated, widowed)
Presence of a child (children) living together: Yes: 275 people; No: 225 people
SEC (Household monthly salary category): A (above 2,000,000 MMK), B (1,000,001 – 2,000,000 MMK), C (400,001 – 1,000,000 MMK), D (200,001 – 400,000 MMK), E (200,000 MMK or less), 100 people, respectively
- Survey method CLT venue test (investigator interview method)

In this survey, applying SEC (household monthly salary category) for five segments (A~E: 100 people each) to the survey target and using past data from the Myanmar Central Statistical Organization as a reference, the survey target that falls under D (200,001–400,000 MMK) and E (200,000 MMK or less) of SEC were positioned as the BOP segment. In order to clarify the attitude toward work of the BOP segment, A (above 2,000,000 MMK), B (1,000,001–2,000,000 MMK), and C (400,001–1,000,000 MMK) were defined as the survey target for comparison.



Reception of the survey in the venue (status of women's work survey)



Interview booths



Survey scene



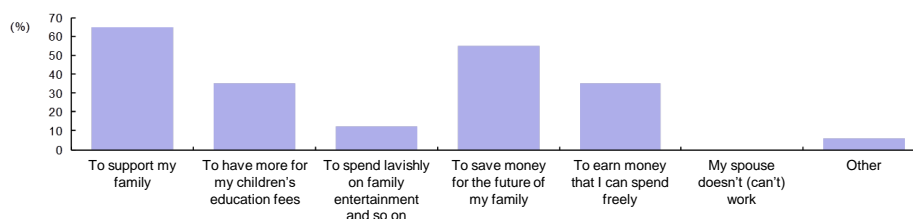
Explanation of a Yakult Lady (Burmese)

(2) Work status of the BOP segment

Looking at the current work status of the overall survey target, 60% responded, “I am working,” and 40% responded, “I am not working.” When we only look at the BOP segment, the percentage of women who responded, “I am working” in SEC-D was 57%, with 43% in SEC-E, which is less than 50%. On the other hand, the percentage in SEC-C was 68%, and the percentage in SEC-B was the highest of all at 70%, with the percentage in SEC-A at 64%. The percentage of working people was low in the BOP segment.

(a) Main purposes for working in the working BOP segment

When we asked the working survey target about their main purposes for working, 65% of overall women responded, “To support my family,” which was the highest of all, followed by 55% in, “To save money for the future of my family.” When we only look at the BOP segment, the percentage of women who responded, “To support my family” exceeded 70%. It shows that as the SEC segment gets lower, they work for more realistic reasons.



	Overall	(N=302)	64.6	34.8	12.3	54.6	35.1	0.0	6.0
S E C	A (Over 2,000,000 MMK)	(n=64)	48.4	29.7	17.2	68.8	40.6	0.0	6.3
	B (1,000,001 - 2,000,000 MMK)	(n=70)	62.9	37.1	5.7	62.9	27.1	0.0	7.1
	C (400,001 - 1,000,000 MMK)	(n=68)	66.2	29.4	8.8	45.6	33.8	0.0	5.9
	D (200,001 - 400,000 MMK)	(n=57)	73.7	43.9	19.3	56.1	40.4	0.0	3.5
	E (200,000 MMK or less)	(n=43)	76.7	34.9	11.6	32.6	34.9	0.0	7.0

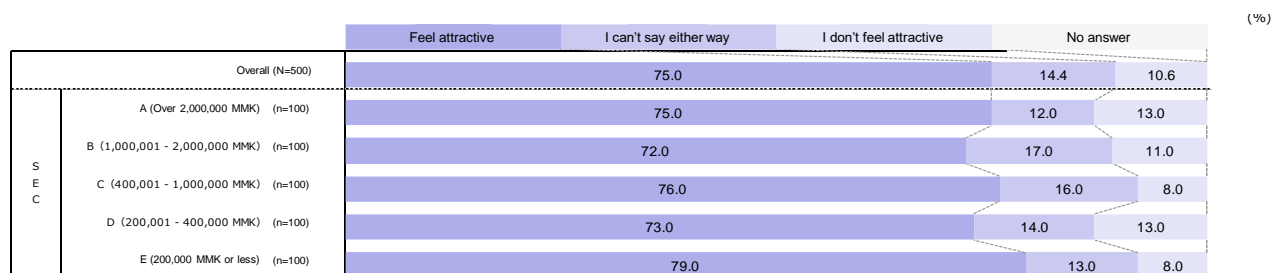
Legend: Blue box: +5 points compared to the overall target figure; Red box: -5 points compared to the overall target figure

(b) Reasons why the non-working BOP segment does not currently work

When we asked the non-working survey target about their reasons for not working, 30% of women responded, “There is no daycare,” which was the highest of all, followed by “Health reasons” (15%), and “I don’t have any financial issues” (10%). When we only look at the BOP segment, 40% of women in SEC-D responded, “There is no daycare,” with 33% in SEC-E. Also in SEC-E, 12% responded, “The workplace is not suitable.” Therefore, solving issues with daycare and workplaces will help increase the percentage of working women in the BOP segment.

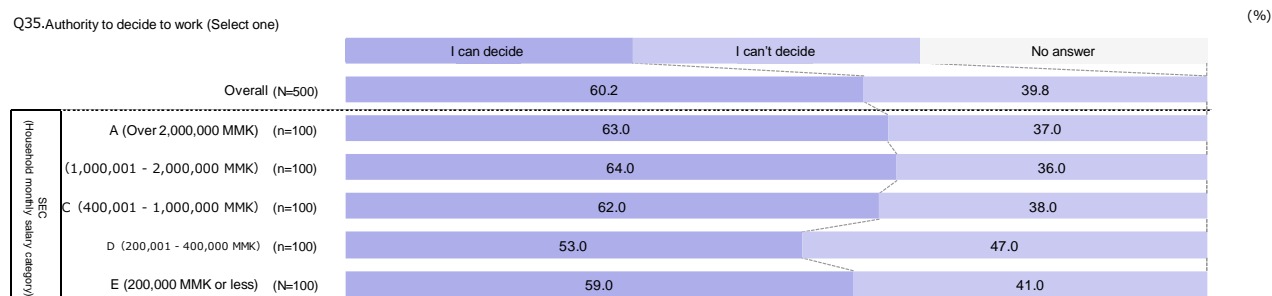
(3) Attraction of work as a Yakult Lady

Of the overall survey target, 75% have felt “Attractive” about work as a Yakult Lady, with 11% responding “Not attractive,” and 14% responding, “I cannot say either way.” When we only look at the BOP segment, 73% in SEC-D have felt “Attractive,” with 13% responding “Not attractive.” The results are nearly the same as the overall survey target. However, the percentage of women in SEC-E who have felt “Attractive” was 79%, which is high, and the percentage of women who responded “Not attractive” remained at 8%. Therefore, it was found that the lower SEC segment felt attracted to a Yakult Lady’s work.



(4) Authority to decide to work

When we asked whether they have the authority to decide to work, of the overall survey target, 60% responded, “I can decide,” with 40% responding, “I can’t decide.” In the BOP segment, 53% of women in SEC-D responded, “I can decide.” Women in the lower SEC segment tend to have less authority to decide.



(5) Points to note for consideration of developing sales networks

Keeping in mind the development of product sales networks by Yakult Ladies in the future, it is necessary to make preparations for determining working conditions of a Yakult Lady based on the results of the interview on working conditions.

① Monetary amount per month that they want to earn working as a Yakult Lady
 Of the overall survey target, 27% of women responded, “150,001-200,000 MMK,” which was the highest of all, followed by 18% in “300,000 MMK or less,” and “200,001-250,000 MMK,” respectively. Even in the BOP segment, the percentage for “150,001-200,000 MMK” was 30% or higher, which was the highest of all.

② Range of the branch where they can commute from home
 Of the overall survey target, 34% of women responded, “less than 5 km,” which was the highest of all, followed by 27% in, “less than 1 km,” and 12% in, “less than 10 km.” The same trend can be seen in the BOP segment, and there is no difference in SEC.

③ Transportation methods in the case of commuting from home
 Of the overall survey target, 47% of women responded, “I need transportation,” which was the highest of all, followed by 41% responding, “On foot,” and 34% responding, “By bus.” Similar to “Range of the branch where they can commute from home,” there is no difference in transportation methods in SEC.

④ Number of days that they can work per week
 Of the overall survey target, 41% of women responded, “5 days,” which was the highest of all, with 35% responding, “6 days,” and 17% responding, “7 days.” Looking at the BOP segment, in SEC-E 40% of women responded, “6 days,” which was the highest of all. As the SEC gets lower, the percentage of women who responded “6 days” rather than “5 days” tends to be higher.

3. Development of Business Plans

3-1. Development of Verification Matters to be Used as Criteria for Commercialization

(1) Establishment of reliable sales schemes by Yakult Ladies

We make sure that the sales networks and production and distribution systems can be built to establish a home delivery system utilizing Yakult Ladies, and the home delivery system will be accepted at the site.

Issues to promote commercialization	Related survey items implemented
<ul style="list-style-type: none"> - Development of regular purchase customers in sales areas - Acceptability of work as a Yakult Lady at the site (including local business practices and customs) - Status of development of basic infrastructure - Distribution control to keep products refrigerated 	<ul style="list-style-type: none"> - Survey on investment and business environments - Survey on the market of this project - Product manufacture and distribution related survey - Survey on sales, marketing, and after sales service related issues - Development of business plans - Implementation of interview survey

(2) Response to local needs regarding attitudes toward health, price and taste

In an area with poor sanitation, a major purpose of this project is to provide Yakult, which improves the intestinal environment, through a home delivery system utilizing local women, and establish continuous drinking habits. It is necessary to promote the continuous purchase of Yakult for commercialization, and it is essential to properly understand the opinions about price and taste at the site, as well as ideas.

Issues to promote commercialization	Related survey items implemented
<ul style="list-style-type: none"> - Acceptability of flavor of lactic acid drinks - Attitude toward health management and knowledge - Consumer's payment capabilities 	<ul style="list-style-type: none"> - Survey on sales, marketing, and after sales related issues - Development of business plans - Implementation of interview survey

(3) Response to localization by identifying USP and issues for launch

Lactobacillus casei strain Shirota provides useful functions of surviving until it is delivered to the intestine and supporting the improvement of the intestinal environment. We will use the latest technologies and knowledge of Yakult probiotics, which utilize *Lactobacillus casei* strain Shirota, as the strengths in Myanmar. We also have strengths in the Yakult Lady system, which is a unique distribution network developed through the accumulation of knowhow around the world. We will develop this system in Myanmar and deliver products to general homes and retail stores.

Issues to promote commercialization	Related survey items implemented
<ul style="list-style-type: none"> - Understanding and acceptability of probiotics at the site - Acceptability of home delivery system 	<ul style="list-style-type: none"> - Survey on sales, marketing, after sales service related issues - Survey regarding consideration for the environment and society - Consideration for the development effect from implementing this project - Development of business plans - Survey on the market for this project - Implementation of interview survey

(4) Feasibility of sales and delivery methods (Development of Yakult Ladies)

We verify whether the home delivery system using Yakult Ladies will be accepted at the site, and the development of instructors and effective training methods to introduce the system at the site.

Issues to promote commercialization	Related survey items implemented
<ul style="list-style-type: none"> - Applicants and instructors for Yakult Lady (recruiting related) - Ensuring the level of a Yakult Lady (ensuring reading and writing, and calculation capabilities) - Ensuring the level of Yakult Lady instructors - Acceptability of door-to-door sales 	<ul style="list-style-type: none"> - Survey on sales, marketing, after sales service related issues - Development of business plans - Implementation of interview survey

(5) Development of collaborative relationships with related government agencies and academic organizations
 We will develop collaborative relationships with related government agencies and academic organizations to comply with the laws and regulations concerning this project, and obtain permits appropriately.

Issues to promote commercialization	Related survey items implemented
<ul style="list-style-type: none"> - Arrangements of information of knowledgeable people at the site - Preparation for the future survey on drinks - Consideration for the possibility of joint research - Local food regulations (including health claims) - Understanding of safety and health related issues 	<ul style="list-style-type: none"> - Survey on investment and business environments - Development of business plans - Implementation of interview survey

(6) Remaining issues and future solutions

Remaining issues	Solutions
Securing sufficient Yakult Ladies	Consideration for application guidelines based on the results of the questionnaires Implementation of recruiting using cases from neighboring countries where we have already entered the business (home visits and others)
Promoting understanding of probiotics products (lactic acid drink Yakult)	Improvement in recognition of Yakult, strengthening collaboration with related government agencies and knowledgeable people, and implementation of product sampling and probiotics training seminars

3-2. Procurement Plan for Raw Materials and Equipment

We try to achieve the target for local procurement, but when we cannot procure raw materials and equipment that meet our production control standards at the site, we will procure them from Japan or other countries. As a result of the survey, they are expected to be procured in general.

3-3. Production, Distribution, and Sales Plans

Production plan: Decide on a daily production plan according to the sales status (initial production capacity: 134 thousand bottles per day)

Distribution plan: Similar to countries where we entered in business, we strive to establish a refrigerated logistics infrastructure from production plants to stores, home delivery sites and customers. We will use motorbikes, bicycles and handcarts according to the local laws (vehicle regulations). It is expected that product distribution will develop without any problem in general.

Sales plan: Start sales from Yangon, the largest city, and gradually expand to regional cities.

3-4. Personnel Plans and Human Resource Development Plans

At General Affairs Department and Human Resources Department, Production Department, Sales Department, and Academic Public Relations Department, first we will develop executives using the minimum number of temporary workers from Japan. After that we will carry out recruiting activities centering on Japanese employees and executives, and implement human resource development via Yakult-specific corporate culture, respecting Myanmar culture and striving for integration. With regard to the number of employees required for organization operations, we will decide this according to the sales start schedules

and subsequent expansion of sales quantity.

When we look at the situation in the ASEAN areas where we entered in business, we started sales with approx. 30 Yakult Ladies, and increased them to 200 to 400 people five years after the start of sales.

The situation is expected to be the same in this location.

4. Consideration for the Development Effect by Implementing This Project

4-1. Setting the Development Issues We Want to Solve through BOP Business and Indicators

There are roughly two Myanmar development issues that we want to solve through this project: BOP business of home delivery service for lactic acid drinks. The indicators are as follows.

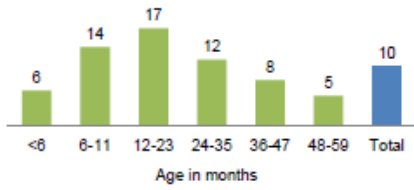
Myanmar development issues that can be solved through BOP business

Issues	Solutions	Development indicators
Improvement in health of Myanmar people through the spread of lactic acid drinks	(1) Improvement in the intestinal environment of Myanmar people, reducing infantile acute diarrhea, which is often seen in developing countries (2) Education and promotion of preventive medicine to stop people from becoming ill	●Number of Yakult bottles sold
Reducing the gender gap by providing working opportunities for women	Improvement in the rate of women’s employment by widely providing work opportunities as a Yakult Lady for women, including those who are nursing a child	●Number of Yakult Ladies

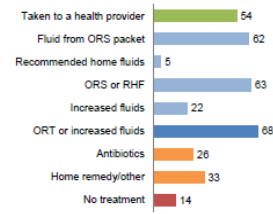
(1) Improvement in the intestinal environment and reducing the onset of diarrhea

Myanmar is a country in Asia that has the highest fatality rate of children below the age of 5. According to the UNICEF statistics, “The State of the World's Children 2016,” the death rate per 1,000 people was 50 people; worse than the 48 people in India, and was ranked the 44th worst in the world. The causes of the death for children below the age of 5 were mainly diarrhea, malnutrition, stillbirth and premature birth, in addition to the acute respiratory diseases. The percentage of children below the age of 5 who had treatment with oral rehydration salts (ORS) when they had diarrhea remained 61%.

In the reports obtained from the National Nutrition Center (NNC) in The Department of Public Health under the Ministry of Health and Sports which we visited in the first survey, there were issues with the disease rate in diarrhea for children below the age of 5 and the treatment. Ten percent of children below the age of 5 had diarrhea within two weeks before the survey, with a high percentage of children below the age of 2; 17% in children 12 to 23 months old. The percentage of children who were taken to the hospital with diarrhea remained 54%, and 14% did not have any treatment. Although treatment at national hospitals is free, they are always crowded. Considering the transportation, costs, and time required until the patients reach the hospital, they have difficulty obtaining treatment. In this situation, it is preferable that the spread of drinks that support improvement in the intestinal environment will lead to a reduction in diarrhea.



Disease rate of diarrhea by age in months



Treatment for diarrhea

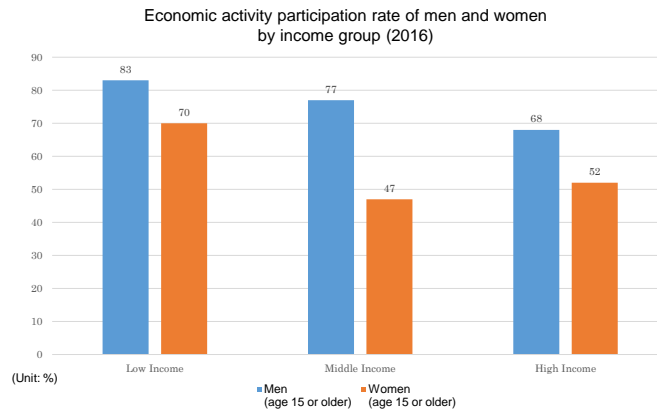
(Source: Myanmar Demographic and Health Survey 2015-2016)

In the second health attitude survey, 6% of people responded there was a problem with their intestines. Women suffered slightly more than men.

The number of Yakult bottles sold were used as an indicator for reducing the onset of diarrhea based on the test results in “Preventive effect of *Lactobacillus casei* strain Shirota concerning infantile acute diarrhea,” targeting 3,758 children (aged 1 to 5) in Kolkata, India (large scale joint research conducted by the National Institute of Cholera and Enteric Diseases (NICED) and Yakult Honsha in 2010). As a result of drinking a bottle per day for 67 to 84 days (12 weeks), the disease rate of diarrhea in people who drank *Lactobacillus casei* strain Shirota was reduced by 14% annually.

(2) Increase in the employment rate of women

According to the World Bank data, when we compare the economic participation rate of male and female labor forces in 2016 respectively by income, there is a significant gap in the economic activity participation rate between men and women, as shown below. In particular, in the middle income group, the economic activity participation rate of men was 77%, with the rate for women remaining at just 47%, and there was a 30% gap. The expansion of women’s employment will lead to reducing the gender gap.



Economic activity participation rate of men and women by income (2016)

(Source: Based on the World Bank materials)

We conducted an interview survey for companies who hire many working women and organizations who promote it.

We mainly asked the representatives and chiefs of the organizations and companies about the women’s work status, working environment, and training.

- Survey period Wednesday, September 19 to Friday September 21, 2018
- Survey area Yangon area
- Survey target Companies and organizations

Name	Outline of business activities
National YWCA of Myanmar	Founded in 1900. Business activities include holding health seminars; providing micro financing; holding seminars for women on laws, the environment, and the prevention of human trafficking; awarding scholarships for children; and supporting women in refugee camps.
JOICFP	Founded in 2005. The organization has four dedicated staff, and works with the Ministry of Health and Sports to provide care for women before and after childbirth. Business activities include holding health seminars for parents and children, visiting pregnant women and recommending examinations by doctors, and vaccinations for children aged 5 or younger.
Gold Power Co., Ltd.	Founded in 1993. Business activities include the production and sales of baby food, hotel business, sales of generators, production of nutrient-enhanced rice through a technology transfer from a French NGO. Eighty percent of the employees are women.
J-SAT Co., Ltd.	Founded in 1998. Temporary employment and talent introduction. Eighty percent of the employees are women.



YWCA



JOICFP



Gold Power



J-SAT * Scene at work

(Source: Pictures taken when we visited Myanmar)

Working women give the impression that they are diligent, sincere, strong in numbers, and honest. It is believed that financial management can be assigned to them. In urban areas, the number of working couples is increasing, and women who work outside are increasing as well. However, if women with a young child try to work, it will be difficult without the parents living together or nearby who can take care of their children. With rising prices, it is difficult to bring a parent to their home. Mothers will need day nurseries. The problem is that some husbands oppose their wives working outside and others spend the income earned by their wives. There were cases in which we invited husbands to attend the seminar and made them understand the possibility of making their families affluent in the future.

Women tend to prefer sewing, making soap and administrative work. There are many cases in which they quit a job early because of issues with in-house communication, future prospects of the company and wages. In order to develop excellent sales persons, it is indispensable to provide commission systems and a superior’s care. Specifically, it is important to set targets clearly and inform them of incentives when they achieve the targets; superiors need to communicate well and solve their dissatisfaction. Also, with regard to recruiting,

there is hidden excellent talent who were unable go to school due to political and familial circumstances, and it is essential to find excellent talent through interviews and so on instead of only evaluating applicants with resumes and an academic background.

4-2. Scenario for Producing the Development Effect after BOP Business is Implemented (Draft)

We strive to solve the development issue of the BOP segment through the promotion of a business that can be expected to produce effects: increase the women's employment rate of the BOP segment and improve the intestinal environment by providing daily drinks in a convenient home delivery service and making them healthy.

We obtained approval for health claims in some countries in previous Yakult overseas business operations; the lactic acid drink Yakult regulates the functions of the intestines. Because the results of the second health attitude survey showed high expectations for intestinal health after drinking Yakult, we will continue to provide training in the future. These efforts will lead to making it a habit to drink lactic acid drinks daily, improving people's health.

While some statistics show that the gender gap tends to decrease with education, including an academic background, a gap remains between men and women in participating in economic activities. A Yakult Lady's job includes explaining and selling products that contribute to health of Myanmar people, and it is easy to be approved by the surrounding people. Also, it provides work conditions that make women from the households of the BOP segment comfortable to work. By introducing this new kind of occupation, it will lead to improving the women's employment rate. The second health attitude survey shows that the attitudes toward women working from Yangon citizens were promising to support the women working status.

5. Consideration for the possibility of collaboration with JICA projects

With regard to collaboration with a "Spread and verification project regarding electric assist bicycles" proposed by JICA, there will be room to consider collaborations in the future if we can use electric assist bicycles for commercial purposes without any legal problems by complying with Myanmar laws, and we can expect the price to be worth the costs.

