

PD-ABU-066

**ACCELERATING THE MARKETING OF
SUERO DE LA VIDA TO THE
GENERAL PUBLIC IN BOLIVIA**

March 2-14, 1998

La Paz, Bolivia

Mr. Camille Saadé
Ms. Sandhya Rao

BASICS Technical Directive Number: 000-BO-01-013/000-BO-01-041
USAID Contract Number: HRN-C-00-93-00031-00

11

TABLE OF CONTENTS

ACRONYMS

PURPOSE OF VISIT	1
BACKGROUND	1
TRIP ACTIVITIES	2
SDV Procurement in the Public Sector	2
SDV Marketing Campaign	4
Inti	4
Alfa	4
UNICEF	4
CCH	4
MOH	4
CEASS	4
Population Services International (PSI)	5
SDV Evaluation	5
Preliminary Assessment of the Claro Project	5
RECOMMENDATIONS	6
APPENDIX: Scope of Work for Private Commercial Sector Consultant in Bolivia	

ACRONYMS

BASICS	Basic Support for Institutionalizing Child Survival
CCH	Community and Child Health Project
MOH	Ministry of Health
ORS	oral rehydration solution
PAHO	Pan American Health Organization
PSI	Population Services International
SDV	Suero de la Vida
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

PURPOSE OF VISIT

Mr. Camille Saadé, BASICS private sector coordinator, and Ms. Sandhya Rao, BASICS evaluation specialist, returned to Bolivia to follow up on the marketing and evaluation activities of Suero de la Vida (SDV) recommended during their last trip. (see October 20–31, 1997, trip report). Saadé was expected to help the two oral rehydration solution (ORS) manufacturers, Drogueria Inti and Laboratorios Alfa, expand their marketing activities to include distribution and promotion to the general public. Additionally, he was requested by USAID/Bolivia to assess the marketing situation of the Claro project, an ongoing water purification and safe storage project. Rao was to supervise the finalization of the instruments of the planned evaluation studies with Encuestas y Estudios, the selected market research agency.

BACKGROUND

Since Saadé and Rao last visited Bolivia in October 1997, an agreement was reached between the different members of the Suero de la Vida Committee to coordinate and energize the fledgling activities related to the promotion and distribution of SDV, especially to the rural areas. The committee was to meet every two months to discuss new distribution and promotion issues and opportunities, review recent sales performance, and reinforce ongoing and future marketing strategies. Seeing the lack of leadership needed to synergize the different available and potential resources of the SDV committee members and others, Saadé strongly recommended that BASICS hire a part-time local “product manager” to coordinate all the SDV activities. A candidate of choice was approached, Mr. Mario Telleria, the UNICEF consultant who worked closely with Saadé during the planning of the campaign and coordinated all SDV prelaunch activities. Unfortunately, Telleria was reassigned by UNICEF to different nutrition projects at the time of the product launch in early 1996, and his experience and contacts were no longer available to follow up on the SDV campaign. Telleria, who was to renegotiate his contract with UNICEF at the end of 1997, was interested in taking responsibility for the project if his new contract allowed it. Since then, internal personnel issues at UNICEF delayed his response and commitment to the project.

In case of negative response from Telleria, Saadé and Dr. Ana Maria Aguilar, the BASICS country representative, had identified a backup candidate, Dr. Victoria de Urioste, previous director of the Drug and Pharmacy Department at the Ministry of Health. Dr. Urioste was an active member of the SDV committee and contributed enthusiastically to the planning and launch activities. With the change in government in mid-1997, she was replaced in her functions at the MOH. Dr. Aguilar was to quietly assess with the new government team members the acceptability of Dr. Urioste as a candidate for coordinating the task force activities.

Dr. Cuentas appreciated the situation and agreed that ORS procurement should be included in the MOH budget. He reiterated that the government needed to purchase from the most competitive source. The only exceptions would be in cases of emergency, such as the one precipitated by the recent outbreak of cholera. In such instances, rapid delivery would be a definite competitive advantage for local producers. He also noted that international organizations could obtain their supplies from the local producers if they wish to.

Saadé had subsequent meetings with UNICEF and USAID to explore their intentions regarding possible supply of ORS to the government. Both organizations are reluctant to continue donations of goods. This was the main motivation for embarking on the SDV private sector initiative. They recognized, however, that sometimes they bend to pressure from the government when it requests immediate help such as in cases of emergencies. Both agreed that in such instances they would rather purchase from the local producers if the price was reasonable.

Saadé tapped the two producers to obtain the lowest possible price for institutions. He organized a meeting at the Community and Child Health Project (CCH), which was attended by Dr. Jorge Velasquez from USAID, René Diaz Romero from Inti, Dr. Ana Inglès de Ferrer from Alfa, Andrés Yale and James Malster from CCH, and Dr. Aguilar from BASICS. Saadé reminded the participants that the objective of the SDV initiative was to increase the use of ORS by the population. That included the segment of the population that had access to the commercial sector distribution, but also that segment that has access to only the public sector system.

The purpose of the meeting was to discuss the opportunity to supply part of the public sector requirements from local sources. The international organizations that could potentially supply the public sector would be interested in local purchase if it suited their guidelines in terms of quality, price, and delivery. A benchmark price of US\$.18/sachet (arriving La Paz) was estimated by the international organizations as reasonable enough to consider local purchase. The two producers were invited to present their lowest price and their delivery schedule. Inti linked any price to the quantities; that is, the unit price for 1 million sachets would be lower than for 100,000 sachets. The discussion evolved around an "open contract" for a determined period of time instead of a bid for a determined quantity, thereby offering the opportunity for multiple organizations to purchase at a known "institutional price," instead of bid by bid. Based on a budget allocation of \$80,000 with USAID/CCH, the Inti representative estimated it could deliver a quantity of 400,000 sachets at a unit price of \$.20. He will have to consult with the management for a lower price. The Alfa representative supported the position of Inti and asked for a proposal from USAID/BASICS/CCH. Andrés Yale will draft a letter to mail to the two producers requesting their commitment to meet the price of \$.18 and confirm production capacities and delivery schedules.

MOH

Dirección Materno-Infantil is trapped with the *Seguro Nacional* program, which promises to cover all medical expenses of pregnant women and children below age 6 regardless of their capacity to pay. This program causes a huge burden on the MOH budget, which should provide for all essential drugs including ORS. This decision forces the government to continue providing free ORS to whoever needs it. Of course, both Inti and Alfa are upset because the product is leaked to pharmacies and undermines their sales. UNICEF is making efforts to include a line item for ORS in the MOH budget in order to minimize its dependency on donor agencies.

CEASS

Central de Abastecimiento de Suministros, or CEASS, the central procurement office, has maintained its current distribution of about 1 million sachets a year during the period from December 1996 to October 1997. This lot was mostly donated by UNICEF, which purchased 900,000 sachets from Novag in Mexico in December 1996, 30,000 from Inti, and 120,000 from Peru in August 1997.

Population Services International (PSI)

We discussed the potential for distributing SDV beyond pharmacies using the distribution networks of PROSALUD and Pharma Import and the sales force and vehicles of PSI's condom, Pantera. Philippe Lemay, the PSI representative was interested in the idea especially if the commercial brand is differentiated from the one distributed by the MOH, such as with flavor or different packaging. We offered to arrange a meeting with Inti. He recommended that we wait for the new representative, Chris Brady, who will be replacing Philippe Lemay, who is moving to Nicaragua in July.

SDV Evaluation

Ms. Sandhya Rao traveled to Bolivia to make an assessment of the qualifications of market research agencies selected during the initial round of selection conducted at BASICS headquarters. After meeting with Cepades, Inprodes, and Encuestas y Estudios, using a selection criteria ranking matrix, Encuestas y Estudios' proposal was chosen for its potential to produce a high-quality and best-value product.

It was decided that the agency would be responsible for conducting five studies: a household study with mothers of children under 5, in-depth interviews with doctors, in-depth interviews with pharmacists, focus group discussions with consumers, and a simulated purchase study in pharmacies. Two of these studies were conducted using a similar instrument in 1995 (the simulated purchase and the household studies), and comparisons to the baseline were planned with Encuestas y Estudios.

During her visit, Rao met frequently with Marcela Revollo and Luis Alberto Quiroga of Encuestas y Estudios to finalize the questionnaires to be used in each of the studies. During her visit, she trained Encuestas y Estudios teams in La Paz, Santa Cruz, and Cochabamba in the

To launch the Claro products, PSI created a full marketing campaign including television and radio spots, posters, rotafolios, stickers, and several giveaways. However, because of the perceived high cost of PSI's marketing proposal, CCH was reluctant to approve the costs and PSI withdrew from the intervention four months after the launch of the campaign. CCH was left to manage the distribution and promotion of Claro. Fernando Caballero, an engineer, was assigned with task. It is noteworthy that no promotion was done since the withdrawal of PSI. The modest sales were realized through Caballero's personal contacts, which were mostly with institutions and nongovernmental organizations. Sales of Claro products for the period November 1996 through December 1997 are *bidones* (20 liter containers)—30, 512 units; *soluciones* (250 ml)—73,709 units

It is obvious that CCH is not geared to product marketing. We discussed the possibility of putting the program in the hands of the commercial sector, which, with some guidance, could manage it in a sustainable way. The logical place to start was to find a producer, so we visited Rotoplast. Alas, this factory is just a producer and has no capacities for distribution or promotion. They manufacture containers to large clients such as Penzoil, Kimbol Lever (shampoos), etc. As to the present cottage-industry producers of hypochlorite solutions, they are too small to enter the commercial sector in a meaningful way.

We discussed two broad options with USAID and the management of CCH to make the Claro project sustainable:

1. Maintain the present low-cost, low-profile situation at CCH, at least until the exhaustion of the current bid on inventory of 30,000 containers (one year's sales). Meanwhile, try to interest the major chlorine producer to adopt the container, which could be co-promoted along with the solution.
2. Seek a private sector partner in the industry that could take over the project and build on what USAID has initiated. This approach has the advantage of optimizing the marketing potential of the project, expanding the reach of the program to the target population, and ensuring sustainability.

RECOMMENDATIONS

It is imperative that a part-time private sector consultant, a product manager, be hired to manage the SDV campaign (see appendix). Without this commitment, the campaign, which is still in its infancy, can easily be derailed. The evaluation of the campaign should give us useful elements to take the campaign into its next stage: the marketing and distribution to the general public through distribution in the *tiendas* (grocery stores). We should accept that the government decision to supply ORS free of charge will affect the commercial sales; but in the long run this public exposure will increase use and the market for ORS in general.

The private sector consultant can also follow up on the Claro Project, as well as on other opportunities aimed at increasing and improving the use of public health-recommended products and behaviors.

APPENDIX

SCOPE OF WORK
FOR PRIVATE COMMERCIAL SECTOR
CONSULTANT IN BOLIVIA

8.

SOW for private commercial sector consultant in Bolivia

BASICS is looking for an individual experienced in the marketing of health products to work as a Project Manager on the Suero de la Vida (SDV) campaign. This campaign is a joint public-private sector effort that aims at increasing the use and availability of ORS (Suero de la Vida) among the population that needs it. A Task Force formed of representatives of the MOH, UNICEF, PAHO, USAID, and ORS manufacturers guided the development of the campaign. The marketing campaign was launched in May 1996. In the first phase, promotion and distribution efforts concentrated on the pharmaceutical market. A subsequent second phase is intended to make the product available beyond the pharmaceutical distribution network with increased emphasis on generating consumers demand.

A dedicated person is needed to reinforce the first phase and accelerate the implementation of the second phase. This is a part time position estimated to require around 8 days a month for a period of 6 months starting in February 1998. Main responsibilities include:

- Liaise and coordinate between the different members of the Task Force, specifically:
- Follow up and assist Inti and Alfa, the two ORS manufacturers in expanding their distribution and promotion efforts. Work with them to maximize SDV marketing impact
- Coordinate mass media efforts with donor agencies, media and advertising agency, and synchronize with accompanying commercial sector activities.
- Identify dissemination needs and secure funding of the required effort.
- Monitor implementation of the campaign according to plan, promptly identify opportunities and areas of improvement and act accordingly.
- Assist in the evaluation study planned for Spring 1998.
- Help the Task Force leader in organizing and setting the agenda of the Task Force meeting on a monthly basis.
- Document and report monthly on the progress of the campaign

Qualifications:

- Experience in Marketing and/or Product Management
- Familiarity with the Bolivian pharmaceutical market, especially with OTC -type products.
- Ideally, experience in the marketing of fast-consumer goods including expanded distribution
- Ability to interact and build consensus with representatives of the government, the commercial sector, international organizations and implementing agencies.