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SOMARC II
MONTRAGELIVE SOCIAL MARREINE

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AID/OFFICE of Population
Family Planning Services Division
Rosslyn, Virginia

CONTRACEPTIVE SOCIAL MARKETING

PAPUA NEW GUINEA

MARKETING PLAN

June 1991-September 1993

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I. BACKGROUND

Papua New Guinea (PNG) has a current estimated population of about 3.8 million, with the population growing at an average annual rate of 2.3% and projected to increase to 7.6 million by the year 2020. Forty percent (40%) of the population are under 15 years and 22% of the population are women of child bearing age. The crude birth rate is 34.2 per thousand, with a maternal mortality rate of 7/1000. The total fertility rate is 5.4 and national contraceptive prevalence is estimated at 7%.

Though comprised of one major ethnic group (Melanesian/Papuan - 95% of the population) there are many disparate societies (clans), each with its own unique culture, - there are approximately 700 different languages.

The high population growth, relative to the pace of development, as well as the high birth and maternal mortality rates has convinced the Government of the need for a population and family planning program in PNG. The National Population Policy was officially accepted by the Cabinet in June 1991, and the new five year plan covering the period 1991-1995 aims to reduce the birth rate from 35/1000 to 30/1000 by increasing the contraceptive prevalence rate by 5% per year.

(Please refer to SOMARC's "Highlights of Research Review for Papua New Guinea", February 1991, for detailed country background data.)

USAID/RDO/SP Suva wished to assist the Government of PNG to achieve its population objectives by supporting relevant initiatives. In July 1989, the Mission invited a team comprising SOMARC/The Futures Group, Johns Hopkins University/Population Communication Services, The Academy for Educational Development/AIDSCOM and The Centres for Disease Control (CDC) to conduct an assessment of the feasibility of implementing a national contraceptive social marketing program inclusive of marketing condoms for STD/AIDS prevention, family planning education and demand creation and which would be integrated into AIDS strategies and interventions.

The assessment concluded that, given the relatively high investment costs to implement a full scale al social marketing program, a pilot project should be implemented in the first place to test

the validity and logistics required for a social marketing intervention in Papua New Guinea. In April 1990, AID granted approval for the pilot project and in June 1990 the implementation strategies were approved by the central and provincial governments in Papua New Guinea.

Please refer to:

- A. "SOMARC and JHU/PCS Assessment for a Family Planning Project in Papua New Guinea", August 1989;
- B. Papua New Guinea Memorandum of Understanding and Implementation Strategy, October 1990.)
- C. Papua New Guinea, An Integrated National Population Policy for Progress and Development, June 1991.

II. IMPLEMENTATION PLAN

A. Project Objectives

The specific objectives of the pilot project are as follows.

- * To distribute and promote contraceptives in selected test market areas in order to determine the feasibility and logistics required to expand the test market activity into a national social marketing intervention;
- * To distribute and promote condoms in the selected test market areas to assist in the efforts for the prevention of the transmission of STD and AIDS; and
- * To assist in increasing the awareness, knowledge, and usage of these contraceptive products in the test market areas during the period of the pilot project.

B. Test Market Sites

The four contiguous provinces of Morobe, Eastern Highlands, Simbu and Western Highlands in which the test market will be implemented represent 34% of the population of PNG and 34% of the women of reproductive age. The commercial infrastructure, availability and distribution of MCH/FP services and the contraceptive prevalence rate matches the national average. Moreover the high incidence of STD particularly in the Highlands increases the risk of the incursion of AIDS. Because these provinces were fairly representative of the family planning and STD/AIDS situation nationally, the test market activity could be expected to predict the shape of a national intervention.

C. Management and Technical Assistance

Overall program management and technical assistance will be provided through the Asia Regional Office of TFG/SOMARC. In addition in-county program monitoring and coordination will be handled by Andy Piller SEATS resident representative on behalf of TFG/SOMARC. Specifically, Andy Piller will coordinate project activities with the Department of Health, the Provincial

governments and the local social marketing implementing agencies.

Whenever necessary, TFG/SOMARC will provide technical assistance support particularly in the areas of program planning, marketing strategies, marketing communication and market research as well as managing the activities of the implementing agencies.

D. Implementing Agencies

1) Marketing/Distribution Services

Through a competitive selection process, Morobe Pharmacies Ltd. was appointed as the marketing/distribution agency with the primary responsibility to distribute the contraceptives throughout the four provinces and to assist in the execution of the marketing strategies. Morobe Pharmacies will credit the project from the sales of the commodities 32 toea (US34c) for each three pack of Protector condoms and 75 toea (US 79c) for each cycle of Microgynon pills. These funds will be deposited into an interest bearing project account and will be used for the sole purpose of supporting future project activities. A fixed price contract has been executed between TFG and Morobe Pharmacies for these services.

2) Marketing Communication Services

A sole source IQC was executed between TFG and HRD Advertising on the basis of HRD's experience with health communication programs on behalf of the Department of Health, and social marketing communication with the PNG Child Survival Project. The contract allows for the provision of advertising, promotion and public relation services to support the sale of the contraceptives.

3) Market Research Services

RFPs were issued for the purchase of quantitative and qualitative market research services and subsequently contracts for quantitative research were executed by TFG with the Institute of Medical Research (IMR), Goroka and for qualitative research with First Research, Pt. Moresby.

E. Project Policy Oversight

Three specific resources will provide guidance to the project on broad policy issues.

The Department of Health, Pt. Moresby will monitor project policy implementation specifically in relation to the objectives of the National Population Policy and the Governments Five Year Development Plan. Mr. Enoch Posonai, Officer in Charge, Family Health Services will be the monitor for the social marketing project.

Representatives of the respective provincial governments, Office of the Secretary and Departments of Health, will review the socio-cultural impact of the project at the local level.

USAID/RDO/SP Pt. Moresby will review the projects adherence to contractual procedures and assist the collaboration efforts particularly with the DOH.

SOMARC with assistance from Andy Piller will, on a regular basis, keep each of these organizations fully informed on project issues either through verbal briefings or written reports.

Additionally, the project is expected to collaborate closely with the activities of the National AIDS Control Program, and the family planning activities of SEATS, the Asia Development Bank and UNFPA.

III. MARKETING ACTIVITIES

A. Target Market

The target universe is defined as sexually active persons between the ages of 15 and 44 years.

The primary target market is males and females aged 20 - 34 years who are not currently using a contraceptive method, and who reside in the urban and peri-urban areas of the test market provinces.

Secondary targets will include:

- sexually active adults over 34 years old;
- young adults under 20 years old;
- civic and political leaders who could influence attitudes and behavior; and
- service providers who could influence contraceptive choice and usage

The project hopes to generate approximately 5,000 new contraceptors over the two year period distributed among the provinces as indicated below.

COMPOSITION OF THE TARGET MARKET

Sexually Active Adults	W.Highlands	Simbu	E.Highlands	Morobe
15 - 19 years old	35,200	22,360	38,000	41,270
20 - 24 years old	28,400	18,960	31,560	34,950
25 - 34 years old	43,600	23,380	42,110	55,400
35 - 44 years old	41,900	23,590	37,180	37,770
Total	149,100	88,290	148,850	169,390
# Urban/peri-urban	15,000	4,400	17,900	42,350
Social Market Target	1,296	518	1,296	2,070

B. Product Mix

Two products will be offered during the test market - oral contraceptives (pills) which are used by more than a half of the current contraceptors, and condoms which will address the need for STD/AIDS protection as well as actively involving males in pregnancy prevention.

1) Condoms: The USAID donated "blue-gold" condom will be provided to the project and packaged and marketed under the "Protector" brand name. It is expected however, that should the test market be successful, national sales of condoms will utilize a commodity sourced through the private sector or another international donor agency.

Packaging will be developed locally based on the global branding of Protector condoms, and assembled for distribution by Morobe Pharmacies.

2) Pills: Schering will donate 20 thousand cycles of Microgynon 30 ED (low dose) in bulk packs of 100, for use in the test market on the understanding that if the project goes national, the distributor will purchase the commodity directly from Schering at a cif price of U.S.50c per cycle. Single cycle packaging will be developed locally based on specifications provided and approved by Schering.

C. Marketing Strategy

The intention is to expand the contraceptive market by attracting new users. Strategies will therefore center around influencing and motivating first time triers and sustaining correct and consistent product usage.

D. Sales Objectives

Sales targets for the plan period have been projected at 210 thousand condoms and 40 thousand cycles of pills.

E. Sales Strategies

The products will be aggressively and competitively priced and promoted in order to attract and sustain the first time contraceptive user. Projected sales over the first twelve months are as follows:

PROVINCES	3 Pack CONDOMS	1 Cycle PILLS
Morobe	14,000	8,000
East.Highlands	8,750	5,000
West.Highlands	8,750	5,000
Simbu	3,500	2,000
TOTAL	35,000	20,000

F. Product Positioning Objectives

1) Condom: To present Protector as an effective, economical, high quality product which will help the user to avoid an unwanted pregnancy and to prevent the contraction and transmission of STD/AIDS.

The product will also be positioned as an affordable and convenient way for targeted males in particular to practice child spacing in order to ensure their own security and well being, and that of their immediate family.

2) Pills: To present Microgynon to married couples, and particularly wives, as a safe, effective, affordable and convenient way to practice child spacing.

G. Product Positioning Strategies

1) Product Presentation

Protector condoms will be offered in a three-count, four color pack presentation inclusive of a low literacy usage instruction insert, which would compete effectively with the imported condoms available in pharmacies and some supermarkets.

Microgynon pills would be offered in single cycle units compared to the industry practice of four cycle packs, to make the purchase cost more affordable for the intended target market. The standard Microgynon packaging will be overstickered with a promotional symbol which is intended to enhance the consumer's ability to both request and recall the brand. The symbol, selected through research, will be a silhouette of a local woman (head and shoulders only) taking the pill. This symbol will further differentiate the product from other pills on the market, and in so doing improve brand awareness and brand loyalty. Each cycle will have a low literacy usage instruction insert.

2) Product Pricing

The objective is to achieve a price level that would make both products attractive and affordable on a sustained basis, while at the same time generating some revenue (return to project fund) which would assist in achieving project sustainability.

Further, given that the earning capacity of the majority of the target market is based primarily on subsistence farming, the eventual retail price will be at a level where the cost of one years protection (cyp) does not exceed 2% of gross family income.

(Among the target group, the average annual income per person is approximately K3,900.)

The pricing formulation below reflects competitive margins for the distributive trade and income to the project.

PRICE INPUT	3Pack CONDOM <u>toea</u>	1Cycle PILL <u>toea</u>
Price to Distributor*	32	75
Distributor Margin (25%)	8	20
Price to Wholesaler	40	95
Wholesaler Margin (20%)	8	19
Price to Retailer	48	K1.14
Retailer Margins (50 - 60%)	27	56
Recommended price to consumer	75	K1.70

* Represents project revenue (return to project fund) (K1 = US\$1.05)

By comparison, the retail price for commercial contraceptive products are as follows:

- 3pack condoms: K0.95 - K2.50
- 12pack condoms: K2.10 - K6.90
- 1cycle pills: K2.65 - K4.00
- 4cycle pills: K7.00 - K11.50

The commercial retail prices includes a 7% custom duty for condoms and a 3% sales tax (imposed by the provincial government) where applicable. The customs duty has since been removed for the sale of all condoms.

3) Return to Project Fund

The return to project fund represented by the price to the distributor (32 toea per three pack of condoms and 75 toea per cycle of pills) was computed to cover all product costs and a small percentage of other marketing costs (See Table I).

The funds will be accumulated in an interest bearing account and used to subsidize in-country marketing costs during the pilot period and/or at the national roll out. Funds from this account would only be utilized with the prior approval of USAID/Pt. Moresby and TFG/SOMARC.

H. Distribution Objectives

The objective is to achieve the widest possible distribution of the products in order to make contraceptives more accessible to potential purchasers.

The opportunity to broaden contraceptive distribution has been significantly enhanced through the recent decision of the Minister of Health to amend the regulations which will now facilitate the distribution of pills in non-pharmacy retail outlets.

I. Distribution Strategies

There are very few pharmacies, approximately 25 throughout the country, 7 of which are in the test market areas. Products will therefore be sold in selected trade stores, private clinics, some petrol stations, bars, bottle stores and hotels, in addition to the pharmacies. The distribution target is to stock the products in 200 retail outlets as shown below.

TRADE STORES

PROVINCES	TOTAL	CONDOMS	PILLS & CONDOMS	OTHERS*	PHARMACY
Morobe	80	38	20	20	2
East.Highlands	50	15	15	18	2
West.Highlands	50	15	15	18	2
Simbu	20	5	10	4	1
TOTAL	200	73	60	60	7

* Private clinics, petrol stations, bars, bottle stores, hotels etc.)

Distribution will be effected through three channels.

- Major wholesalers like Steamships and Burns Philp who have their own retail outlets and also supplies retail accounts
- Morobe Pharmacies direct accounts including owned retail outlets; and
- Walk-in business from retailers through Morobe Pharmacies and the wholesalers.

In order to ensure optimum distribution in the target areas, the project will cover the cost of deploying a special sales force comprising one detailer to be placed in each of the four provinces. The detailers will be employed and supervised by Morobe Pharmacies with the specific responsibility to:

- identify and recruit trade stores to sell oral contraceptives, and to coordinate the training of these trade stores;

- recruit sales outlets for condom distribution, particularly those outlets that would not normally be a part of the distributor's regular sales network, ie: petrol stations, bottle stores, bars etc.; and

- assist in the distribution and placement of merchandising and point of sale material and the implementation of promotional activities in retail and wholesale outlets.

Protector condoms will be distributed in dispenser packs containing 48 three packs. Microgynon will be distributed in shrink wrapped trays containing 24 cycles. It is anticipated that these packages will be broken at the wholesale outlet to accommodate those retailers who would not purchase in such quantities.

Morobe Pharmacies will implement an introductory volume discount the equivalent of five free packs (3pack condom and/or 1cycle pill) for every 48 packs ordered.

J. Training Objectives

To equip the counter attendants (clerks) in approximately 75 retail outlets that will retail the pill (including pharmacies, selected trade stores and private industrial clinics) with the necessary knowledge and skill to inform and counsel consumers and motivate the usage of oral contraceptives.

K. Training Strategies

Three experienced trainers, one from the Department of Health and two from the private sector, will be trained to implement the retailer training activity. The SEATS project will provide a lecturer for the in-country training of trainers which will be scheduled over three days in August using the SOMARC Contraceptive Technology Training Module.

First National Assessment and Training, a local private sector training organization will be commissioned to provide all logistic and support services for the training of retailers, and will work closely with the detailers at Morobe Pharmacies to coordinate training activities. Training is

schedule for September and will be implemented accordingly.

PROVINCE	SITE	TRAINEES	SCHEDULE
Morobe	Lae	25	2 sessions
West.Highlands	Mt.Hagen	20	2 sessions
East.Highlands	Goroka	18	2 sessions
Simbu	Kundiawa	12	1 session

Each training session is scheduled over two week days, eight hours each day, and will compensate trainees for travel and accommodation, as well as providing meals on training days. The four detailers will also have a one day orientation training program to improve their sales skills and to increase their knowledge and understanding of contraceptives.

L. Advertising Activities

1) Creative Objectives

The principal objectives of the advertising campaign will be to:

- * create a greater awareness and understanding by the target market of the concepts and benefits of family planning in the context of child spacing;
- * to change current attitudes toward condoms into one in which the product can be credibly and legitimately utilized in the home both to postpone child bearing and to prevent STD/AIDS; and to
- * motivate correct and consistent use of pills.

2) Creative Strategies

Given the novel and possibly controversial (for PNG) approach to promoting family planning in

public, the creative strategy is to utilize a very basic educational approach centered on the benefits accruing to the individual and the family who adopts the proposed behavioral change and utilizes the products. For the condom the strategy would be to inform the potential user about Protector-what are they for, why use them, how to use them. For the pill, the strategy would be to increase the credibility of Microgynon by allaying the fears rumors and misconceptions associated with pill usage.

3) Media Objectives

To establish an awareness of the products among at least 70 percent of the target market during the plan period.

4) Media Strategy

An integrated mix of mass, direct and non-traditional media will be utilized to build the necessary awareness and promote product usage. Mass media will be restricted to radio only for the condoms and radio and television for the pills. Direct media will comprise instruction inserts, merchandising and point of sale materials (leaflets, posters and stickers), and word of mouth generated through product endorsement from satisfied users. Non-traditional media will utilize Wokabaut Marketing, a travelling theater group, to dramatize product benefits and motivate product trial and consistent consumption.

M. Public Relations Objectives

To provide decision makers and key implementors with timely and relevant information in order that they will become actively supportive of the goals and activities of the project.

N. Public Relations Strategies

The major target publics to whom pr activities would be addressed are officers and supervisors in charge of MCH/FP services in the Department of Health at the national and provincial levels; provincial political, civic, and religious leaders; and the distributive trade. Through a series of

presentations, supported by the dissemination of relevant materials, the varying publics will be informed and influenced to the benefit of the project. Specifically, four provincial meetings will be held to present the marketing and communication program prior to the launch of distribution. A trade presentation will introduce the products and the marketing strategies to the major wholesalers and retailers to launch product distribution. Contact with the varying publics will be sustained through the periodic dissemination of information on the progress of the project.

O. Market Research Objectives

To provide actionable information and data to enable the design and implementation of project strategies and to measure the effect and impact of the intervention in order to determine whether or not the intervention could be extended nationally.

P. Market Research Strategies

- review of all existing research and data concerning family planning and contraceptive usage in PNG in order to determine information gaps and to assist in program planning;
- qualitative group interviews to better understand current knowledge, attitudes, beliefs and practices related to family planning;
- baseline quantitative kap in order to measure the degree of change effected by the social marketing intervention
- consumer pre-testing of proposed marketing communication material to ensure relevancy; and
- consumer tracking studies to confirm the target being served and their response to the products.

(SEE TABLE III FOR AN IMPLEMENTATION SCHEDULE OF THE MARKETING ACTIVITIES DESCRIBED ABOVE.)

IV. PROJECT MONITORING AND EVALUATION

A. MONITORING

Project implementation will be monitored on a day to day basis in two ways. Firstly, during the critical start-up phases Andy Piller will track major activities in addition to coordinating the work of the varying implementing organizations. Thereafter, the local distributor and marketing communications agency will assume responsibility for the efficient execution of their respective responsibilities. Both of these agencies in turn will be monitored by TFG particularly through the mechanism of contract deliverables. Project impact will be monitored through the preparation and presentation of a series of management reports. Specifically, quarterly sales volume, distribution, and sales income reports will be prepared by the distributor and submitted to TFG. Quarterly marketing communication reports will also be prepared by the advertising agency. TFG will produce a quarterly project report summarizing marketing activities and project accomplishments for distribution to the Department of Health, the Provincial governments, and USAID (See Table II for Project Income Analysis).

B. EVALUATION

The major objective of this test market pilot project is to determine the feasibility and logistics required to expand the test market activity into a national social marketing intervention.

The success or failure of the test market will therefore be measured by the following indicators:

1. - The change in awareness, attitudes and usage of contraceptives among the target market in the test market areas. The pre and post baseline surveys and product sales reports will provide quantitative measures of these changes.
2. - Access to an efficient marketing infrastructure. The performance of the private sector implementation organizations and the degree to which they were successful in executing marketing activities will indicate the feasibility of replicating the intervention on a national level.

3. - Integration and Collaboration at the national and local level. The direct and indirect contributions and assistance of the project to the furtherance of national and parochial population and development goals would be an indicator of the potential relevance and usefulness of the project at the national level.

TABLE I
EXPENDITURE BUDGET JANUARY '91 - SEPTEMBER '93

LINE ITEM	TOTAL \$\$	SOMARC/AID \$\$	OTHER \$\$
PRODUCT COSTS			
1. Commodity	32,920	10,920	20,000
2. Packaging	12,800	12,800	---
3. Labor	2,220	2,220	---
4. SUBTOTAL	45,940	25,940	20,000*
DISTRIBUTION & SALES			
5. Operations	2,120	2,120	
6. Staff	20,160	20,160	
7. SUBTOTAL	22,280	22,280	---
PROMOTION			
8. Trade Incentive	5,730	5,730	
9. Sampling	2,270	2,270	
10. SUBTOTAL	8,000	8,000	---
PUBLIC RELATIONS			
11. Provincial Meet's	4,500	4,500	
12. Materials	3,500	3,500	
13. Trade Launch	2,000	2,000	
14. SUBTOTAL	10,000	10,000	---
ADVERTISING			
15. Media Placement	139,475	139,475	
16. Production/Creat.	18,115	18,115	
17. SUBTOTAL	157,590	157,590	---

LINE ITEM	TOTAL \$\$	SOMARC/AID \$\$	OTHER \$\$
TRAINING			
18. TOT	3,000	3,000	
19. Retailers	15,000	15,000	
20. Detailers	2,000	2,000	
21. SUBTOTAL	20,000	20,000	---
RESEARCH & EVALUATION			
22. Sec.Research	9,970	9,970	
23. Baseline	40,184	40,184	
24. Pack Pre-Tests	12,750	12,750	
25. Focus Groups	15,356	15,356	
26. MIS/Evaluation	25,000	25,000	
27. SUBTOTAL	103,260	103,260	---
ADMINISTRATION			
28. Supervision	12,000	12,000	
29. SUBTOTAL	12,000	12,000	---
GRAND TOTAL	379,070	359,070	20,000

The grand total excludes TFG/SOMARC and SEATS technical assistance costs.

* Microgynon donated by Schering and computed at the replacement cost of US50c per cycle.

TABLE II

PROJECTED GROSS TOTAL INCOME 9/91 - 8/93

	TOTAL	3Pack CONDOM	1Cycle PILL
<u>Projected Volume</u>		<u>70,000</u> kina	<u>40,000</u> kina
Distributors Income	13,600	5,600	8,000
Wholesalers Income	13,200	5,600	7,600
Retailers Income	41,300	18,900	22,400
<hr/>			
Return To Project	52,400	22,400	30,000
RPF (U.S. Currency)	\$55,020	\$23,520	\$31,500

**TABLE III
IMPLEMENTATION TIME LINE**

ACTIVITY	TIME FRAME
Secondary Research /Situation Analyses	2/91
Appointment of Marketing/Distribution organization	3/91
Appointment of marketing communication organization	3/91
Implementation of focus group activities	3/91 - 6/91
Implementation of baseline KAP	4/91 - 7/91
Development of packaging and marketing communication activities	5/91 - 7/91
Training of trainers,detailers and retailers	7/91 - 10/91
Implementation of public relations activities	7/91 - 12/91
Commence distribution of condoms	8/91 ongoing
Commence advertising and promotion campaign for condoms	8/91 ongoing
Commence distribution of pills	10/91 ongoing
Commence advertising and promotion campaign for pills	10/91 ongoing
Sales and management supervision and Quarterly reports monitoring	10/91 ongoing

Baseline impact evaluation

4/93 - 6/93

Report and recommendation on test market implementation

9/93