

BIBLIOGRAPHIC DATA SHEET1. CONTROL NUMBER
PN-AAH-9132. SUBJECT CLASSIFICATION (695)
PC00-0000-G514

3. TITLE AND SUBTITLE (240)

An assessment of the proposed commercial contraceptive distribution project in Sao Paulo, Brazil

4. PERSONAL AUTHORS (100)

Farley, J. U.

5. CORPORATE AUTHORS (101)

APHA

6. DOCUMENT DATE (110)

1980

7. NUMBER OF PAGES (120)

34p.

8. ARC NUMBER (170)

BR658.809615766.F231

9. REFERENCE ORGANIZATION (130)

APHA

10. SUPPLEMENTARY NOTES (500)

11. ABSTRACT (950)

12. DESCRIPTORS (920)

Sao Paulo, Brazil
Contraceptives
Marketing
Population policy
Distribution systems
AssessmentsBrazil
Birth control
Program planning
Family planning

13. PROJECT NUMBER (150)

14. CONTRACT NO.(140)

AID/DSPE-C-0053

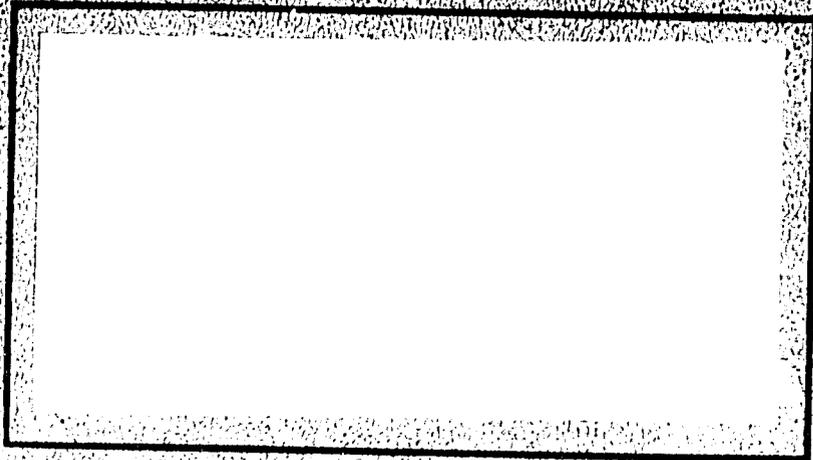
15. CONTRACT TYPE (140)

16. TYPE OF DOCUMENT (160)

BR

658.809615766

F231



AMERICAN PUBLIC HEALTH ASSOCIATION
International Health Program
1015 Fifteenth Street, N.W.
Washington, D.C. 20005

AN ASSESSMENT OF THE PROPOSED
COMMERCIAL CONTRACEPTIVE
DISTRIBUTION PROJECT
IN SAO PAULO, BRAZIL

A Report Prepared By:
JOHN U. FARLEY

During The Period:
MAY 1 - MAY 11, 1980

Under The Auspices of The:
AMERICAN PUBLIC HEALTH ASSOCIATION

Supported By The:
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF POPULATION, AID/DSPE-C-0053

AUTHORIZATION:
Ltr. POP/FPSD: 11/30/79
Assgn. No. 582-011

Agency for International Development
Library
Room 105 SA-19
Washington, D.C. 20523

100-1000000000

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EXECUTIVE SUMMARY

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Given the favorable political environment, the proposed subsidized commercial contraceptive distribution program can be initiated in Sao Paulo, Brazil. The proposed program has adequate revenue potential to pay for products and to provide some surplus cash while selling products at prices well below those of commercial brands of similar quality.

The pharmaceutical distribution system extends adequately throughout this basically urban state. Attitudes toward contraception are positive; family planning is widely practiced in Sao Paulo. Income levels and expenditures on health-related items indicate that the program can reach a vast majority of households. Recent changes in the law allow media advertising of contraceptives, and sophisticated advertising and packaging services are available. The proposed project will be operated by a free-standing not-for-profit corporation.

This report is a summary evaluation of current work on the BEMFAM proposal to implement a commercial contraceptive distribution program in the state of Sao Paulo.*

*See "Projecto Comercial de Distribuicao de Anticontraceptivos no Estado de Sao Paulo."

I. POLICIES ON FAMILY PLANNING IN BRAZIL

I. POLICIES ON FAMILY PLANNING IN BRAZIL

Given recent developments and the favorable legal and social environment, contraceptive products can be marketed in Brazil.

Government Policy on Population*

A. Population and the Second National Development Plan--II NDP

Soon after the World Population Conference (September 1, 1974), the Ernesto Geisel administration unveiled the Second National Development Plan, II NDP, which outlined the principal socioeconomic guidelines for Brazil for the next five years. Following the 1964 revolution, the Fourth Brazilian Government adopted a population policy, which is described in the following passage from II NDP:

In truth, a population policy influences every aspect of national life, from planning and socioeconomic development to national security. It also influences the human element of society, in collective terms of permanent or temporary national objectives, and in individual terms of human rights. A population policy in Brazil should be considered in this overall perspective.

The II NDP describes the influence of population on the socioeconomic development of the country, and Government policy on family planning. It affirms the right of each couple to choose or not to choose contraception:

Brazilian demographic policy respects the arbitrary decision of each couple in determining the desired number of children and the availability of information to provide a complete study of the matter. This choice is granted, without coercion, to encompass the full range of natality.

Considering all individual familial decisions and socioeconomic factors, the Brazilian society is achieving a demographic growth rate proportional to its needs. It is hoped that during this decade the demographic growth rate will decrease and that between 1970 and 1980 it will settle between 2.7 and 2.8. In the upcoming decades this declining trend should become more pronounced.

*This material is adapted from Walter Rodrigues's work, The Evaluation of Family Planning in Brazil.

As the World Population Conference and the II NDP show, family planning has been officially recognized in Brazil, but no concrete Government-supported measures have been taken.

B. High-Risk Pregnancy Prevention Program

The Maternal Child Health Program expects to contact 750,300 pregnant women over the next four years. The Ministry of Health estimates that only 10 percent of this total--75,030 women--will represent the at-risk population (those pregnant women whose own lives or those of their unborn children are endangered).

Approximately 70 percent of these women lacks the financial resources to purchase contraceptives. The Government program anticipates delivering contraceptive services to only 53,607 women. That figure can be divided during the four-year period as follows:

1978	-	10,255
1979	-	11,606
1980	-	15,030
1981	-	16,716

The program emphasizes that able doctors will control the delivery of contraceptives and follow-up participants to assess and treat side effects. In each case, the doctors will recommend the most appropriate contraceptive method, but each couple will be free to choose the method it wants to use.

C. Presidential Support of Family Planning in Brazil

In January 1978, President Geisel granted a press interview in Mexico during which he expressed his concern about Brazil's increasing population. He said that the quality of life in Brazil could be improved through family planning. By controlling population growth, more jobs would become available, and educational, medical, housing, and other social needs would be met.

Geisel declared:

The demographic explosion is really a very serious problem. We have this population in Brazil, and in the great part of the countries in Latin America. I naturally exclude Argentina and Uruguay whose populations are more or less stabilized; I know that here in Mexico this problem is very serious, it seems that Mexico has a population growth rate

above 3% a year. In Brazil, according to the last census, we have a growth rate of 2.7%. But I want to say that this number seriously worries us. I see that with this rate, the Brazilian population grows by more than 2 million inhabitants per year. This means that each year, the Brazilian population grows by a number equal to the population of Uruguay. And if on one hand this is important, because all of us like children, and children are the youths of tomorrow, and the youths of tomorrow will be the adults of the day after tomorrow--and they will be the ones that will lead our country in the future--it represents an extraordinary burden. We are constantly building schools to eliminate illiteracy and to not produce new illiterates. We are building hospitals, we are increasing our agriculture, our animal husbandry, to produce more foodstuffs. We have to dress and educate these children and later, we have to find them jobs. In Brazil we have to create nearly 1 million jobs per year. And although Brazil has extraordinary potential, this is not easy. Opening new areas for agriculture, creating new industries, creating other services to absorb this one and a half million young people that need to work, is an awesome task for a leader, and I confess that this causes sleepless nights. And it is in this regard that developed countries fail to understand that they could cooperate better, that they could help us better in the task of solving those problems. Another measure, undoubtedly, is birth control. This measure is adopted by the developed countries and by those that become educated, those that have more financial resources, that practice family planning and control births. And it is the poorer classes, the sick, the less educated, those that are less able to work that have large families. And in the human sense isn't this almost degeneration? We do not think that birth control should be imposed. It should remain the arbitrary decision, the will of the couple. The husband and wife have to solve this problem. But they should be informed on this subject. And they should have orientation on how to practice family planning. This is my personal point of view. I mean to say that in Brazil this still is not being practiced. In Brazil, in general, there is a decrease in the population growth rate, but this is spontaneous, and because it is spontaneous, it is very slow, and if we look at the year 2000, the problem will perhaps be very serious and very difficult if we do not immediately begin to think a little more about family planning.

This was the first time that any Brazilian president had indicated he was favorably disposed to family planning. His statements revealed that political leaders in the country were well aware of the urgent need to provide family planning information and contraceptives to all Brazilian couples who wanted to become "responsible parents."

As enunciated recently by Jair Soares, Minister of Health, current Government policy limits Government activities to information dissemination and education. Non-Government organizations are expected to deliver products and services.

Volunteer Program--BEMFAM

BEMFAM initiates and conducts most voluntary family planning activities in Brazil. Traditional clinic-based and community-based programs, as well as information, education, and evaluation programs are offered. Table 1 summarizes 1979 data on BEMFAM clinics. Table 2 provides similar information on community-based programs. More than a million women have been (and continue to be) served.

Current Commercial Market for Contraceptives

Pills, condoms, and spermicides are manufactured in Brazil and enjoy significant markets. The estimated 1978 sales volumes were as follows:

<u>Method</u>	<u>Number Brands</u>	<u>Volume</u>	<u>Price Range</u>
Pills	36	52 million cycles	Cr. 20 to Cr. 60
Condoms	10	60 million pieces	Cr. 5 to Cr. 15

Although prescriptions are required, a significant number of oral contraceptives (perhaps most) are sold over the counter. About 20 companies manufacture orals; the largest are Fontoura-Wyeth, with about 40 percent of the market, and Berlimed (Schering), with 30 percent. The most popular brands cost approximately Cr. 36 (75¢).

Two companies produce condoms: Johnson and Johnson and Fabrica de Artificio de Latex Sao Roque of Sao Paulo. Johnson and Johnson has virtually cornered the market. The largest selling brand, Jontex, is a dry product sold unwrapped in boxes of six.

Very few spermicides are sold. Lanurita, a brand of foaming tablets, is sold in boxes of 12 for Cr. 42 (75¢). Another vaginal tablet, Lorophyn, sells for Cr. 33 (66¢). Jonconal, a jelly, sells for Cr. 33 (66¢).

All prices were increased 30 percent after April 1, when the current supply of contraceptives was exhausted. The once unusually low commercial prices now approximate those throughout the world.

**II. PROGRAM LOCATION:
THE CHOICE OF SAO PAULO STATE**

Table 1
1979 ATTENDANCE FIGURES FOR
BEMFAM FAMILY PLANNING CLINICS

<u>State</u>	<u>Total Number Clinics</u>	<u>New Clients</u>			<u>Continuing Clients</u>		
		<u>Total</u>	<u>Oral</u>	<u>Other</u>	<u>Total</u>	<u>Oral</u>	<u>Other</u>
Amazonas	1	615	615	-	2,753	2,753	-
Bahia	5	2,864	2,467	397	38,615	37,648	967
Ceara	2	3,831	3,831	-	39,272	39,176	96
Espirito Santo	9	4,821	4,808	13	42,801	42,755	46
Maranhao	1	1,968	1,968	-	9,452	9,592	-
Mato Grosso	1	-	-	-	-	-	-
Minas Gerais	7	4,134	3,632	502	42,415	38,694	3,721
Para	1	849	848	1	11,836	11,523	313
Parana	10	4,647	4,647	-	81,396	81,098	298
Rio de Janeiro	2	2,424	2,368	56	42,331	38,838	3,493
Rio Grande do Sul	16	12,244	11,093	1,151	141,506	133,964	7,542
Santa Catarina	7	4,159	4,056	103	43,366	43,284	82
Sao Paulo	<u>5</u>	<u>2,909</u>	<u>2,587</u>	<u>322</u>	<u>28,512</u>	<u>25,795</u>	<u>1,717</u>
TOTAL	67	<u>45,464</u>	<u>42,920</u>	<u>2,545</u>	<u>524,395</u>	<u>505,120</u>	<u>19,275</u>

Source: BEMFAM, Evaluation Department.

Table 2

BEMFAM COMMUNITY PROGRAMS

<u>State</u>	<u>Total Number Fertile Women (BGE Census/70*</u>	<u>New Clients Attended</u>		<u>Total from Beginning</u>
		<u>1978</u>	<u>1979**</u>	
Pernambuco	1,229,931	65,396	54,677	240,310
Paratha	563,776	22,955	24,892	122,295
Alagoas	367,898	21,325	18,800	64,200
Rio Grande do Norte	356,123	20,994	22,407	149,171
Parana	1,546,196	30,659	24,905	109,088
Plauí	<u>372,955</u>	<u>21,966</u>	<u>21,966</u>	<u>21,966</u>
TOTAL	<u>4,436,879</u>	<u>161,329</u>	<u>167,647</u>	<u>707,030</u>

*Revised figures.

**April-December 1979.

Source: BEMFAM, Evaluation Department, January 1980.

II. PROGRAM LOCATION: THE CHOICE OF SAO PAULO STATE

Sao Paulo State was selected as the site for the initial phase of the program for several reasons.

One, the State offers a substantial economic opportunity. While Sao Paulo's population of 24 million constitutes only 20 percent of the total population of Brazil, it enjoys 36 percent of the potential consumer spending power, according to an advertising agency's estimates.

Two, the transportation and distribution system is better developed in Sao Paulo than in any other state. A strong network of wholesalers serves 7,000 pharmacies. (Berlimed uses 32 wholesalers, for example.)

Three, the population has access to pharmacies. Ninety-two (92) percent of the population is classified as urban (living in cities or county or district capitals).

Four, the Government of the State has expressed interest in a commercial retail sales program.

Five, a new community-based information and education program will be initiated soon in Sao Paulo. This program could distribute products to the very poor segments of the population (the distribution system would be complementary) and some advertising spin-off could result as well.

Six, the State produces about half of the gross national product. There is heavy in-migration from other parts of Brazil. This may influence the behavior of those remaining in the migrants' original areas of residence.

Seven, media coverage is excellent and market research capabilities exist. The project would probably be less expensive to run in Sao Paulo than in any other area with the same population. The target market is over 90 percent literate.

Eight, it is a standard marketing practice to introduce new consumer products in Sao Paulo State.

Nine, more is known about the contemporary practice of family planning in Sao Paulo than in any other state. Background information can be collected without difficulty.

Public Opinion

Attitudes in Sao Paulo State are generally favorable, as a recent study by the Gallup Institute shows. The results of the survey are described below.

Family planning is widely practiced. (See Table 3.) Nearly a third of all fertile women use modern contraceptive methods.

Attitude towards Birth Control Methods
in Sao Paulo

	<u>1967</u>	<u>1971</u>	<u>1974</u>	<u>1976</u>	<u>1977</u>
Approve	63%	63%	70%	72%	74%
Disapprove	28%	24%	28%	22%	22%
No Opinion	9%	3%	2%	6%	4%

Attitudes Toward Federal Birth Control Policy
in Sao Paulo

	<u>1967</u>	<u>1971</u>	<u>1974</u>	<u>1976</u>	<u>1977</u>
In Favor	46%	51%	61%	65%	70%
Against	40%	48%	37%	29%	27%
No Opinion or Other Responses	16%	1%	2%	6%	3%

Evolution of Opinion on Use
of Oral Contraceptives in Sao Paulo

	<u>1967</u>	<u>1971</u>	<u>1976</u>	<u>1977</u>
Approve	44%	52%	62%	61%
Disapprove	39%	45%	32%	33%
No Opinion or Other Responses	17%	3%	6%	6%

Table 3

USE OF CONTRACEPTIVES IN THE STATE OF SAO PAULO
BY WOMEN AGED 15 TO 49
(1980)

	<u>Method</u>	<u>Percent Fertile Females</u>	<u>Number Fertile Females</u>
Users	Pills	25.0	1,518,000
	Sterilization	16.9	1,026,000
	IUD	0.5	30,000
	Condom	6.1	370,000
	Rhythm	5.2	375,000
	Coitus Interruptus	7.5	455,000
	Other Methods	0.8	48,000
	Subtotal, Users	62.0	3,762,000
Non-Users	Wishing to Use	14.8	898,000
	Not Wishing to Use	23.2	1,402,000
	Subtotal, Non-Users	38.0	2,300,000
	TOTAL	100.0	6,062,000

Source: Nacamura and Fonseca.

III. MARKET POTENTIAL AND THE TARGET MARKET

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Target Market

The primary market is women in Sao Paulo State who are not using but wish to use a contraceptive product. The secondary markets are women using a traditional method (rhythm or withdrawal) and non-users (23 percent of whom are pregnant and 7 percent of whom are postpartum) who do not wish to use a product. The data on these target populations are as follows:

	<u>Number Women</u>	<u>Percent Total Population</u>
<u>Primary Market</u>		
Non-users wishing to use a product	900,000	15
<u>Secondary Market</u> ("Traditional" Methods)	770,000	13
Non-users not wishing to use a product	1,400,000	23
TOTAL, WOMEN AGED 15 to 49	6,000,000	100

Potential Market and Projections

The potential market is defined as the entire primary target market plus a fraction of the secondary market. Projections of sales are based on the following market definitions:

	Year 2		Year 3	
	<u>Number</u>	<u>Percent of Group</u>	<u>Number</u>	<u>Percent of Group</u>
Primary Market	900,000	100	900,000	100
Secondary Market	240,000	11	240,000	11

These projections are conservative; they do not account for natural growth, and the fraction of the targeted secondary market is less than half of the women who are now pregnant or who have recently borne children.

Actual sales during Years 2 and 3 are projected as follows:

	<u>Number Users at Start of Year</u>	<u>Percent Primary Market</u>	<u>Percent Total Potential Market</u>
Year 2	115,000	13	10
Year 3	255,000	28	22

The results of the Nakamura contraceptive use study were as follows:

<u>Method/Product</u>	<u>Percent Total Population</u>	<u>Percent Users</u>
Pills	25	78
Condoms	6	19
Other	<u>1</u>	<u>3</u>
TOTAL	<u>32</u>	<u>100</u>

These figures are used to project sales of the three classes of products.

The projected sale of individual products under the program are as follows:

<u>Method</u>	<u>Year 2</u>		<u>Year 3</u>	
	<u>Volume</u>	<u>Percent Commercial Market in Sao Paulo*</u>	<u>Volume</u>	<u>Percent Commercial Market in Sao Paulo*</u>
Pills (cycles)	1,000,000	4	2,000,000	6
Condoms (units)	2,000,000	6	5,000,000	14
Foaming Tablets (tubes of 6)	15,000	(1)	90,000	(1)
Cream (10 applications)	9,000	(1)	54,000	(1)
Foam (30 applications)	3,000	(1)	18,000	(1)

1. Data on the size of the market are not available now, but the projections probably mean that the project's products will have the largest share in each category.

*It is estimated that half of all contraceptive sales are made in Sao Paulo State. Markets are estimated to grow at about 10 percent annually.

The projected volume of pills and condoms sold under the program constitutes a small share of the current commercial market.

IV. THE MARKETING PROGRAM

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The marketing program specifies that a line of products will be sold at prices which are consistent with the income and expenditure levels of the target market. Sales will be supported through media advertising, salesmen's visits to pharmacies, and detailing to physicians. Initially, products will be distributed through wholesalers to pharmacies throughout Sao Paulo. Market research staff will collect and analyze as a whole the data and other available information on the practice of family planning in the State of Sao Paulo. The project will be operated by a free-standing not-for-profit corporation. It should be launched 12 to 14 months after the program has been approved.

Products

Initially, one high quality product from each of the following categories will be distributed:

- oral pills;
- condoms;
- foaming tablets;
- creams; and,
- foams.

All products will be introduced simultaneously. It is not clear whether new products will carry a single brand name or related names, or whether each brand will be developed and marketed as a single item. All products will carry the local brand names and they will be packaged locally. Brazilian policy now requires that all products be manufactured in Brazil. A prohibitively high import duty is levied on any product not manufactured in the country.

Distribution

Products will be distributed to consumers through the approximately 7,000 pharmacies located throughout the State. Products will be distributed to the pharmacies through wholesalers representing the program.

Margins for wholesalers are estimated at 30 percent on cost. Those for pharmacies are set by law at 35 percent for spermicides, creams, and foams, and for all ethical products, including pills. Margins for condoms vary; some are as high as 100 percent on cost.

During later phases of the program, products may be distributed through other channels whose margins may be half as low as those of the pharmaceutical system.

Pricing

The cost (in U.S. dollars) to consumers and intermediaries who purchase products will be as follows:

<u>Method/ Product</u>	<u>Unit</u>	<u>Price to Program*</u>	<u>Price to Wholesaler</u>	<u>Price to Retailer</u>	<u>Price to Consumer</u>
Pill	Cycle	\$0.19	\$0.28	\$0.36	\$0.49
Condoms	2	.097	.16	.21	.28
Foaming Pills	6	.32	.39	.52	.68
Cream	10 appli- cations	.41	.46	.59	.81
Foam	30 appli- cations	.82	1.02	1.32	1.79

*Includes packaging.

Retailers and wholesalers will receive standard pharmaceutical margins on all products, but the margins for the program will vary, with the condom having the highest and creams and foams the lowest.

Table 4 lists data on disposable income and expenditures on health products and health services in Sao Paulo in 1978. At the proposed prices, a one-year supply of pills will cost \$6.50, and 100 condoms will cost \$14. Assuming that the cost of contraceptives must be less than 1 percent of a family's disposable income, about four-fifths of the total potential target population can be considered potential buyers of at least the pill. Generally, such expenditures would be less than 20 percent of the average household outlay for health products and services.

Table 4

Disposable Income and Expenditures on Health - 1978 (\$U.S.)

Annual Spendable Income	Sao Paulo Metropolitan Area			Other Urban Areas			Rural Areas			Total for State		
	Expenditure on health	No. of families (000)	% of families	Expenditure on health	No. of families (000)	% of families	Expenditure on health	No. of families (000)	% of families	Expenditure on health	No. of families (000)	% of families
Less than \$400	\$14	103	5%	\$14	170	12%	\$ 5	51	8%	\$14	482	12%
\$400-720	\$28	271	13%	\$30	288	20%	\$ 8	31	5%	\$28	777	18%
\$720-1025	\$45	343	17%	\$49	241	17%	\$13	77	11%	\$47	696	17%
\$1025-1430	\$62	351	17%	\$74	241	17%	\$24	50	7%	\$67	647	16%
\$1430-2050	\$86	322	15%	\$98	177	13%	\$24	85	13%	\$89	541	13%
\$2050-3060	\$124	281	14%	\$133	150	11%	\$27	134	20%	\$128	446	11%
\$3060-4130	\$150	118	6%	\$173	60	4%	\$50	113	17%	\$160	189	5%
\$4130-6100	\$220	130	6%	\$238	45	3%	\$67	55	8%	\$224	181	4%
More than \$6100	\$365	160	8%	\$247	42	3%	\$144	82	12%	\$342	209	5%
Average	\$102			\$78			\$43			\$84		
Total		2078			1413			677			4168	

Source: National Study of Disposable Income

Selling

A sales force will call on pharmacies and a detailing force will call on physicians.

A. Detailing

Ten detail men will begin work about six months before the launch. They will contact about 8,000 of the 12,000 physicians in Sao Paulo. These contacts will be completed before the project is launched and will be followed by another round of contacts during the first six months of the program. It is anticipated that the detail men can call on 8 to 10 physicians each working day.

B. Selling

Ten salesmen will introduce (sell) the product to the pharmaceutical system. They will provide to retailers promotional materials and information. Ten men calling on 10 pharmacies each day can complete contacts with the 7,000 pharmacies in the State in about three months. Thereafter, the force will make shorter follow-up calls (15 to 20 a day). Each pharmacy will be contacted about every two months.

It is anticipated that after the first year, some salesmen and some detail men will be lost through attrition and will not be replaced. A sales and detail force of 10 to 12 persons can adequately support the program.

Advertising and Promotion

The program will be supported through advertising and promotional activities. These efforts will be comparable to those used to introduce other frequently-bought products to the Sao Paulo market.

A. Advertising

The advertising of contraceptives is no longer prohibited by law. It is now possible to advertise all products, except the pill. Under the health code, the pill is considered an ethical product and cannot be advertised (Law 6734, December 4, 1979). Industry recently enacted a voluntary code of self-regulation, but this should not affect adversely or prevent media advertising of the program.

Penetration of advertising media is high in Sao Paulo, as the following figures indicate:

	<u>Percent Persons 15 to 65 Living in Metropolitan Areas</u>
Attend Cinema Regularly	48
Read Newspapers	61
Read Magazines	54
Regularly Listen to Radio	88
AM	80
FM	33
Regularly Watch Television	94

There are six television stations in the capital of Sao Paulo and six more in the interior. There are 206 radio stations. The two main newspapers circulate 430,000 copies daily. There are 148 cinemas in the capital and 323 in the interior. Outdoor media are also available in the State. A television spot at 10 p.m. costs \$2,000 (it covers the entire State); a radio spot broadcast to limited areas costs approximately \$400.

Approximately \$800,000 has been allocated for advertising during the first year of the program. This level is comparable to the support given recently to launch a new brand of cold tablets in Sao Paulo State. After the first year, approximately \$250,000 will be allocated for advertising. This budget is comparable to that used to maintain an established brand of soap (e.g., Jessy) in Sao Paulo State.

Approximately 43 percent of the media budget will be spent on television advertisements, 23 percent on radio spots, and 20 percent on newspaper ads. Advertising will be handled by one of the leading advertising agencies in Sao Paulo.

The advertisements of activities of the community-based program in Sao Paulo (scheduled to begin this year) may have an impact on the commercial contraceptive distribution program.

B. Promotion

Heavy in-store promotion supports many proprietary drug products, including Malhoral (aspirin), Gillette, Cibalena (aspirin), and Doril (aspirin), as well as many personal care products and cosmetics. Packaging is becoming more important as self-service stores expand. Displays, dispensers, racks, etc. are common. (There were 1,000 supermarkets in Sao Paulo in 1970; there are now about 4,000.)

Promotional materials, including sales kits, leaflets (to be distributed in pharmacies), posters, an information manual for pharmacists, and a dispenser which holds all products, will be designed and distributed. Samples of products will be distributed to physicians and to other concerned professionals.

Market Research

Sophisticated market research capability exists and will be used throughout the program.

A. Pre-launch

A significant amount of information on the prevalence of contraceptive practice, attitudes towards contraception, and preferred methods is available. During the initial phase of the program, market research will concentrate on specific issues (package tests, copy tests, etc.) and on the use of information to develop a marketing strategy. Field studies of retailers and physicians will also be made.

B. Post-launch

Periodically, small sample studies of consumers and retailers will be made to track the development of the program during its first two years and to assess the achievement of project goals (e.g., breadth of distribution, advertising awareness, specific brand knowledge, etc.).

Organization

A freestanding non-profit corporation will conduct the project. The organization plans to employ approximately 59 people, including 10 retail men and 10 salesmen.

The Operations Department will employ six persons; the Sales Department, seven persons, plus the salesmen; the Marketing Department, three persons, plus the detail men; the Public Relations Department, six persons; and the Administrative Department (including financial management), 17 persons.

The organization will be set up during the first year of the program and will be in place by the time the project is launched.

Timing

The product line should be launched 9 to 12 months after the market investigation begins. Selling-in will require about three months, so the full marketing effort should begin 12 to 15 months after the formal contract is signed. Once the contract is signed, the start of the project should not be delayed because BEMFAM has already appointed competent marketing/management personnel.

V. COSTS AND REVENUES

V. COSTS AND REVENUES

Table 5 is a summary of the marketing and management costs of the program over three years.* These figures cover a launch at the beginning of the second year of the program, detailing during the last six months of the first year, and the initial sale of products to pharmacies in the last month of the first year.

The incremental cost per equivalent acceptor in the second year is half the cost incurred in the first year. (This is probably an overstatement because first-year clients who want to become pregnant will be lost during the second year.)

The estimates indicate that sales revenues should be adequate to pay for contraceptive products and to provide some cash for other purposes after the second year.

*The estimates are preliminary figures only. They are subject to review and may be changed. See BEMFAM's more detailed project proposal.

Table 5
APPROXIMATE COSTS, REVENUES AND COST PER CLIENT
(\$U.S.)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Net Revenue*	0	\$ 150,000	\$300,000
Costs			
Marketing Costs			
Market Research	\$100,000	30,000	30,000
Packaging	10,000	0	0
Advertising	0	780,000	250,000
Promotion	0	270,000	60,000
Selling Expense	65,000	250,000	250,000
Detailing Expense	90,000	180,000	180,000
TOTAL	<u>\$265,000</u>	<u>\$1,510,000</u>	<u>\$770,000</u>
Management Costs	\$233,000	\$ 520,000	\$ 520,000
TOTAL Costs	\$498,000	\$2,030,000	\$1,290,000
Net Program Costs	\$498,000	\$1,870,000	\$ 990,000
Number Acceptors, End of Year	0	115,000	255,000
Incremental Acceptor Cost Per Incremental Acceptor	NA	\$16.26	\$7.07

*Second-year sales will be \$450,000 and third-year sales will be \$1.3 million. Contraceptive costs are \$300,000 and \$1 million, respectively.

VI. RECOMMENDATIONS

VI. RECOMMENDATIONS

The following action is recommended:

1. A commercial marketing program similar to that described in this report should be designed and implemented in the State of Sao Paulo.
2. Prototype plans to expand the program to other states should be made during initial planning. Expansion should be done rationally, and marketing and sales resources should be used efficiently.
3. To develop the activities described above, the various resources that will be required to support the Sao Paulo program and the expansion program should be combined. The plans should cover a three- to five-year period.
4. The plan for the program should include some alternatives for overcoming the problems posed by the ban on advertisements of the pill, which is expected to be the program's most important product.
5. USAID should be encouraged to contribute products as one kind of support.

APPENDICES

Appendix A

LIST OF PERSONS INTERVIEWED

Appendix A

LIST OF PERSONS INTERVIEWED

Dr. Gilberto Penna Franco, Sociedade Civil de Bem Estar Familiar
no Brasil (BEMFAM), Rio de Janeiro

Petronio Correo, MPM/Casabranca, Sao Paulo

Petronio Correa Filho, MPM/Casabranca, Sao Paulo

Dr. Walter Rodrigues, Executive Secretary, BEMFAM, Rio de Janeiro

Samuel Taylor, USAID, Brasilia

Arturo J. Furlong, Commercial Manager, SANBRA (Sociedade
Algodoeira do Nordeste Brasileiro, S.A.)

Antonio Munoz Simon, DIL, Sao Paulo

Raimar Richers, Ramar Richers Cobra & Associados, Sao Paulo

Appendix B
REFERENCES

Appendix B

REFERENCES

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