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BOOSTING ORS COMMERCIALIZATION

IN THE PHILIPPINES

PART I

A Report Prepared By PRITECH Consultant:
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During The Period:
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PHILIPPINES TRIP REPORT
FEBRUARY 23 - MARCH 3, 1989

"Boosting ORS Commercialization in the Philippines"

1. SCOPE OF WORK

To work closely with the HealthCom representative and the USAID CDD project officer to:

- review past attempts at ORS commercialization in the Philippines.
- present to and discuss with DOH and USAID various options for achieving ORS commercialization.
- prepare for DOH a plan of action for ORS commercialization with specific recommendations on steps to be taken.

2. GENERAL BACKGROUND ON THE PHARMACEUTICAL MARKET

According to IMS (a renowned pharmaceutical audit firm) data, the Philippines' pharmaceutical market totaled US $453 million in 1987. It ranked first in South-East Asia.

The local pharmaceutical industry consists mainly of packagers and formulators. The market is dominated by the multinationals, who take around 70% of the retail market.

Due to a relatively easy Health Regulatory system allowing new products to be registered in an average one year period after filing, the Philippines market is traditionally one of the first international markets where new products are launched by the pharmaceutical industry. From a marketing point of view, the Philippines market is a test ground for the launch of a new product. In that respect, the Philippines marketing experience would act as a trend-setter for launch in other countries. The Philippine market is very receptive to new products/trends. It is thus expected that oral rehydration therapy as a relatively new medical trend, would have been adopted quickly and that use of ORS would be firmly established.

The size of the market, the free pricing policy, combined with an easy regulatory process have made the Philippines market an attractive target for pharmaceutical companies and source of intense competition for market share.

Health coverage is well developed, the number of doctors was estimated at 48,355 in 1984, which makes a relatively high population per doctor ratio, 1,104:1. The number of drugstores was estimated at 7,685 in the same year.

3. ORS MARKET OVERVIEW IN THE PRIVATE SECTOR

3.1. ORS/antidiarrheal market size

The total sales of the antidiarrheal category, including ORS, were estimated at Pesos 150 million (US$ 7.5 million), less than 2% of total pharmaceutical sales. During the year 1988 sales within the category were divided as follows:

Category	1988 Sales in Pesos million	% Share	% increase or decrease over 1987 sales
- Antidiarrheal/ antibacterial combinations	86	60%	-7%
- Antimotility/adsorbents	42	26	9
- Oral electrolyte replacers (ORS)	22	14	12
TOTAL	P150	100%	-1%

The antidiarrheal/antibacterial combinations are losing ground but they still represent 60% of all antidiarrheals sales. Oral electrolyte replacers are gaining momentum mainly due to the introduction of three new products during 1988. It is noteworthy that this is the only category recording new products. This activity is probably symptomatic of a growing medical trend towards using oral electrolytes in the treatment of diarrhea (and may suggest that national efforts to train clinicians on ORT are resulting in increased sales).

3.2. The Competition

3.2.1 Antidiarrheal/antibacterial combinations

The leading products in this category are:

Product	Company	1988 Sales in P. Million	% market share of category
Polymagma	Wyeth-Suaco	27.3	32%
Diatabs	Biomedis	24.6	29%
Guanamycin	United	7.9	9%
Humagel	Warner-Lambert	6.9	8%
Diazept	Rorer	5.1	6%
Other products		14.2	16%
Total category		P86.0	100%

Except for Diatabs, the majority of sales of the other leading products comes from the liquid forms, presumably foı pediatric use.

All above products had been on the market for over 20 years. While well entrenched, a negative trend in their sales over the previous year may suggest some loss of interest on behalf of the prescribers.

3.2.2. The antimotility/adsorbent drugs

The leading products in this category are:

Product	Company	1988 Sales in P. million	% Market share
Imodium	Janssen	17.2	41%
Lomotil	Searle	12.0	29%
Lormide	Medichem	5.0	12%
Kaopectate	Upjohn	4.9	12%
Other products		2.9	6%
Total		42.0	100%

Sales of Imodium, Lomotil and Lormide, the category leaders, are generated mainly by the tablet forms. Kaopectate exists only in two liquid suspension forms.

3.2.3 The oral electrolyte replacers or ORS

The products in this category are not of the same formula, form or size. Only one product conforms to the WHO formulation.
The eight products in this category are:

Product	Company	1988 Sales in P. million	% Market share
Pedialyte 45	Ross/Abbott	11.7	53%
Aqualyte	Wyeth-Suaco	3.1	14%
Glucolyte	Pascual	2.7	12%
Gastrolyte	Rorer	2.4	11%
Hydrite	Westmont	.8	3%
Lytren	Mead Johnson	.7	3%
Pedialyte 90	Ross/Abbott	.6	3%
O.R.S.	Servipharm	.3	1%
Total		22.3	100%

Pedialyte and Aqualyte, both in liquid forms, represent 70% of the category sales, which is partly due to their relatively high price compared to the powder forms. Pedialyte 45 was introduced in 1967, while the WHO conformed formula, Pedialyte 90, was introduced in 1985. Pedialyte is the pioneer ORS, but is was never a high priority product for Abbott. No large promotional thrust was allocated to the product. (However, with the rising interest for

ORS in the medical community, Abbott might be motivated to "ride the wave" and invest more promotion on Pedialyte).

Aqualyte was introduced in April 1988 by Wyeth-Suaco (manufacturer of Polymagma, the #1 antidiarrheal-selling product). After only 8 months it was already #2 to Pedialyte, demonstrating the responsiveness of the market to the product promotion (With Wyeth's promotional "muscle", a product with market potential like ORS can easily take-off. Wyeth should certainly be encouraged to divert promotional resources from Polymagma for the benefit of Aqualyte).

The leading ORS in powder form, Glucolyte, is a non WHO-formula, marketed since 1977 by Pascual Laboratories. Pascual has recently reduced the promotional level on Glucolyte which has caused the brand to slip from the second ranking position to the third. It should be noted that last year Pascual Laboratories manufactured two million one liter packets for the DOH under the brand name ORESOL. (DOH's own ORS brand based on WHO formula, in 1 litre powder packet. (Copy of DOH packet in Appendix A.).

Gastrolyte, another powder form in small packets of five grams, was introduced in February 1988 by Rorer. It is probably heading for the #1 powder form position to overtake Glucolyte. It is tempting to make an analogy between the sales growth of this product and Wyeth's Aqualyte; each product being backed by a formidable marketing force.

Hydrite, the only soluble tablet form, (ex-Oretab?) was introduced by Westmont in August 1988. Westmont (a division of United, also manufacturer of Diatabs, the #2 antidiarrheal) is marketing a technologically advanced form which helps expand the choice of ORS presentations.

Lytren, a 15g. powder packets does not seem to be actively promoted by Mead-Johnson.

Servipharm puts no efforts behind its ORS product.

4. SUMMARY OF ORS COMMERCIALIZATION HISTORY

4.1 DOH Commercialization Strategy

Since 1985, the DOH decided to assure a continuous, readily accessible supply of a reasonably priced ORS, available nationwide as an over-the-counter product in commercial channels such as pharmacies and sari-sari stores. The DOH realized it could not continue to produce enough ORESOL to meet the demand, and most important, it could not sustain a free distribution policy on the long run. The DOH was committed to terminate the production of ORESOL if the commercialization of ORS in the private sector proved successful. Eventually all ORS requirements for the national program would then be sourced from the private sector. To assist

with the creation of a commercial market, funds were budgeted for purchase of ORS from the private-sector and for ORT promotion activities aimed at generating the demand for ORS.

In 1987, the DOH shifted its initial ORS commercialization strategy from a national to a pilot campaign, due to the realization that rural health workers have to be fully trained in ORT before a massive public promotion campaign can be mounted. Regions VI and VII were selected to be the test markets, due to an intensified training of health workers. HealthCom, a USAID-financed project in health communications was given the task of planning and managing the comprehensive pilot communication program to generate demand for ORESOL for diarrhea management in regions VI and VII. The DOH selected another pilot region - region X in which HealthCom would plan and manage a comprehensive communication program to promote home fluids for diarrhea management.

The DOH announced its intention to search for a commercial company willing to distribute ORESOL to drugstores and sari-sari stores in regions VI and VII on consignment basis.

In 1988 a market research study conducted by IMS and commissioned by HealthCom confirmed the commercial possibilities for ORESOL. Sales and prescriptions trends for the past three years, in the private sector, were clearly in favor of ORS at the expense of the antidiarrheals. Prescriptions for ORS represented in 1987 24% share of total diarrheal therapy prescriptions, up from 20% share in 1985.

Meanwhile the DOH and HealthCom fine-tuned their plan for promotional activities in the pilot regions. The strategy consisted of two modules: Module A, to be implemented in the three pilot regions, is aimed at increasing mothers' understanding of the concept of dehydration in diarrhea and the importance of giving fluids and continuous feeding at the onset of diarrhea, and Module B launched subsequently, would promote a specific "rehydrator": ORESOL in regions VI and VII, and a specific home fluid in region X. TV, radio and prints will be used for both modules.

4.2. Approach to Companies

4.2.1 Negotiations guidelines. Negotiations with various companies were held to commercialize ORESOL in regions VI and VII. The basis of negotiations were:

- No subsidy - The company should incur all cost of production and distribution while DOH/HealthCom would fund the promotion needed to generate demand.

- WHO formula - Current commercial oral electrolyte replacers do not conform to WHO formula. ORESOL should be produced

according to WHO formula and standards. DOH and USAID would provide technical assistance to ensure conformity.

- Price below the lowest-priced ORS powder packet - Servipharm's ORS is the least expensive ORS on the market (also the poorest seller!), ORESOL price should not exceed Servipharm's in order to make the product affordable to the low-income group.

- DOH procurement through bidding - Selection of the company will be subject to bidding. The joint-venture will then be confirmed by an agreement between DOH and the company.

4.2.2. Contacts with companies - HealthCom met informally with executives of several pharmaceutical and consumer companies to probe their interest. The vice-president of Marketing of Nicholas-Kiwi Philippine, Inc. (NKPI) was very enthusiastic about the ORESOL project.

In July 1988, the DOH sent letters of invitation to participate in the planned commercialization of ORESOL to all companies which marketed an ORS preparation, and to NKPI. These companies were asked (on very short notice, though) to submit a proposal to guide a joint-venture agreement with DOH. Only NKPI submitted a marketing proposal. The other companies either declined, asked for more lead time, or did not reply.

Further negotiations were held with NKPI Vice-President for Marketing, who, in his marketing plan, proposed to undertake all costs of producing, packaging, distributing ORESOL in the pilot regions, training of sales force and detailing to physicians. The proposed selling price of ORESOL was P.6.50 for the one liter powder packet, which was around one peso less than Servipharm's ORS. It seemed DOH found the ideal partner in NKPI.

However, in September 1988, NKPI canceled its proposal, claiming a recomputation of costs which would result in a selling price of around P.10.00. Since NKPI would contract-manufacture for the test market phase, the production costs were higher than expected.

At the same time, the Generics Act of 1988 was signed by President Aquino. The generated controversy in the pharmaceutical industry created an unfavorable climate to discuss possible joint agreement between the companies and DOH. The ORS commercialization attempts were back to square one.

5. ACTIVITIES

The history of ORS commercialization was discussed with Under-Secretary Taguiwalo, HealthCom resident advisor, USAID CDD project manager and PRITECH country representative. The experience prompted the DOH to show flexibility in pursuing options on ORS commercialization namely: open participation, non-restrictive pricing, delisting ORESOL as a drug, granting generic ORESOL name to approved products only, etc.

5.1. Contacts with companies

A number of companies were visited to determine their level of interest and to define the profile of the ideal company(ies). HealthCom also arranged a visit to IMS Philippines, which provided access to pharmacy sales data. The gathered information helped to select companies through their sales volume, market share, and product portfolio.

The following is the summary of our meetings with seven companies:

5.1.1. Abbott

It is the number one pharmaceutical company in the Philippines. 1988 sales were estimated at U.S. $ 16.5 million by IMS. Abbott is the largest I.V. producer, it also produces Pedialyte, the oldest oral electrolyte replacer, in ready-mix liquid form. Abbott has a formidable detailing force of 180, enhanced by its distributor's own sales force, Metro, which accounts for over 200 salesmen. Metro has also a consumer division, First Pacific Metro Company, distributing to grocery stores, sari-sari stores, etc.

On top of its ethical pharmaceutical marketing clout, Abbott has also achieved a reasonably good marketing penetration in the OTC market with Selsun anti-dandruff shampoo, and Vidaylin, a pediatric vitamin preparation. Abbott spent an average budget equivalent to 20% sales on mass media advertising for the above 2 products.

Abbott is extremely interested in the ORS market as it is the market leader with Pedialyte. The ORESOL proposition is an opportunity to consolidate its leading position. Abbott has already "experimented" an ORS powder form called "Abbolyte" which was test run in small packets of 250 ml. (Appendix B). Abbott executives showed readiness to change the pack size to conform to the ORESOL liter packet and change the label and copy (especially the reference to feeding bottles). The proposed price could, pending cost analysis, match the price of Servipharm's ORS (currently at Pesos 8.65). Once the decision to produce the new ORESOL/ABBOLYTE is taken, Abbott can start manufacturing within five months. The new packet will not conflict with Pedialyte as the latter will be positioned to categories A & B of the

population, and the new ORESOL/ABBOLYTE packet for categories C & D.

Abbott seems eager to move ahead on this project. It certainly represents an excellent opportunity for the ORESOL commercialization project.

5.1.2. International Pharmaceutical Incorporation (IPI).

This is a small local firm based in Cebu, which formulates and packages mostly generics and OTC products. IPI basic strategy is to produce high volume, low-priced products that are aggressively sold in drugstores, groceries and sari-sari stores. A sales force of some 350 salesman and a fleet of 100 trucks ensure intensive coverage twice a week on retail outlets. The distribution strength of IPI is limited to mostly the Vizayas and Mindanao. They do not have sub-distributors who could distribute in other geographic areas. IPI does not detail physicians as most of its products are "first-aid medicine". Its best-sellers are Omega linament, a pain killer, and Eficacent rub.

IPI was interested in the intentions of the DOH to produce a mass-media campaign, especially in their strong markets: regions VI and VII. However it is concerned with DOH plans regarding continuous promotion.

IPI, due to its localized operations, represents a good "fit" for the test market, but not a viable solution, in itself, for the long-run commercialization project.

5.1.3. Nicholas-Kiwi Philippines Incorporated (NKPI).

NKPI has no pharmaceutical manufacturing capabilities, which causes a handicap especially in terms of costs as it will have to contract-manufacture through Interphil. Otherwise NKPI has the detailing and merchandising capacities, and the distribution reach through Marsman and Mercury channels. The Vice-President for Marketing, through personally enthusiastic about ORESOL, admits it will be hard for NKPI to reconsider entering the ORESOL commercialization project.

5.1.4. Pascual Laboratories.

Pascual is a small to medium-size family business involved in the manufacture of pharmaceuticals. Pascual was initially reluctant to enter the ORESOL commercialization project from fear of cannibalizing the sales of Glucolyte, its own ORS 250 ml packets. Glucolyte represents 16% of Pascual sales. It is being modestly promoted by Pascual's 80 detailmen, and is distributed by Metro.

Pascual produced and supplied 2 million packs of ORESOL to the DOH in 1988. It experienced problems dealing with the DOH and does not

want to enter in any type of agreement with the government which involved exclusivity. It does not want an image of government-linked operations.

However, when explaining the DOH new strategy concerning ORESOL commercialization, Mr. Pascual showed receptivity and shared some of his plans. He intends to hire a professional advertising agency PAC-BBDO which will take care of the mass media advertising of ORESOL, hence capitalizing on the promotion created by the DOH campaign

Mr. Pascual is ready to adopt the DOH approved label including however, his own brand name. He claimed the ORESOL production could start as early as within 2 months after finalizing the packet artwork.

5.1.5. Procter & Gamble (P&G).

P&G involvement in the pharmaceutical field is mainly through its recent acquisition of Richardson-Vick. Vicks Vaporub is the 4th best-selling proprietary product in the Philippines. 1988 sales were estimated at U.S. $3.1 million.

P&G best-sellers, Mr. Clean soap bar, Safeguard, etc. are distributed through P&G own distribution channels, jobbers and sub-distributors which cover 80% of the estimated 260,000 retail outlets in the country.

The Vicks products, however, are distributed in drugstores only. If ORESOL is exempt from the drug classification, P&G sees no difficulty in including it in its general consumer products distribution system.

The Chairman of the Board expressed his personal interest in the ORESOL commercialization project, volunteering to offer P&G resources to the DOH in terms of sales training, marketing planning and distribution activities. He needs to assess the capital investment and the feasibility of ORESOL production before embarking in the project.

P&G distribution network and marketing might represent the closest to the ideal ORESOL partner in terms of rural reach and mass marketing.

5.1.6. Schering-Plough Corporation.

Schering general manager is interested in ORESOL as part of a new product package that includes Puritabs, a hypochlorite water sterilizing tablet, and Babysafe, a higher concentration effervescent tablet for sterilizing feeding bottles. His idea was

to combine the promotion of ORESOL to treat dehydration, with the use of the sterilizers as preventive measures. He is concerned (rightly so) with the promotion related to sterilizing babies' bottles, given the unfavorable climate around bottle feeding.

Schering has a strong and highly effective detailing force: they launched a new non-sedating antihistamine Clarityne, and in less than 8 months captured the #1 position in the category.

They do not have as successful a record in OTC marketing.

5.1.7. Zuellig Pharma Corp.

Zuellig is the largest pharmaceutical distributor in the Philippines. It commands 31% of the total sales volume. It is the representative and distributor of 18 major companies: Hoechst, Ciba-Geigy, Roche, Sandoz, Glaxo, Beecham, SK&F, Squibb, Schering, Johnson & Johnson, etc.

Zuellig owns Interphil, a pharmaceutical manufacturing plant, and is part owner of Marsman, the distributor.

Zuellig would be interested in ORESOL due to the market potential of the product. They already have Servipharm's ORS but its low price does not justify putting efforts behind it. ORESOL is more attractive if the DOH undertakes a mass media campaign and delists the product, thus allowing its distribution to sari-sari stores. Zuellig sees the potential marketing of ORESOL through the Centramed division which carries vitamins, sore throat lozenges, etc. In order to reduce the cost of ORESOL, hence its selling price, Zuellig recommends that the import of ORS ingredients be exempted from tax; also, that ORESOL sales be exempted from the V.A.T. (Value Added Tax).

Zuellig would appreciate receiving the manufacturing protocol, and any study on ORESOL perceived value (price sensitivity study) among categories D&E of the population.

It was also suggested that distribution could eventually be carried by the Consumer Division which distributes Nivea cream, Maybelline, Jordan (however mainly categories A&B upscale items!)

Zuellig is strongly positioned for marketing to categories A&B. It could be an interesting complementary channel, but not a primary partner for ORESOL rural marketing.

5.2. Guidelines for private sector companies participation.

Based on a review of the companies and an understanding of the DOH ORS commercialization objectives, the "ideal" company to commercialize ORESOL must have:

- GMP standards for ORS production,
- the capability to distribute nationwide in both urban and rural areas,
- a strong detailing force capable of reaching medical personnel, primarily physicians and pharmacists,
- a proven experience in marketing OTC (over-the-counter) products and/or consumer goods.

In addition, the company(ies) must agree to:

- manufacture the WHO formula in 1 liter powder packet
- charge an affordable price, although the DOH will not impose price control
- distribute widely in rural areas
- use the ORESOL generic name.

According to the criteria of the "ideal" company(ies), as developed in the "musts" and "wants", none of the seven visited companies appears to meet all the criteria. However, they all complement (or compete with) each other in the pharmaceutical marketing part, except for P&G and IPI. Enlisting P&G broadens tremendously the scope of the ORESOL commercialization project due to P&G consumer marketing capabilities.

If the government is interested in ORESOL commercialization, it is critical that certain "incentives" be made available to the firms to stimulate marketing efforts: the delisting of ORESOL as a pharmaceutical product, the categorization of ORESOL as a generic product, and the financing of a nationwide advertising campaign.

6. KEY ISSUES AND OPTIONAL STRATEGIES

6.1. ORESOL Commercialization needs a dedicated champion

Follow-through by the DOH on the commercialization program will require substantial support from a dedicated marketing expert. HealthCom's workload spread over different programs, does not permit a sustained involvement. However, due to the expertise of its staff, HealthCom can play an advisory role to the ORESOL commercialization Program. This is not the case with the PRITECH country representative whose scope of work focuses on other CDD program components, such as CDD training.

A new Special Office of Private Sector Mobilization is planned at the DOH which would be charged with identifying and developing projects in areas of DOH activity which would benefit from private sector involvement. The first project of such an office would be ORS commercialization. Until this Special Office is in place, the ORS commercialization momentum needs to be maintained. An option would be to hire a local marketing or management services company

or a marketing consultant to take responsibility of the day-to-day management of the ORESOL commercialization program, including the liaison with companies.

6.2. The traditional joint-venture scheme under a bidding form may not be the appropriate approach to attract and harness the best private sector forces/energies.

Many private sector companies are reluctant to enter a joint venture with the government, and especially to bid on such a venture. They regard the outcome as always the lowest, cheapest proposal, thus stifling their "best shot" possibilities, and removing the competitive stimulus once the bid is awarded.

An open participation for all, using motivational "guard rails", offers the double advantage of attracting those who can best do the job, and playing the market dynamics to enhance competition.

6.3. Stipulating lowest selling price does not provide funds for interested companies to fuel required distribution or promotion efforts.

A too stringent cap on the selling price would discourage companies from ORS commercialization. Even if already producing ORS, companies would not be able to allocate resources for distribution (not to mention outreach areas), detailing or other form of advertising (i.e. Servipharm's ORS case).

Companies should be sensitized to charge an affordable price, determined by a market segment approach that would allow each socio-economic group to have access to an affordable product.

DOH can help reduce the price by exempting taxes on import of ORS raw material. However, DOH health facilities will still provide ORESOL, and other drugs, free to the most impoverished class of the population.

6.4. Classification of ORESOL as a drug restricts its distribution to pharmacies only.

60% of all pharmacies are concentrated in Metro Manila. Most of the rest are located in other towns. Rural areas are very poorly covered by the pharmacies' distribution channel.

ORESOL should be re-classified as a non-drug for distribution and sales purposes (but not for manufacturing purposes, in order to keep GMP standards). Re-classifying ORESOL will remove an important barrier and allow its distribution in sari-sari stores which are widespread in rural areas nationwide (approximately 260,000 outlets). The resulting expanded market will add to the

attractiveness of commercializing ORESOL, especially to non-pharmaceutical companies which have the capacity to reach sari-sari stores.

6.5 <u>ORESOL is extremely promotion-sensiive, it needs high levels of promotion to both health professionals and the general public (mothers)</u>.

Especially in a competitive market like the Philippines, unless the product is backed by a high "promotional noise", it will not achieve its sales potential. (e.g., in contrast to the Aqualyte success after 8 months of introduction.)

Companies interested in the commercialization of ORESOL, should be capable of carrying a strong promotional effort each in their own field of marketing, i.e., pharmaceutical companies with a strong detailing force, consumer companies with an expanded distribution sales force with nationwide reach.

6.6 <u>The multitude of ORS different brand names, forms and sizes, may lead to confusion in the public's mind</u>.

Besides having a "thinning" effect on the overall ORS promotional level, the proliferation of brands may confuse the general public, with each brand having its own message, dosage and mode of administration.

A common, recognized name such as ORESOL, with specific characteristics, i.e., WHO formula, one size pack and form, should be used as a generic name by all companies interested in commercializing the DOH ORS. They will all benefit from the DOH (and each other) promotion efforts.

6.7 <u>A nationwide module A campaign only, budgeted through HealthCom, may not be a good enough incentive to interest companies</u>.

There are currently no HealthCom funds for an ORESOL nationwide campaign, subsequent to testing in regions VI and VII. Should the DOH fund the general ORESOL campaign, at least initially, so it "primes" the demand generation process and creates a more attractive proposition to interested companies?

A centralized initial campaign would have the added advantage of "steering" the ORESOL promotinal strategy in the most appropriate direction, thanks to lessons learned from region VI and VII test market experience.

7. RECOMMENDED ACTION STEPS.

To implement the ORESOL commercialization project, the following recommendations were agreed upon with Under-Secretary Taguiwalo, Dr. Capul, USAID CDD project manager, Mr. Ernie Hernandez and Nora de Guzman, HealthCom, and Mr. David Alt, PRITECH:

7.1. Hire a Market Development Specialist within the DOH.

This person's role is critical to ensure the management of the commercialization program. (This action will probably initiate the project of Special Office of Private Sector Mobilization)

Responsibility: DOH/Chief of Staff
Date: as soon as possible to catch the on-going ORESOL commercialization project and to keep the momentum with the companies.

7.2. Create incentives to attract the companies that have the best potential to achieve DOH objectives.

* delist ORESOL as a pharmaceutical to allow widespread distribution
  Responsibility: DOH/Drug Committee

* categorize ORESOL as the generic name for the approved ORS formula, size and form
  Responsibility: DOH/Drug Committee

* exempt ORESOL ingredients from import tax, and levy the VAT
  Responsibility: DOH/Department of Finance

* restrict or ban the pediatric form of useless antidiarrheal products
  Responsibility: DOH/BFAD/Drug Committee

* finance a nationwide ORESOL advertising campaign following results of the test markets
  Note: It remains for the DOH and USAID to determine whether a nationwide ORESOL advertising campaign should be funded and for how long, as well as how much support is required and the source of promotional funds.
  Responsibility: DOH/USAID

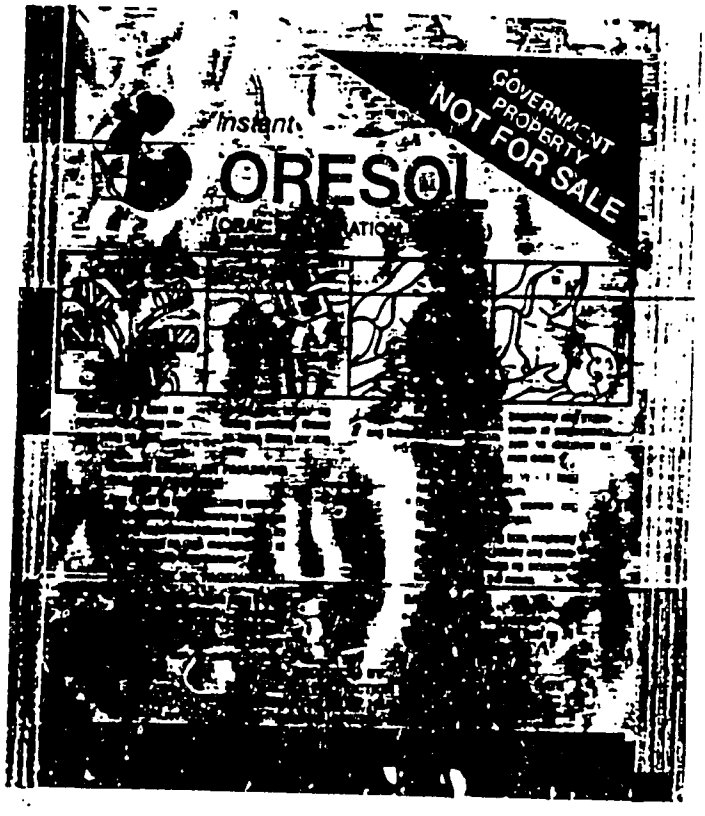
7.3. Invite participation from all top 50 companies.

DOH should send a letter to the companies requesting a statement of interest and a marketing proposal for ORESOL. (Draft of letter in Appendix D; final DOH letter sent April 26, 1989, in Appendix E).

Feedback received from interested companies would enable the DOH to explore individual capabilities against DOH criteria and to select appropriate companies.

Responsibility: DOH/Special Office of Private Sector Mobilization (in the interim, HealthCom Resident Advisor).

Appendix A


GOVERNMENT PROPERTY
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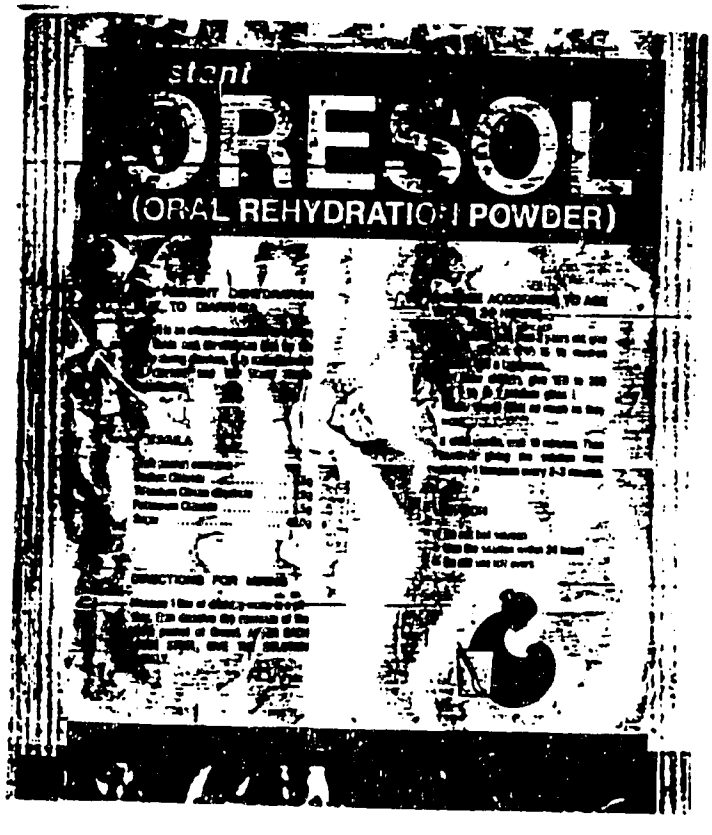
ORESOL


stant
ORESOL
(ORAL REHYDRATION POWDER)

8.4 g powder
for 250 mL solution

No. F201

Abbolyte

(Oral Rehydration Powder)

Ingredients: Dextrose, Potassium Citrate, Sodium Chloride, Sodium Citrate & Water.

1 liter provides:

Sodium	90 mEq
Potassium	20 mEq
Chloride	80 mEq
Citrate	30 mEq
Dextrose	25 g
Calories	100

Lot No.: 10509YH 90-L181/R-1
Exp. Date: NOV 1 1989 DR-XY5175

Manufactured by
ABBOTT LABORATORIES
Pandiyong, Metro Manila, Philippines

Abbolyte

PREPARATION OF SOLUTION:
1-2. Pour the contents of one or more sachets, depending on fluid volume as directed below, in feeding bottle or clean storage container.
3. Add 250 mL freshly boiled, cooled water for each sachet.
4. Shake or stir.
DO NOT BOIL SOLUTION.
SACHET SHOULD BE STORED IN A COOL PLACE.

DIRECTIONS FOR USE: TO BE TAKEN ORALLY

Degree of Dehydration as % of Body Wt. Loss	Fluid Volume to Administer	Manner of Administration
Mild 5% (Infants) 3% (Children)	50 mL/kg 30 mL/kg	For Abbolyte, give over 6-8 hours. Follow with 15-25 mL/kg plain water or start breast feeding.
Moderate 10% (Infants) 6% (Children)	100 mL/kg 60 mL/kg	For Abbolyte, give over 6 hours. Follow with 30-50 mL/kg of plain water over 2 hours.

For severe dehydration, the oral route may also be used when I.V. fluids are not available. This should be done by a trained and competent health personnel.
NOTE: Total intake should be adjusted to meet individual needs based on thirst and response to therapy.

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Profile of the Market Development Specialist (or Manager) at the D.O.H.

Responsibilities

- Analyze market data to identify potential areas for DOH intervention
- Develop strategies to transform target areas into attractive market opportunities
- Guide and implement DOH intervention in target market segments
- Liaise with identified private companies to enlist their participation in the target market segments
- Assist private companies in developing their marketing strategies for optimum exploitation of target segments
- Act inside the DOH as focal point of all new commercialization projects

Requirements for the position

- MBA in business-related disciplines
- Marketing experience preferably in the pharmaceutical industry
- preferable experience in business development/market development functions

Qualities

- Analytical mind, entrepreneurial, good interpersonal skills

3/3/89

Draft letter to be sent to general managers of top 50 pharm companies with proprietary line (IMS list).

Appendix D

"ORAL REHYDRATION THERAPY (ORT) IS POTENTIALLY THE MOST IMPORTANT MEDICAL BREAKTHROUGH OF THIS CENTURY" Lancet, 1979

Dear_____:

ORT is the most modern, yet the simplest solution to the problem of dehydration, the most serious consequence of diarrhea. This simple solution consists basically in providing fluids called Oral Rehydration Solution (ORS), as well as food to the patient with diarrhea.

Establishing and propagating ORT as the standard first line intervention in the treatment of acute diarrheas is one of the Department of Health's major strategies to reduce infant and child mortality rates.

Oral Rehydration Solution (generic name: ORESOL) in its most economical form is a powder packed in foil sachets to be mixed with 1 liter of water. The ORESOL formula is the only formula recommended by the World Health Organization (WHO) (see attachment).

The DOH is seeking to widely disseminate ORESOL (the generic name for ORS), especially in the rural and semi-urban areas of the country. The goal is to make ORESOL available in all possible outlets including sari-sari stores at an accessible price. To achieve this objective the DOH has:

A. delisted ORESOL to allow for unrestricted commercial distribution and marketing (see BFAD attachment).

B. developed an extensive ORESOL advertising campaign, including mass media, to be test marketed in selected regions before and during the next diarrhea season.

C. embarked on educational activities involving medical schools, medical and pharmacist associations, nurses, midwives and health workers, etc.

Your company, if interested, can commercialize ORESOL, using jointly your own brand name, and taking advantage of the demand generation created by our long term communication/advertising campaign. The campaign shall specifically mention the commercial availability of ORESOL in the retail outlets, simultaneously with its free availability in the DOH health centers. Your own marketing efforts focusing mainly on merchandizing activities should help expand further this market opportunity.

All companies seriously interested in marketing an ORESOL brand, will have access to:

- technical assistance in marketing;
- market research data;

- consumer focus group studies;
- a consumer tested package design, and
- an ORS production manual.

We would appreciate receiving by April 10, 1989 your letter of intent concerning ORESOL commercialization. If interested to explore this marketing opportunity, please submit your initial plan, focusing specifically on marketing to categories C, D and E of the population.

By early May, a meeting wil be set to discuss and finalize the best possible marketing strategies.

Please send your letter of intent, proposal and or any request to:

ORESOL Commercialization Project
PIHES Building, Department of Health
San Lazaro Hospital Compound
Rizal Avenue, Manila

Truly yours,

3/3/89

Appendix E

Republic of the Philippines
Department of Health

OFFICE OF THE SECRETARY

SAN LAZARO COMPOUND, REZAL AVENUE, STA. CRUZ, MANILA, PHILIPPINES
TEL. NOS. 711-6106 * 711-6081

26 April 1989

Dear

We are looking for companies who may be interested to produce and commercially market ORESOL, the government's brand of Oral Rehydration Salts (ORS). It is a powder sachet for a one-liter volume of ORS using the formulation prescribed by WHO.

We envision this commercialization as a common endeavor with the Department of Health, where both parties collaborate in order to dramatically decrease mortality among Filipino children.

As a way of background, diarrheal disease remains ~~as~~ the second highest killer, second only to pneumonia, among children under 5 years of age. To address this problem, the Department intensified in 1986 its program to Control Diarrheal Disease (CDD). Among its key strategies has been the active promotion of proper diarrhea case management i.e., immediate replacement of lost fluids and electrolytes, particularly through Oral Rehydration Therapy (ORT). Central to this therapy is the use of Oral Rehydration Salts (ORS) as rehydrator since mortality from diarrhea is known to be the direct result of dehydration.

In a very short span, we have done a lot to develop the ORS market. The Department has implemented a continuing intensive training program on ORT among its health workers. It has entered into a collaborative agreement with the Philippine Pediatric Society (PPS) to promote ORT among private physicians. Very soon, medical, nursing and midwifery schools will integrate ORT into their curriculum. And to get the appropriate experience, an advertising campaign on ORT is currently on a test-run in three regions in the country.

These efforts are achieving results. Studies indicate that use of ORS is significantly increasing every year while anti-diarrheals are decreasing. Oresol has now achieved 85% awareness although usage is relatively low. Major reason given by mothers who were surveyed was lack of supply of Oresol. This is an opportunity which your company may wish to exploit.

/2

Health centers have severe limitations as distribution points for ORESOL. They are open only five days a week and eight hours a day. Since we will aggressively push for the widespread use of Oresol, they have to be continuously available in outlets other than health centers. While there are around nine commercial ORS products on the market today, most are either priced beyond the means of the average family or are not formulated according to WHO specifications. Moreover, their distribution is limited to urban areas.

The companies we are seeking should be able to produce and market ORESOL at a reasonable price not only in urban but especially in rural areas where majority of Filipinos live. With the companies' willingness to do these the Department is committed to provide the necessary support to ensure Oresol's success in the market place. Among other things, the company will get the following: free use of the brand name Oresol, free use of the consumer-tested package design, access to all available market research data, technical assistance in ORS production including a system for quality control. The Department is also prepared to spend for mass media advertising. Moreover, to assure rapid business development, we intend to re-classify Oresol as a category of drug that can be sold in non-traditional outlets including sari-sari stores.

If you are interested we would appreciate receiving on or before May 26, 1989 a concept paper describing how your company plans to approach the commercialization of Oresol. Please also include your company profile.

We will quickly review all replies and develop a short list for further negotiations. Major criteria for selection is the compatibility of your plans with the objectives of the CDD program.

Please address your reply or further inquiries to:

Mr. Jose Rafael S. Hernandez
Oresol Commercialization Project
c/o PIHES, Department of Health
San Lazaro Compound, Rizal Avenue
Sta. Cruz, Manila
Tel. No. 711-6245

Very truly yours,

RHAYS M. GAMBOA
Undersecretary
(Officer-in-Charge)

RMG:lem

PHILIPPINES TRIP REPORT

LIST OF CONTACTS

Appendix F

Company	Name	Title
Abbott Laboratories	Aubrey C. Bout	General Manager
Abbott Laboratories	Felicito O. Guba	Director of Marketing
Abbott Laboratories	Marlow R. Garlitos	Business Development & PR Manager
Procter & Gamble	Alberto A. Manlapit	Chairman of the Board
International Pharmaceuticals, Inc.	Stephen Go Castillo	Manager, Diagnostics Division
International Pharmaceuticals, Inc.	Genevieve L. Torrillo	Manager, Manila Office
Schering Corporation, Inc.	Geoffrey J. Kavanagh	President & General Mgr.
Nicholas Laboratories	Edmundo C. Serrano	Vice President, Marketing
Zuellig Pharma Corp.	T. Wayne Atkinson	Vice President, Marketing
Zuellig Pharma Corp.	Tom B. Rocamora, Jr.	Marketing Planning Mgr.
Pascual Laboratories, Inc.	Abraham F. Pascual, PH.D.	Executive Vice President
IMS Pacific Ltd.	Olivia A. Ferry	Country Mgr., Philippines
HealthCom	Jose Rafael S. Hernandez	Field Director/ Resident Advisor
HealthCom	Nora De Guzman	Assistant Resident Advisor
U.S.A.I.D	Rosendo R. Capul, M.D., M.P.H.	Public Health Advisor
U.S.A.I.D.	Kenneth Farr	Health Officer
U.S.A.I.D.	Bill Johnson	Chief, OHPN
PRITECH	David Alt	Resident Advisor