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Samuel, S. J.; Howell, B. B.

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A PRELIMINARY ASSESSMENT OF
THE FEASIBILITY OF A SUBSIDIZED
CONTRACEPTIVE MARKETING PROGRAM
IN THE DOMINICAN REPUBLIC

A Report Prepared By:
STEVEN JOSHUA SAMUEL
BETTY B. HOWELL

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EXECUTIVE SUMMARY

A subsidized commercial contraceptive marketing program is feasible in the Dominican Republic.

Socioeconomic conditions in the Dominican Republic combined with high levels of knowledge and interest in family planning indicate that a subsidized commercial program would serve a large number of persons not now reached by public or private services. Marketing infrastructure, including advertising media, distribution and packaging is sophisticated. Knowledge of modern contraceptive methods among fertile couples is high (over 96%). Income distribution among urban and rural families is favorable.

A commercial program would serve urban and rural households having cash incomes above RN 75 per month, in which there are persons who have used a contraceptive method in the past but are not using a modern method now. These number about 180,000 couples. If one quarter of these become buyers at subsidized prices (a conservative estimate), the number of users served through the commercial sector would double and contraceptive usage would rise from the current 20% of fertile couples to 25% or more.

The program might take the following form:

- Several products (oral pill, condom, spermicide) with locally developed brand names and packages.
- A retail price of between RN .50-.75 for a one month supply of each product.
- Initial distribution through pharmacies, with later expansion of at least condoms and a spermicide to other outlets.
- An educational program for pharmacists and other retailers.
- Product specific, low key radio advertising, supported by point of purchase materials.

As with programs in other countries, a commercial program here would require sponsorship by a local organization and support by the commercial sector. Several organizations in the public and private sector have indicated a strong interest in supporting or sponsoring the program. Program management, in the initial stages will probably require assistance from an outside consulting firm.

CONTENTS

	Page
EXECUTIVE SUMMARY	i.
I. THE CLIMATE FOR A SUBSIDIZED COMMERCIAL MARKETING PROGRAM IN THE DOMINICAN REPUBLIC	1
A. Socioeconomic Background	1
B. Legal and Political Environment	4
C. Family Planning Background	5
D. Marketing Background	7
I. MOVEMENT OF CONTRACEPTIVES THROUGH THE COMMERCIAL AND PUBLIC SECTORS	10
A. Public Sector	10
B. Private Sector	10
I. ECONOMIC FEASIBILITY OF A SUBSIDIZED MARKETING PROGRAM IN THE DOMINICAN REPUBLIC	11
A. Potential Market	11
B. Tentative Marketing Plan	12
C. Project Costs and Revenue	16
D. Program Organization	17

APPENDICES:

- Appendix A - Information Services - Persons
- Appendix B - Documents

I. THE CLIMATE FOR A SUBSIDIZED COMMERCIAL MARKETING PROGRAM IN THE DOMINICAN REPUBLIC

A. Socioeconomic Background

Socioeconomic indicators for the Dominican Republic are highly favorable for a commercial distribution project. Table 1 shows that these indicators are well within the range of those of other countries in which contraceptive retail sales projects have been initiated. The adult Spanish literacy level (68%) is acceptable and the number of radio and television sets as well as print media per 1,000 population make a sophisticated communications program possible. There is already in place and operating, a well developed marketing infrastructure capable of regularly reaching 90% of the population. Further, a large portion of the population is in the cash economy. Combined with these factors is a high birth rate and low death rate and the fact that a significant part of the fertile age female population has used some contraceptive method in the past (50%). Countries having the above characteristics have much potential for successful commercial projects. See J.U. Farley and S.J. Samuel, "Predicting the Impact on Birth Rates of Reforms in Law Governing Contraceptive Marketing," working paper, Columbia University and Tufts University, 1977.

1. Demographic Background

The current population of the Dominican Republic is estimated to be 5.4 million, with a growth rate of 2.7%. Between 40 and 50 percent of the population is urban. One in every five Dominicans lives in Santo Domingo and there are at least 14 other cities with populations of 20,000 or more. Nearly half the population is under 15 years of age and about 1,100 women are in the fertile age range.

According to the latest Census (1970), 68% of the adult population is literate. This represents an increase of 2% over 1960.

2. Income Distribution

Minimum wage levels have recently been increased and, for government workers and workers in firms with capital in excess of RN 10,000 is RN 125 per month. Workers in the countryside earn RN 3.50 per day. Up to 50 percent of the economically active population in Santo Domingo is either underemployed or unemployed.

Income distribution figures are available only for the urban population. Table 2 shows that between 15% to 20% of the urban population earns less than the minimum wage. Rural income distribution levels are harder to determine, since commercial firms are more interested in urban sales which constitute 60% to 70% of their sales volume by value. However, it is fair to estimate that as much as 40% of the rural population has significant cash income.

TABLE 1

Economic and Social Indicators for the Dominican Republic and Other Countries
with Subsidized Commercial Distribution Systems

	Morocco	Sri Lanka	Jamaica	Dominican Republic	Ghana	Nepal	Peru	Guatemala	El Salvador
Population (millions)	18.0	14.2	2.10	4.98	10.9	15.4	17.0	6.2 ('78)	3.6 ('75)
Percent economically active	26.3	35.4	42.6	31.0	38.9	42.0	28.0 ('77)	30.6 ('75)	30.9 ('75)
Percent agriculture forestry	50.0	40.6	29.5	46.8	NA	94.4	39.5 ('77)	58.2	41.2 ('75)
Percent of labor force in manufacturing	9.3	7.6	10.8	8.3	NA	1.1	12.8 ('77)	13.5	10.0 ('75)
Wages in manufacturing (hourly, 1975)	2.21 dirham	12.834/day	NA	125p/mo. ('79)	77.5/mo.	NA	US108/mo. ('77)	\$59/wk. ('76) or 49.4 centavos/hr.	55-69 colon/wk. ('77) or 1.30-1.50 colones/hr.
Price Index 1977 (1970-100)	131.4	147.5	237.5	196	724.3	151.0	263 ('76)	124.4 ('77)	204.3 ('78) 180.8 ('77)
Motor Vehicles in use (1975)	320,000	91,700	86,100 ('72)	117,000 ('77)	85,000 ('74)	4,000 ('68)	495,000 ('74)	133,000 ('76)	60,000 ('74)
Population per hospital bed	723 ('76)	333 ('73)	257 ('74)	351 ('73)	649 ('73)	6,630 ('74)	497 ('72)	457 ('73)	563 ('75)
Newspaper circulation	14 ('74)	NA	90 ('74)	42	41 ('73)	6 ('73)	25	NA*	NA
Birth rate	45	26	30	36	49	44	41 ('70-75)	42.8	39.9
Death rate	14	9	7	11	20	20	11.9 "	11.8	7.9
Telephones per 100	1.0	0.5	5.0	2.6 ('76)	0.6	2.1 ('73)	2.4 ('76)	1.0 ('73)	1.4 ('76)

Table 1, continued

	Morocco	Sri Lanka	Jamaica	Dominican Republic	Ghana	Nepal	Peru	Guatemala	El Salvador
Rate of Natural Increase	3.1%	1.7%	2.3%	2.7% ('79)	2.9%	2.3%	2%	3.1%	3.2%
Urban Population	38%	22%	41%	40-50%	31%	4%	66% ('79)	36.4%	42%
Adult Literacy	24%	85%	86%	68% ('77)	NA	14%	72% ('76)	47%	NA
GNP/Capita (US\$)	540	200	1,070	780 ('76)	580	120	800 ('76)	630	NA

*Passenger & Business

Sources: World Bank, World Tables, 1976, Johns Hopkins University Press; World Population Reference Sheet, 1978; United Nations Yearbook of Labor Statistics, I.L.O., 1977; and United Nations Statistical Yearbook, 1977. Demographic Yearbook, U.N. 1977. International Marketing Data and Statistics, 4th ed. Euromonitor Publication, 1978-79. London.

Estimates provided by market research and advertising companies in Guatemala are located in section II of this report.

B. Legal and Political Environment

Preliminary inquiry was made regarding laws and regulations having an impact on the pharmaceutical distribution system. These are reported here and should be checked more thoroughly should a project be undertaken.

1. Laws and regulations

There do not appear to be any major restrictions on the local manufacture of pharmaceuticals. Legal regulations regarding import duties carry a separate classification and lower duty for oral contraceptives than for other ethical pharmaceuticals. Import duties are 10% CIF plus 4% for oral contraceptives and 20% CIF plus 4% for ethical products. Sales of contraceptive products do not require a physician prescription.

Prices and margins of pharmaceuticals are controlled. Distributors are allowed a margin of between 25% to 40% depending on whether the manufacturer or distributor is responsible for promotional expenses. Retailers are permitted a 30% mark up.

Distribution of both ethical and proprietary pharmaceuticals is restricted. As is usually the case, ethical products may be sold only in pharmacies. Unlike most situations, however, many proprietary products are restricted by law to pharmacy only sales. These are known as List B products and include such items as aspirin, Alka-Seltzer and Vick's coughdrops. A number of foodstores (colmados) are licensed to sell List B products where no pharmacy exists within 5 km. There are 176 stores licensed to sell List B products. An estimated additional 300 to 500 could potentially obtain a List B license, and some of these sell these products now, unlicensed.

Media advertising of ethical products does not appear to be explicitly restricted by law. In fact, it was reported by one pharmaceutical firm that a hormonal product has been advertised on television. While there does not seem to be a prior restraint on advertising, it would be advisable to clarify this point at an early opportunity.

2. Political Issues

Two sets of issues present potential obstacles for a commercial distribution project in any location. The first of these is potential opposition from the Church, the local medical association and the political opposition party. A second set of issues involves the need for a strong sponsoring organization for the project.

In other project sites, these potential obstacles have been either avoided or overcome by the presence of the following conditions: First, the absence of specific prohibition of project activities by the government; and, second, support for the project among public sector groups and the commercial

sector community. These conditions appear to be present here. The government family planning program (Consejo Nacional de Poblacion y Familia, CONAPOFA) and the major private voluntary organization (Asociacion Dominicana de Pro-Bienestar de la Familia, ADPBF) both have effective programs and competent leadership. In addition, the Church World Service, a protestant denomination, has been active in the field of family planning. Further, the pharmaceutical agents' organization, the pharmacy owners' association and individual pharmaceutical companies have all expressed strong support for a commercial sector project.

Beyond making the above observations, these issues are inherently local and not within the scope or competence of this report.

C. Family Planning Background

There are currently four major programs in the public sector which deliver contraceptive services. These are CONAPOFA, the semi-autonomous government program; ADPBF, the local IPPF affiliate; the Servicio Social de Iglesias Dominicanas (Church World Service); and, the Servicios Basicos Sociales, a Ministry of Health Program. In terms of numbers of acceptors, the CONAPOFA programs are the largest, serving over 100,000 persons or nearly 10 percent of the fertile population.

CONAPOFA was established in 1968 as a semi-autonomous national family planning board. Its board of directors is composed of representatives of each of the following Ministries or Agencies: Agriculture, Education, Labor, Technical Office of the President, Ministry of Health and ADPBF. The Minister of Public Health is Chairman. CONAPOFA provides services through a system of 245 MOH clinics throughout the country, roughly evenly divided between urban and rural areas. Preliminary data suggest that the number of acceptors in CONAPOFA programs has remained at roughly 10 percent of the fertile age couples during 1979. Other government services, provided by the Servicios Basicos Sociales, account for an additional 1.19 percent of the fertile age couples.

ADPBF was established in 1966 as a private organization primarily focused on the educational aspects of family planning. Its service program exists in ten rural provinces and is a community-based distribution program. Four coordinators supervise 114 distributors (90% of these are women) who distribute door-to-door or from their regular place of business. Contraceptives are distributed free of charge and distributors are paid RN .10 per new acceptor and RN .50 per continuing acceptor (on an annual basis). ADPBF currently serves about 2% of the total females in fertile ages. About 80% of these are pill users and the remainder use condoms or spermicides.

The Servicios Sociales de Iglesias Dominicanas (SSID) initiated contraceptive service delivery in 1972. In 1975, SSID began a community-based program in eight provinces, with a salaried coordinator and 25 sellers on

TABLE 2
Income Distribution In Urban Areas
Dominican Republic, 1979

<u>Class</u>	<u>Monthly Income</u>	<u>Percent of Urban Households</u>
A, B, C ₁	RN 1,001 or more	10
C ₂	RN 301-1,000	30
C ₃	RN 151-300	35
D	RN 76-150	13
E	RN 75 or less	12

Source: Asesores Asociados, I.D.E.A. and Marca Publicidad, 1980.

commission in each province. Condoms, pills and spermicides were sold for RN .25 per one month supply, with 60% of the price going to the seller and the remainder to the program. Total users supplied by the SSID program amount to 11,000 or about 1% of the fertile age female population. However, this program has been transferred to the Servicios Basicos Sociales as of December 31, 1979 and the number of users has dropped by about one-third.

D. Marketing Background

There exists in the Dominican Republic a marketing infrastructure capable of supporting a sophisticated commercial distribution program.

1. Advertising and Promotion

There are between 20 and 30 advertising agencies in the Dominican Republic, of which the top five by billings are: Marca and Young & Rubicam with between three to four million RN annually; and, Retho, Fenix Extensa with about RN 750,000 each annually. Estimated total billing in the industry is RN 25 million for media and RN 10 million for promotion annually.

Rum and cigarette manufacturers are the largest advertisers, with annual budgets in the vicinity of RN 1 million. A substantial budget for a single product during its introductory period might be between RN 100,000 and RN 250,000 on an annual basis.

A full range of advertising media is available. In terms of dollar volume, 50% of the total billings is spent on television, newspapers 30% to 40% and the remainder in radio and cinema.

Television has annual billings of approximately RN 12 million. A 30-second spot during prime time (newscasts) costs RN 120, while the same spot during a special such as Roots costs between RN 150-200. Production costs of a 30-second spot are between RN 7-10,000. Audience size is small though not insignificant, with a total of 160,000 television sets reported in the country in 1976. A recent audience survey of a top rated soap opera showed an audience of 75,000 men aged 13 to 35 and 194,000 women of the same age bracket.

There are 121 radio stations in the country and market penetration is nearly universal. Ten of the 36 stations in Santo Domingo are considered most important. Six of these provide nation-wide coverage. Total radio billing is about RN 3-4 million. A prime time 30-second spot costs RN 12, while non-prime time spots costs RN 5 each. Stations in the interior charge as little as RN 2 per spot.

There are five major newspapers, having a total circulation of 150,000. These are El Caribe, La Informacion, Listin Diario, El Nacional and Ultima Hora. Larger circulation papers charge RN 680 per page. Total billings are about RN 12 million.

Outdoor advertising is used in the larger cities and along major roads. The average cost of billboard advertising including installation and maintenance is RN 180-200 per month.

There are 200 movie houses in the country of which approximately 40% are in Santo Domingo. Costs range from RN 100 per week for a 60-second spot in Santo Domingo to RN 60-80 per week in the interior. Average daily attendance at 75 theaters in the greater Santo Domingo area is reported to be 21,000.

Point of purchase materials are heavily used in urban areas. Posters, wall dispensers, racks and counter displays are in evidence in urban pharmacies and to a lesser extent in rural stores. Exterior metal signs are used by advertisers such as Bermudez Rum, Appollo cigarettes, London Bridge razor blades and Sal Andrews. Sales promotions are limited mainly to occasional program of volume discounts and special payment terms.

2. Market Research

There is surprisingly little quality market research capability in the Dominican Republic. Several small firms do exist, including a few advertising agencies which do their own research.

3. Packaging

Box type packaging of most kinds is locally available. Envelope type packaging, foil or plastic sealed packaging are harder to obtain except from firms which have facilities or contacts in the United States. Packages of the type used in this program would be between RN .015 and .05 depending on the quantity supplied and the sophistication of the package used.

4. Distribution

A more than adequate distribution system reaches throughout the country to serve households with cash income. It consists of 60 to 70 supermarkets in Santo Domingo and Santiago and an additional 20 to 30 in the rest of the country; approximately 1,200 pharmacies (40% in Santo Domingo and Santiago) and a network of as many as 30,000 foodstores. Colmados, the food stores number 10 to 15,000 with an additional equal number of smaller stores (pulperias) and traveling salespersons (buhoneros) in rural areas.

a. Pharmaceutical Distribution

More than 70 individuals and firms are members of the Dominican Association of Pharmaceutical Representatives. Most of these import their products and distribute them directly to retailers through their own sales forces and detail persons, or use one of the several pharmaceutical and general distributors. One pharmaceutical distributor maintains a sales force of eight with an equal number of detail persons.

Margins at the retail level for ethical products are controlled at 30% up from the price to the retailer. Wholesale margins are 15% to 20% but wholesalers are not used very frequently. Distributor margins depend on how promotion is done. If the manufacturer promotes the product, the distributor gets 25%; if promotion is jointly done, 33 1/3%; and, if the distributor undertakes the promotion, the margin is 40%. Standard payment terms for retailers are 30 to 60 days with small discounts (3%) for early payment.

b. Consumer Products

Like distribution of pharmaceuticals, distribution of consumer products generally avoids wholesalers and operates through a network of company salespersons and distributors directly to the retail level. A number of discount stores also exist in urban areas. These sell at lower prices by obtaining discounts on volume purchases of RN 30,000 or more. Because of the size of the country and the existence of good main roads, the claim of one distributor that his products reach more than 80 percent of major retail outlets seems reasonable.

One distributor of tobacco products uses 40 to 50 vans to deliver products throughout the island. Smaller distributors use vans in the major cities and public transportation for deliveries to the interior. Sales proportions by value are roughly 60% to 70% in Santo Domingo and Santiago and 30% to 40% in the remainder of the country.

II. MOVEMENT OF CONTRACEPTIVES THROUGH THE COMMERCIAL AND PUBLIC SECTORS

A. Public Sector

Data provided by public sector sources show that all programs combined deliver services to about 23% of the fertile age female population. Of the approximately 240,000 acceptors in the public sector, most use oral pills or female sterilization. The largest program is that of CONAPOFA which delivers services to two-thirds of those persons supplied by public sector programs.

E. Private Sector

Market research is weak in the pharmaceutical industry. IMS, which usually provides data in this area, does not conduct a pharmaceutical product survey in the Dominican Republic.

Total pharmaceutical sales for the country are estimated to be in the vicinity of RN 30 million per year. Sales figures for contraceptives are low and seem consistent with the estimated size of the total pharmaceutical market. Based on information supplied by two major pharmaceutical houses on their own sales, we estimate that no more than 5% of fertile age women are served by the commercial sector. This means annual sales of about 300,000 cycles of oral pills and injections and under 1,000 gross of condoms. The two major firms have annual sales of about 120,000 cycles and constitute between one-third and one-half of the market. Suppositories, spermicides and other contraceptive products are not sold in significant quantities.

A relatively wide range of brands is available from pharmacies. At least ten brands of oral pills are on the market, including Nordette (RN 2.75/cycle) and Microgynon (RN 3.45/cycle), two of the largest sellers and Ovulen, Anovlar, Gynovlar and Anovulatorio (RN 1.65/cycle). Although the price of the lowest priced product is relatively low by international standards, its sales are small and its price is still above the purchasing power of a large part of the population. Several brands of condoms are available including Top Hat, Stimula, Chapeaux, R3 and Naturex. Prices range from three for 50¢ RN to three for RN 1.

III. ECONOMIC FEASIBILITY OF A SUBSIDIZED MARKETING PROGRAM IN THE DOMINICAN REPUBLIC

A. Potential Market

The potential market is defined in terms of households with all of the following characteristics:

- Urban and rural residents with easy access to the pharmaceutical and popular product distribution system.
- Economically active households with adequate cash incomes to purchase a contraceptive product at subsidized prices.
- Persons who have ever used any contraceptive method but who are not now using any effective contraceptive method.

1. Demographic Structure

Current estimates indicate that there are about 1,100,000 women in the fertile ages between 15-44 years. Between 40% to 50% live in urban areas. Although the remaining 50% are defined as rural for demographic purposes, a majority have regular access to the commercial distribution system.

2. Income

Especially in urban areas, an overwhelming segment of the population is in the cash economy. Seventy-five percent of urban households have monthly cash incomes above the minimum wage. Income distribution figures are not readily available for rural households. Based on estimates of consumer goods sales apportioned between urban and rural areas provided by a local market research firm, it is reasonable to estimate that 40% of rural households have adequate cash income to purchase contraceptives at low prices. It is clear, however, that prices must be set low enough to allow households with incomes of as low as RN 75 pesos per month to purchase contraceptives.

3. Contraceptive Knowledge and Practice

Knowledge, attitude and practice data are available only from a World Fertility Survey done in 1975. A national census and WFS are to be conducted this Spring and newer information will begin to become available later this year. Nevertheless, nearly five years ago, knowledge and practice of contraceptive methods were widespread in both urban and rural areas.

In 1975, more than 95% of all urban and rural women in fertile age brackets ever married or in a union reported knowledge of at least one effective contraceptive method. Levels of knowledge did not vary substantially by age group. See Table 3.

The 1975 WFS indicates that at that time, about half the fertile female population had ever used a contraceptive method (47%) and that 30.3% were users at that time. Of the 30% using a contraceptive method, nearly one-third were not using an effective method. Data provided by public and private sector sources and discussed earlier in this report also indicates that about 28% of fertile aged women are now using some effective contraceptive method (including sterilization).

From the above information, the market for contraceptive products consists of a substantial number of women who are experienced users of some contraceptive method but are not now using a method and a substantial fraction who are current practicers but are not using an effective method (total 22%). While the WFS data do indicate that in 1975 a higher portion of urban women had used some method (60%) than the fraction in rural areas (40%), other indicators show rural women equally interested in family planning. For example, half the rural women did not want more children as compared with 40% of urban women.

In terms of methods used by current users, female sterilization and oral contraceptives are the most widely preferred. However, the full range of effective methods is in evidence.

4. The Potential Market

Combining the above characteristics, we can arrive at the following assessment of the size of the potential market for a subsidized contraceptive product:

Total women aged 15-44	1,100,000
Of these, women in households with cash incomes of RN 75 per month or more	
urban 80% of 500,000	400,000
rural 40% of 500,000	200,000
total	600,000
Of these, women experienced, but not using an effective contraceptive method	
urban 22% of 400,000	88,000
rural 22% of 200,000	44,000
total	132,000

B. Tentative Marketing Plan

This section outlines the preliminary elements of a marketing plan designed to reach the market segment described above.

Table 3

PERCENT OF WOMEN EVER MARRIED
OR IN A UNION, HAVING KNOWLEDGE
OF AT LEAST ONE CONTRACEPTIVE
METHOD, BY AGE, DOMINICAN REPUBLIC, 1975

<u>AGE</u>	<u>PERCENT</u>
15-19	96.1%
20-24	97.3%
25-29	99.0%
30-34	98.1%
35-39	97.1%
40-44	96.6%
45-49	95.6%

Source: World Fertility Survey, 1975

1. Products

The popularity of the various modern methods and their current availability in the market at high prices indicates that a multi-product approach would be appropriate here. This would include at least one oral contraceptive, condom and spermicide. Development of local packaging and brand names seems preferable, though brands and packages developed in other markets may be tested for their suitability here.

2. Price

In order to allow all members of the target market segments economic access to the products, a relatively low price must be set. Preliminary estimation of the price level is based on our experience that the price for one month's supply should be less than 1% of the monthly income of the lower income groups in the target market. Here, this means 1% or less of RN 75. Also, the price should correspond roughly to the purchase price of frequently purchased items. This allows the monthly purchase of contraceptives to fit within the buying habits and cash availability of lower income groups. Prices of some commonly purchased items are:

Cigarettes (20)	60¢ to 80¢
(10)	30¢ to 40¢
Bread - 5 small loaves	50¢
Plantains - 5	50¢ to 1.
Razor Blades - 3	30¢

While this pattern indicates that in many areas a price of between RN .50 and .75 per one month supply of contraceptives is reasonable, it should be remembered that among Class E and some Class D income families, the purchase patterns are in smaller denominations of cash. For example, detergent is sold in waxed envelopes in units of RN .05 to .15. The same is true for butter, cooking oil, washing soap and other basic items. Consequently, some products like condoms or spermicides may be sold in packages of less than one month's supply.

3. Distribution

A large portion of the target market can be reached directly through the more than 1,200 pharmacies. The size of the nation, the large number of pharmacies and the clustered geographic distribution of even a good part of the rural population, makes pharmacies a good starting point for both urban and rural markets. Pharmacies in urban areas are reached on nearly a daily basis by pharmaceutical distributors. Pharmacies outside the main cities are reached on a weekly to monthly basis.

Once distribution is achieved throughout the pharmaceutical system, expansion to other types of outlets may be considered. Several alternative

kinds of retail outlets are available for this purpose. One more than adequate system is the network of foodstores, beginning with List B colmados. Another potential distribution tool is the type of system set up by the Church World Service and described earlier in this report.

The distribution of revenue, to correspond with current commercial margins, might be as follows:

Price to Consumer	RN .50
Price to Retailer	RN .38
Price to Distributor	RN .28
Packaging Costs	RN .03
Net to Program	RN .25

4. Advertising and Promotion

Given the extraordinarily high levels of knowledge and experience with contraceptive methods, advertising can concentrate on very specific product and distribution related information. A relatively low key approach concentrating on radio and point of purchase promotion seems most appropriate. Television advertisements do not substantially add to the almost universal coverage of radio. Especially outside of main urban areas, point of purchase materials can be very effective. At a minimum these should include product dispensers, display cases and posters. Other promotional tools common in local business such as free products for volume purchases and easy payment terms for retailers should also be useful.

5. Sales Effort

Given the existence of experienced distributors with sales forces capable of selling into the 1,200 pharmacies in a two-month period, it would be advisable, however, to maintain a small sales force to ensure that contraceptive products get adequate attention and that outlets in less accessible areas do not go out of stock. Also, the relatively large number of private medical clinics in both urban and rural areas call for special attention.

6. Timing

Package design, name selection and testing, obtaining licenses and selecting a distributor should be accomplished within six to eight months after the placement of a manager for the project. Initial selling should be done within three months thereafter and maintenance sales levels reached within nine to 12 months afterward. This means a total of slightly less than two years between the arrival of a manager and reaching long term sales levels. Any time between the signing of a contract and the arrival of a manager or unanticipated delays related to licensing procedures or intergovernmental issues must be added to this estimate.

C. Project Costs and Revenue

This section is divided into two parts. The first is an analysis of the program launch period during which costs are high and sales revenue is negligible. The second describes the project at maintenance levels.

1. Costs of Development and Launch

Development and introduction costs are not recoverable from sales revenue since these will be relatively small during the initial months of the project. Primarily these are advertising and promotional expenses, program administration costs for two years and a sales force for 1 1/2 years.

a. Marketing Expenses

Marketing expenses include:

Market Research

- motivation research
- retailer interviews
- brand and package testing
- copy testing US 30,000

Sales Expense

- 2 salespersons and expenses for 1 1/2 years US 36,000
- 1 detail person and expenses for 1 1/2 years US 18,000

Advertising Expenses

- Introductory, primarily radio, including production costs US 50,000
- Promotional material US 50,000
- 1 1/2 years of advertising and promotion, after introduction US 75,000

Total US 259,000

b. Project Management Costs

Management costs are estimated here on the assumption that a full-time resident manager will be retained, along with a local manager. Should

a decision be made to operate in some other fashion, costs should be adjusted accordingly.

Resident Manager, including maintenance 75,000 per year	US 150,000
Local Manager, 20,000 per year	US 40,000
Secretarial and Office Expenses, 15,000 per year	US 30,000
Two Year Management	US 220,000

Total initial marketing and management costs for a two-year period are estimated to be US 479,000. Overhead charges, if applied through a contract, would have to be added to this figure.

2. Costs and Revenues at Maintenance Levels

At full operational levels, the program may be expected to penetrate between 20% to 30% of the target market described earlier. Cost and revenue estimates at these levels are as follows:

	<u>Market Penetration</u>	
	<u>At 20%</u>	<u>At 30%</u>
Revenue	80,000	120,000
Marketing Expenses		
Sales Force	36,000	36,000
Advertising	50,000	75,000
Net	(6,000)	9,000

The above figures are based on the assumption that contraceptives will be made available to the program at no cost. Other than these costs, the program is likely to be able to cover most or all of its marketing expenses.

D. Program Organization

Sponsorship of the project may take one of the several forms used in other projects. These include sponsorship by a government or semi-autonomous organization; by a private, voluntary organization; or, by some combination of these two.

Management of the project may be undertaken by a U.S. or local contractor under contract. We did not determine whether any local firms exist with the necessary capability and experience to execute the management of such a project.

APPENDIX A
INFORMATION SERVICES - PERSONS

APPENDIX A

INFORMATION SOURCES

PERSONS

1. Jose Rodriguez Soldevilla, Minister of Public Health, Dominican Republic
2. Felipe Martinez, Servicio Social de Iglesias Dominicanas
3. Ascanio E. Abreu P., Asociacion de Representes y Agentes de Productos Farmaceuticos
4. Luis Gonzalez Fabra, Consejo Nacional de Poblacion y Familia
5. Magaly Caram Alvarez, Asociacion Dominicana Pro Bienestar de la Familia
6. Euripedes Roques, Marca Publicidad
7. Jose P. Perez Garland, Marca Publicidad
8. Frank Marino Hernandez, Instituto Dominicana de Estudios Aplicados
9. Jose Taboada G., Asesores Asociados
10. Pedro J. Garcia T., Juan J. Garcia C por A.
11. Pedro Kahn, Schering Pharmaceuticals
12. Luis Gomez, Wyeth Pharmaceuticals
13. Milqueya Portes de Mota, Pharmaceutical Owners' Association

APPENDIX B
DOCUMENTS

APPENDIX B

DOCUMENTS

1. Country Profiles: Dominican Republic, The Population Council, January 1973.
2. World Fertility Survey, Dominican Republic, 1975.
3. United Nations Statistical Yearbook, 1978.
4. International Marketing Data and Statistics, 4th Ed., Euromonitor Publications, London, 1979.
5. United Nations Yearbook of Labor Statistics, 1977.
6. Foreign Economic Trends and Their Implications for the U.S.: Dominican Republic, December 1979.
7. World Tables, The World Bank, 1976.
8. World Population Reference Sheet, 1978.
9. Dominican Republic Investors Handbook, American Chamber of Commerce, 1979.
10. Private Sector Marketing in Eight Developing Countries, Vol. III, The Population Council, 1978.
11. List of Pharmacies in the Dominican Republic, Asociacion de Representantes y Agentes de Productos Farmaceuticos, 1977.
12. Statistical Yearbook for the Dominican Republic, Banco Central de la Republica Dominicana, 1978.
13. Caribbean Yearbook, Barclay's Bank, 1978-9.
14. International Business Directory, Dun & Bradstreet, 1978.