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CONTRACEPTIVE SOCIAL MARKETING  
GUIDELINES  
FOR  
PROJECT DEVELOPMENT

Prepared under the ICSMP

by

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## INTRODUCTION

The following is a checklist of information and points of analysis which experience has shown are nearly always required before a contraceptive social marketing (CSM) project to be funded by AID can be implemented.

While information in every area listed may not be available or relevant to every potential CSM project situation, the feasibility team or consultant should be aware of the full range of information often required and make every effort to supply the needed data.

This checklist is divided into four major parts: project organization and management structure, target market, product line and pricing strategy, and project costs.

Part one discusses program goals and objectives, which are essential to all other project planning activities. It is recommended that the issues raised in this section be researched and resolved as completely as possible before other elements in project development are pursued.

I. PROJECT ORGANIZATION AND MANAGEMENT STRUCTURE

- A. PROJECT GOALS AND OBJECTIVES
- B. INVOLVEMENT OF GOVERNMENT AGENCIES
- C. SPONSORING AGENCY
- D. PROJECT ACCOUNTABILITY
- E. LEGAL ISSUES

## A. PROJECT GOALS AND OBJECTIVES

### 1. State the Objectives of a CSM Project in the Subject Country.

The basis for sound feasibility evaluations and project development of contraceptive social marketing (CSM) programs must be a clear statement of project objectives.

AID/FPSD, the USAID Mission, the AID Regional Bureau, the host country government, and the potential CSM sponsoring agency are all involved to some degree in the determination and development of a CSM program in any given country. The objectives held by each of these entities for the proposed CSM project must be clearly attributed, defined, and stated.

A partial list of CSM project objectives which have been cited in the past are given for purposes of illustration:

(NOTE: This list is not intended to be an endorsement of any of the given objectives, nor should it be considered all inclusive).

- a. Increased availability (number and geographic distribution of outlets) of contraceptives;
- b. Lower prices (within reach of C and D class consumers) of contraceptives;
- c. Increased use of contraceptives (increased number of couple years of protection (CYP)) for total population or some population segments;
- d. IE & C impact of family planning advertising and promotion;
- e. Establishment of a self-sufficient project;
- f. Establishment of a cost-efficient project;
- g. Generation of revenues for the support of other projects;
- h. Transfer of current contraceptive clients from one delivery system to another; and,
- i. Support for the private sector in the development process.

## 2. Ascertain Whether the Stated Objectives Are Compatible.

To be successful, the strategies designed to establish and implement a CSM project must lead to fulfillment of the objectives set for the program. Consequently, project objectives must be internally consistent so that a coherent, unified strategy can be designed.

For example, it would be virtually impossible to design a successful management and marketing strategy for a CSM program with one objective being to promote and provide its contraceptive products at a price easily affordable to C and D class consumers and another objective being to establish a financially self-sufficient project.

In situations where the entities (AID/FPSD, AID Regional Bureau, USAID etc.) involved in the development of the subject CSM project present objectives which are incompatible among themselves, it is important that some resolution be obtained prior to the investment of resources in the process of project development.

## 3. Consultant Recommendation.

What, in the opinion of the consultant and based on information obtained during the consultant visit, is the appropriate objective(s) on which planning and strategy development for a CSM project in the subject country should be based? Give the justification for this consultant opinion.

## B. INVOLVEMENT OF GOVERNMENTAL AGENCIES

In the development and implementation of any CSM project, a number of governmental entities will be involved - AID/FPSD, AID Regional Bureau, USAID, and agencies of the host country government. The position of each in the project initiation and operation processes must be clearly understood and accounted for in CSM management and marketing planning. To ascertain both the positions of and attitude toward CSM of these agencies the following issues should be addressed:

1. Describe the kind of project supervision and control required or desired by each governmental entity involved. What, if any, formal concurrences are required for project development and implementation?

2. Describe the resources (staff time, management, support, and the like) available or desirable from each. Specify how funds will flow to the CSM project.
3. Give the status of any relevant project paper, plans for PIO-T, etc. Is there a need for technical assistance in these areas?
4. From which entity will an RFP for services of a technical assistance contractor, if any, be issued?
5. From which entity will funding and commodities come, by project year?
6. Briefly describe the population policy and programs of the host country government. Are the relevant agencies of this government comfortable with the profit-making and promotional aspects of contraceptive social marketing?

#### C. SPONSORING AGENCY

The host country agency which will become the sponsoring or operational entity for the CSM project should be carefully chosen, its capabilities fully described, and its responsibilities fully understood. The following issues should be examined:

1. Specify the agencies whose interest in CSM makes them a potential sponsoring entity.
2. Apply evaluation criteria to each interested agency in at least the following areas:
  - a. agency track record -- that is, its credibility, successes, funding status, length of time in operation, and the like
  - b. experience in population and family planning programs
  - c. experience in marketing
  - d. size of current staff
  - e. management capabilities
  - f. available facilities
  - g. relationships with other agencies in the population and/or marketing field



- c. Registration of packaging
- d. Restrictions on contraceptive advertising
- e. Resale of donated commodities
- f. Sale of goods by non-profit organizations
- g. Sales tax
- h. Import duties
- i. Controls on prices, distribution margins, and price increases
- j. Incorporation or registration of the CSM sponsoring agency
- k. Prescription requirements for sale of oral contraceptives
- l. Restrictions on outlets for sale of oral contraceptives.

2. Give any preliminary information immediately available on the topics above and state the source(s) of that information.

## II. THE TARGET MARKET

- A. MARKETING INFRASTRUCTURE
- B. TARGET MARKET
- C. CONSUMER PROFILE
- D. CYP PROJECTIONS

## A. MARKETING INFRASTRUCTURE

Describe the existing marketing infrastructure in the country according to the following:

### Distribution

1. Describe public and private sector distribution methods and outreach for over-the-counter, ethical, and consumer non-durable products.
2. Give public sector contraceptive distribution in numbers of units/cycles for each of the last 3 years where possible.
3. Give private sector contraceptive sales in both numbers of units/cycles and dollars for each of the last 3 years where possible.
4. List distribution firms interested in participating in a CSM project and describe their capabilities.

### Advertising

1. State media available, their penetration, and current rates.
2. Describe usual launch and maintenance expenditures and strategies for advertising consumer non-durable goods.
3. Describe any family planning or contraceptive advertising which has occurred or is occurring in the subject country.
4. List advertising agencies interested in participating in a CSM project and describe their capabilities.

### Market Research

1. State types of research currently conducted in the country and give illustrative costs of each.
2. List research firms interested in participating in a CSM project and describe their capabilities.

### Packaging

1. Describe types of packaging currently produced in the country and give estimated costs of those applicable to CSM products.
2. List firms interested in participating in a CSM project and describe their capabilities.

## B. TARGET MARKET

The target market should be demonstrated in quantifiable terms and based on data relevant to the stated objectives of the project.

Following are two examples of the derivation of CSM project target markets in programs where the stated objectives were to make contraceptive products easily accessible to prime potential users in the lower economic strata. These examples are offered for illustrative purposes only.

### Example A.

1.	Estimated number of women of reproductive age (WRA)		1,220,000
2.	Of these, women in households with cash incomes of minimum wage per month or more		
	urban 80% of 611,000	488,800	
	rural 40% of 611,000	244,400	
	total		733,200
3.	Of these, women experienced with but not currently using an effective contraceptive method		
	urban 22% of 488,800	107,536	
	rural 22% of 244,400	<u>53,768</u>	
	TOTAL PROJECT TARGET MARKET		<u>161,304</u>

### Example B.

1.	Estimated number of women of reproductive age (WRA)		1,220,000
2.	% of WRA stating a desire to contracept (including present users)	80%	976,000
	Of these women, those:		
a.	currently contracepting	55% of 976,000	<u>(536,800)</u>
b.	stating a desire to contracept but not presently doing so	45% of 976,000	439,200

c. currently contracepting but using traditional methods (rhythm, withdrawal)	5% of* 976,000	48,800
 Target Market Calculation		
3. Gross target market = lines 2b + 2c	488,000	_____
4. Net project target market in C&D consumer class and with access to project's retail outlets	45%	<u>219,600</u>

### C. CONSUMER PROFILE

1. Provide a brief demographic overview of the country.
2. Describe the overall family planning environment of the country.
3. Define the potential CSM project consumer in terms of at least the following:
  - o age
  - o geographic distribution
  - o socio-economic class
  - o pattern of contraceptive use or non-use.

### D. CYP PROJECTIONS

The percentage of the target market which the project expects to gain as clients is the couple years of protection (CYP) projection.

Each project must set realistic CYP goals consistent with country characteristics and the amount of money available to the project for promotion, advertising, detailing, and the like.

CYP goals should be quantified as follows:

Year 1 (____% of target market)	_____ couple years of protection
Year 2 (____% of target market)	_____ couple years of protection
Year 3 (____% of target market)	_____ couple years of protection

\* included in a. above.

### III. PRODUCT LINE AND PRICING STRATEGY

- A. PRODUCT LINE
- B. PRODUCT PRICE
- C. PRICE STRUCTURE
- D. REVENUE PROJECTIONS

## A. PRODUCT LINE

Designate the product line which is appropriate to the goals and target market of the subject CSM project (i.e. condoms, oral contraceptives, vaginal foaming tablets, IUDs). Briefly indicate the justification for each.

## B. PRODUCT PRICE

Proposing product prices early in project development is necessary for making a preliminary assessment of program costs. The final determination of price - based on later research - may, of course, vary somewhat. The following information will be useful in preliminary pricing determination:

1. Briefly describe the economic environment of the subject country. (Include as possible such things as minimum wage, number in cash economy, number in subsistence farming, number of seasonal agricultural workers, distribution of retail outlets, types of retail outlets, prevailing distribution margins, and the like.)
2. Indicate prevailing income distribution by socioeconomic class and geographic distribution.
3. List (by product) contraceptive brands and their prices in both private sector sales and public sector programs.
4. State the recommended price for each potential CSM product. Give justification for each price and demonstrate that prices are consonant with previously stated project goals.

### EXAMPLE:

"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:<sup>1</sup>

Cigarettes (20) (10)	60¢ to 80¢	30¢ to 40¢
Bread - 5 small loaves		50¢
Plantains - 5		50¢ to \$1.00
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."

### C. PRICE STRUCTURE

Describe the price structure for each CSM product using the following format:

<u>Commodity</u>	<u>Retail Price</u>	<u>Return to Distributor</u>	<u>Return to Retailer</u>	<u>% Total Margin</u>
Condom				
Oral Contraceptive				
Foaming Tablets				

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1. Based on total sales (actual or projected) to the public.

Margins (US \$)<sup>2</sup>

<u>Product</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Condom 3-pack			
Oral Contraceptive			
Foaming Tablet 3-pack			
Totals			

D. REVENUE PROJECTIONS

Projections of CSM program revenues should be based on previous calculations of CYP goals, product line, product price, and price structure and should be carefully estimated. Free and bonus goods should be accounted for.

Use the following format for calculation of potential program revenue:

PROJECT REVENUE

	<u>Year 1</u>			
CYP DISTRIBUTED	<u>Orals</u>	<u>Condoms</u>	<u>Tablets</u>	<u>Total</u>
Sold:				
Free:				
TOTALS				

Retail Price/Units  
 Units Sold  
 Total Free Units  
 Sales to the Public  
 Total Dist. Margins  
 Revenue to the Program

	<u>Year 2</u>
CYP DISTRIBUTED	
Sold:	
Free:	
TOTALS	

Retail Price/Units  
 Units Sold  
 Total Free Units  
 Sales to the Public  
 Total Dist. Margins  
 Revenue to the Program

2. Samuel and Howell, "Trip Report: Dominican Republic, 1980."

Year 3

CYP DISTRIBUTED

Sold:

Free:

TOTALS

Retail Price/Units

Units Sold

Total Free Units

Sales to the Public

Total Dist. Margins

Revenue to the Program

#### IV. PROJECT COSTS

- A. ADVERTISING BUDGET AND MEDIA MIX
- B. INITIAL MARKET RESEARCH
- C. PROJECT MANAGEMENT AND STAFFING REQUIREMENTS
- D. COMMODITY COSTS
- E. PROGRAM BUDGET

A. ADVERTISING BUDGET AND MEDIA MIX

1. Chart the suggested media plan for the subject CSM project using the format illustrated below. (The schedule shown is for purposes of format illustration and should not be construed as universal recommendations.) Give costs for each element of the plan.

		<u>SUBTOTAL</u> (US\$)	<u>TOTAL</u> (US\$)
<u>RADIO (30 sec. spots)</u>			
<u>Placement:</u>	Radio Alpha		
	4 prime + 2"B" time/day x 25 weeks =		
	2 prime + 2"B" time/day x 25 weeks =		
	Radio Beta		
	Same as Radio Alpha		
	1 Provincial Station		
	8 spots/day x 12 months		
<u>Production:</u>	8 x 30-second spots @\$_____ each		
		Radio:	_____
<u>TELEVISION (30 sec. spots)</u>			
<u>Placement:</u>	Tele-Country for first 4 months only		
	3 prime + 3"B"/weekday		
	8 prime + 12"B"/weekend		
<u>Production:</u>	4 x 30-sec. spots @\$_____		
		T.V:	_____
<u>BILLBOARDS</u>			
<u>Placement:</u>	6 Capital city		
	1 in each of 3 major cities		
	Rental & installation: \$_____ x 9 =		
<u>Production:</u>	Artwork		
		Billboards:	_____
<u>CINEMA</u>			
<u>Placement:</u>	3 movie houses in Capital city		
	1 in each of 3 major cities		
	8 times/day at 6 locations @\$___/month		
	x 12 months		

Production:

Cinema: \_\_\_\_\_

POINT OF PURCHASE

Point-of-Purchase: \_\_\_\_\_

TOTAL ADVERTISING/PROMOTION (US\$)

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2. Give justification for the suggested media plan especially in relation to the project's targeted market and CYP goals.

B. INITIAL MARKET RESEARCH

1. Briefly review research data applicable to CSM project planning and development which are currently available. 2. List topic areas for which new or additional research data must be developed.

2. List topic areas for which new or additional research data must be developed.

3. Describe (with costs) the appropriate market research which should be accomplished or initiated during project year 1 to fill the data needs stated above. Give objectives and time frame for each.

The following schedule is given only to illustrate recommended format:

TASKS

QUALITATIVE RESEARCH

1. Monthly Store Audits. For three months among 10 percent of pharmacy and non-pharmacy, large and small outlets that serve the target market to determine methods available, brands, prices, and sales volume.

(US\$)

Estimated Cost: Pre-Launch:	\$
Post-Launch (at months 3 and 9 adding CSM-specific information):	\$

2. Focus groups, each consisting of 8 to 10 respondents, representative of the target market and stratified by sex, to address knowledge and attitudes regarding modern methods (including correct use), purchasing behavior (method, brand, and outlet preference), needs and expectations from -- and satisfactions and dissatisfactions with --contraceptives, pricing strategies, brand names, and messages.

Estimated Cost: Pre-Launch (8 groups):	\$
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3. Pharmacy/non-pharmacy outlet intercept interviews of 200 respondents at large and small, pharmacy and non-pharmacy

outlets that serve the target market to address reason and frequency of outlet patronage, what contraceptives are purchased, perception of pharmacist/shopkeeper roles in family planning, appropriateness of outlet for contraceptive sales, and to collect demographic information and obtain reactions to packaging, prices, and message strategies.

Estimated Cost: Pre-Launch: \$  
 Post-Launch (at month 6 adding CSM-specific questions): \$

4. Consumer panels consisting of 40 persons representative of the target market, equally divided by sex, constituted to provide baseline (and later benchmark) data on attitudes regarding family planning, contraceptive availability -safety -effectiveness - and ease of use, and plans for product names, packaging, pricing, and advertising.

Estimated cost: Pre-Launch: \$  
 Post-Launch (at month 8 adding CSM-specific questions): \$

5. Retail/pharmacist panels consisting of 40 representatives equally divided among large and small pharmacy/non-pharmacy outlets serving the target market, constituted to provide baseline (and later benchmark) data regarding level of contraceptive knowledge, perceived screening and counselling roles, competition, prices and profit margins, current contraceptive sales volume, and to explore willingness to carry new products and reaction to point of purchase displays.

Estimated Cost: Pre-Launch: \$  
 Post-Launch (at month 8 adding CSM-specific questions): \$

#### QUANTITATIVE RESEARCH

1. Consumer base line survey of 1000 representatives of target market population, stratified by sex, using a structured and pretested survey instrument based on qualitative research results, to quantify target market attitudes regarding general family planning issues, method awareness and practices, purchasing habits, and attitudes towards CSM plans for pricing, brand names, packaging, outlets, and advertising.

Estimated Cost: Pre-Test: \$  
 Pre-Launch: \$  
 Post-Launch (month 12): \$

MARKETING RESEARCH TOTAL: YEAR 1 \$

### C. PROJECT MANAGEMENT AND STAFFING REQUIREMENTS

1. List, by position, the staff requirements for the CSM project through the first three years of implementation. (Such positions could include: executive director, sales manager, sales representatives, detail staff, secretarial and bookkeeping staff, drivers, and warehousemen.) Give anticipated annual salaries for each throughout the three-year period.
2. Describe briefly the salary environment -- i.e. salaries for comparable positions in both public and private sectors, prevalent methods of payment, and the like.
3. State the apparent availability of appropriate CSM personnel within the country, the host government, and the sponsoring agency.
4. Describe the process by which appropriate personnel can be recruited.

### D. COMMODITY COSTS

Estimate commodity costs using the model below:

Cost of commodities to donor:

Oral contraceptives	:	___¢ per cycle
Condoms	:	___¢ per unit
Foaming tablets	:	___¢ per unit
IUDs	:	___¢ per unit

Shipping costs range from 10-20% of total commodity costs. Specific shipping costs for different countries will depend on final destination and the volume of commodities. AID/W can provide specific information on both unit and shipping costs.

<u>Commodities</u> <sup>1</sup>	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>	
	<u>CYP</u>	<u>COST(US\$)</u>	<u>CYP</u>	<u>COST(US\$)</u>	<u>CYP</u>	<u>COST(US\$)</u>
Condoms <sup>2</sup>						
Oral Contraceptives <sup>2</sup>						
Foaming Tablets <sup>2</sup>						
<u>Subtotal</u> <sup>3</sup>						
Shipping						
<u>Total Commodity Cost</u>						

#### E. PROGRAM BUDGET

Using the following model, project the CSM program budget for years one, two, and three.

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1. An estimate of CYP by product can be determined from CPS or WFS contraceptive preference data, private sector sales, or other contraceptive distribution data.
  2. State units per CYP.
  3. In year 1, include a 6-month buffer stock which will be carried in inventory through years 2 and 3. The buffer stock needs to be maintained at the six-month level. If sales exceed goals and buffer supply is used, additional buffer stock will need to be re-ordered in years 2 and 3.

(In U.S. Dollars)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
I. <u>Product Expenses</u>			
<u>CIF commodities</u>			
(Include goods needed for bonuses and samples)			
II. <u>Distribution Expenses</u> <sup>1</sup>			
Warehouse, if project provided			
Salary for warehouse staff, if any			
Other direct-project costs (e.g., project owned van, if any)			
Distribution Subtotals			
III. <u>Promotion Expenses</u>			
Design and production			
(Include point-of-purchase)			
Placement			
Market research			
Field Force			
Salaries			
Travel expenses			
Training			
Packaging and user insert			
Production (all products)			
Labor for inserting product & insert			
Products Subtotals			
Promotion Subtotals			

1. State the apparent availability of appropriate CSM. Include only those costs paid directly by the project. Refer to "Special Note" on last page.

IV. Management Expenses

Salaries (not included under promotion)

Rent

Overhead

Utilities (including phone & cables)

Office Supplies

Equipment

Furniture

Local technical assistance (e.g., legal & accounting)

Non-local technical assistance (e.g., CSM consultants)

Contractor expenses:<sup>2</sup> Field office,  
Home office

Management Subtotal

Total Expenses

Revenue to Program

Net Expenses (Total expenses less revenue)

Cost per CYP (Net expenses divided by total CYP distributed)

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2. Field office expenses include overhead and contractor representative costs (salary, relocation, travel, and housing). Home office expenses include support staff salaries, travel, overhead, and contractor fees.

Special Note:

Virtually all CSM programs use commercial distribution firms to deliver products to outlets. This method is viewed as efficient and cost-effective, since the cost of distribution service is covered in the margins allowed to distributors, wholesalers, and retailers in the pricing structure of each product. The program makes no cash outlay for the service and incurs no expenses under these arrangements.

In cases where all or part of the distribution task is assumed by the program, the additional costs must be added to the budget. There may be situations where direct program distribution cannot be avoided (e.g., the distribution infrastructure does not reach the target market). However, when there is an option, management should carefully compare the projected costs of direct program distribution (vehicles, vehicle maintenance, gasoline, driver salaries and benefits, distribution management, depreciation costs, and added warehousing costs where applicable), with the "cost" of commercial distribution, before undertaking direct distribution.