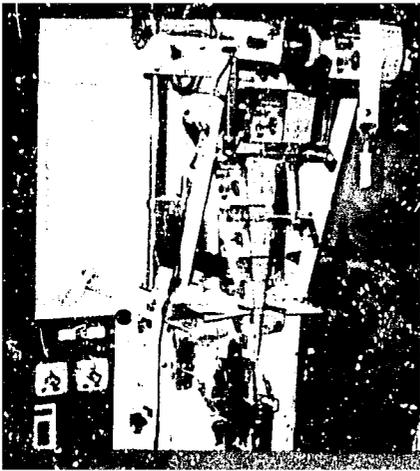


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FORGING NEW PARTNERSHIPS



PRITECH'S PAKISTAN EXPERIENCE

Lucia Ferraz-Tabor
William H. Jansen II

FORGING NEW PARTNERSHIPS: PRITECH'S PAKISTAN EXPERIENCE

INVOLVING THE COMMERCIAL SECTOR IN ORS MARKETING

By: Lucia Ferraz-Tabor
and
William H. Jansen II

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WHAT IS PRITECH?

PRITECH (Technologies for Primary Health Care), sponsored by the U.S. Agency for International Development, is a consortium of experienced, internationally known organizations led by Management Sciences for Health. PRITECH assists developing countries to implement national diarrheal disease control (CDD) programs and related activities, often as part of integrated programs of maternal and child health.

EXECUTIVE SUMMARY

At the end of 1988, PRITECH embarked upon a new initiative within the private sector in Pakistan. This initiative, intended to complement the National Control of Diarrheal Disease (CDD) Program, applied a new social marketing model designed to increase the availability of oral rehydration salts (ORS) products and to increase the use of oral rehydration therapy (ORT) during diarrheal episodes.

The innovative nature of the social marketing model applied in Pakistan lay in its cooperation with a variety of manufacturing firms (producing competing ORS products) and in maximizing sustainability. Unlike many other social marketing models, the PRITECH model did not require significant donor financing for product or marketing costs. The participating firms themselves financed these costs. The model basically was designed to identify constraints to growth of a commercial ORS market and then take steps to modify those constraints so that the natural commercial forces could be stimulated to expand the ORS market. The model provided firms with technical assistance; market research data; a context for dialogue and brokerage of issues with the public sector; and assistance in complying with government technical guidelines and policies for CDD.

After only a year and a half of implementation, this private sector initiative in Pakistan has produced impressive results. The commercial sector in Pakistan now distributes over 70 percent of all ORS produced in country while the public sector distributes the balance — a reversal of public-private proportions that existed at the start of the activity. At modest cost, the commercial sector has been effectively stimulated to make ORS more widely available to the general public. Since these changes were achieved by convincing the commercial sector to invest in the potential of a consumer ORS market and not by donor financing of the product or distribution, the chances for sustaining these achievements are high.



National CDD Program logo





INTRODUCTION

THE PUBLIC HEALTH PROBLEM

About one in every ten children born in developing countries dies of diarrhea before the age of five -- some 4 million children per year. In Pakistan, diarrhea remains the major killer of children, accounting for almost one-third of the 700,000 deaths annually among children under five. The government estimates that since 1984, mortality due to diarrhea declined from 300,000 to 200,000 deaths per year. Children in Pakistan, however, still suffer from an estimated 90 million episodes of diarrhea every year. Thus, despite progress in the fight against diarrheal disease, diarrhea remains a major public health problem in Pakistan.

ORAL REHYDRATION THERAPY

Most diarrheal deaths result from dehydration — losses of water and electrolytes beyond what the body can tolerate. These deaths are largely preventable. The cornerstone of most diarrhea program efforts is effective prevention and treatment of dehydration, emphasizing oral rehydration therapy (ORT) — the administration of rehydrating fluids by mouth — which can be easily implemented in homes and health facilities.

ORT, as defined by the Government of Pakistan, consists of fluid replacement, continued breastfeeding, and feeding. Fluids such as oral rehydration salts (ORS) or rice water, considered a home fluid in Pakistan, can be used to prevent or correct dehydration. ORS is a prepackaged mixture of salt, glucose, and various electrolytes that can be readily mixed with water.

Effective treatment also calls for continued feeding during and after diarrheal episodes to prevent the child from becoming malnourished. Breastfeeding in particular is encouraged because breast milk provides immunological benefits against infection and is among the most nutritious foods for babies with diarrhea. In addition, feeding — particularly starches — along with ORS has been shown to decrease stool output.

THE STATUS OF ORS DISTRIBUTION: ASSESSING THE CONSTRAINTS

PUBLIC SECTOR ACTIVITIES

The National Control of Diarrheal Disease (CDD) Program in Pakistan, as in most countries, was established as a public sector initiative to address an important public health issue. Efforts to promote ORT awareness and provide ORT services were focused upon public sector intervention channels. Distributing ORS nationally and making ORS accessible to the general population in need were objectives designed to be achieved primarily through public sector facilities. The role of the private sector in meeting these ORS objectives was largely limited to producing, through government tenders, the ORS needed by the public sector. The

Children in Pakistan still suffer from an estimated 90 million episodes of diarrhea every year.

commercially produced ORS was sold to the government CDD program for distribution (free of charge) to health practitioners and the public.

The National CDD program realized considerable success in raising awareness about ORS. Progress was also made in bringing ORT into general use throughout government facilities. The National CDD Program distributed free ORS packets to parents in government health facilities and, through its outreach and mobile immunization teams, to parents in villages throughout Pakistan.

However, such public sector-based distribution models are largely dependent upon a constant or increasing level of budgetary support. If available public financial resources shrink, distribution and supply can suffer. Indeed, due to budgetary cuts, procurement of ORS by the CDD Program decreased from over 21 million packets in 1987 to 6 million in 1988, 3.4 million in 1989 and about 10 million in 1990. The government planned to procure about 10 million packets of ORS for the following five years. Although some provinces had begun purchasing ORS, the quantity of ORS the government could make available to the public at no cost was not enough to meet the need.

Another constraint of the public sector distribution system is the limited effective outreach to the general public. Only 26 to 30 percent of Pakistanis who seek health care actually go to government health facilities. The majority (70 percent) go to the private sector: private physicians, traditional healers, chemists and others who prescribe or provide health services.

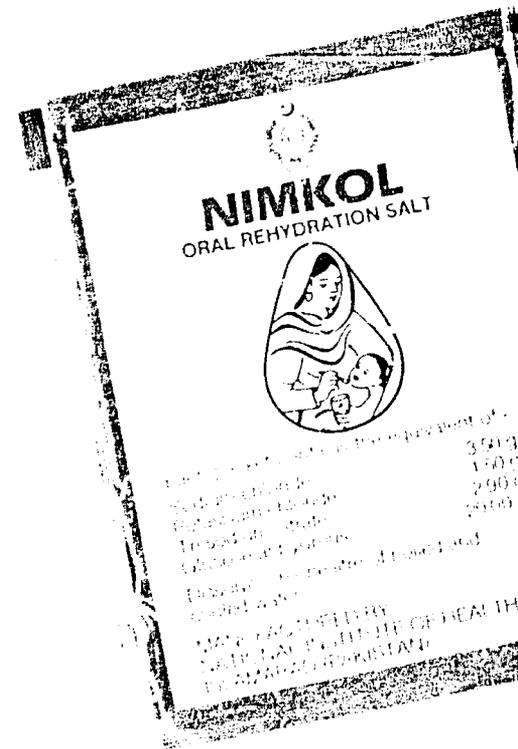
COMMERCIAL SECTOR ACTIVITIES

Although some ORS products were sold commercially, most firms perceived the domestic ORS market in Pakistan to be driven mainly by government purchases. The largest part of domestic commercial production of ORS was devoted to supplying government ORS tenders. Most producers maintained their licenses to manufacture ORS simply to enable them to bid on government tenders. Only two of the fourteen firms holding ORS manufacturing licenses actually produced and sold a considerable quantity of ORS.

Commercial firms typically considered the demand for ORS products to rise and fall with the needs of the public sector. Consumer demand for ORS was ill-defined or considered non-existent. Similarly, firms were not convinced ORS could be a profitable product.

Aspects of the government regulatory environment surrounding ORS also represented constraints to the commercial sector. One government regulation, for example, required that ORS (like a prescription pharmaceutical product) be sold only through medical stores. Since medical stores are found primarily in urban areas, this restriction essentially limited access to ORS to the 30 to 40 percent of the population that lives in urban areas. The regulation also ruled out extensive commercial distribution channels that reach a wide variety of other retail outlets (such as stores selling general consumer goods like tea, soap, sugar, etc.).

ORS, as a pharmaceutical product in Pakistan, fell under the existing government system for setting retail price ceilings for pharmaceuticals sold commercially. The price ceiling for ORS (Rs. 3.00 or about US \$ 0.20 for non-flavored ORS and Rs. 3.75 or about US \$ 0.25 for flavored ORS) had not been raised since it was set in 1986. Consequently, manufacturers considered ORS a "low profit" product and



ORS distributed by government health facilities

The largest part of domestic commercial production of ORS was devoted to supplying government ORS tenders.

The commercial sector possessed a wide range of production, marketing, distribution, advertising and market research skills.

were not interested in further investment in ORS marketing. From their perspective, either the price ceiling had to be lifted or raised or another means of making ORS more profitable had to be found.

Related to the issue of profitability was the cost of ORS production. The foil packaging, commonly used for powdered ORS sachets, typically represents the most costly single raw material in the ORS manufacturing process. Packaging costs, therefore, were a major factor in the ability to realize a financial return from a product with a relatively low retail price. The import duty on the aluminum foil used for ORS packaging increased the cost of the foil to manufacturers by 120 percent. Reducing this element of ORS production costs could make the profitability of ORS more attractive to firms.

IDENTIFYING THE OPPORTUNITIES

Along with a set of constraints, the ORS situation also possessed strengths which suggested opportunities for significant commercial sector contributions to Pakistan's national CDD effort. Three main strengths were identified:

WELL DEVELOPED COMMERCIAL SECTOR

Pakistan's commercial sector had a long history of domestic production of both pharmaceutical and consumer goods products. From this tradition, the commercial sector possessed a wide range of production, marketing, distribution, advertising and market research skills. Many different pharmaceutical and consumer goods companies had local production plants and considerable experience in introducing new products within the marketplace. This well-established commercial presence meant that the private sector possessed entrepreneurial experience and the means to invest its own capital in new product ventures.

SIZEABLE CONSUMER MARKET POTENTIAL FOR ORS

Given the total population of Pakistan (around 100 million), any product used commonly in the home theoretically could realize a market large enough to attract the attention of many companies. The potential market for ORS in Pakistan was very large.

On average, a Pakistani child under five years of age is estimated to have five episodes of diarrhea each year. Pakistan has about 18 million children under the age of five, which translates into approximately 90 million diarrheal episodes per year. Assuming two packets of ORS per episode, a total of 180 million packets would be needed to treat all cases of diarrhea in children. Adult use would add significantly to this total.

If consumers routinely took ORS during diarrheal episodes, then the potential consumer market for ORS in Pakistan theoretically could exceed 180 million packets a year. Such a market size, even when keeping the retail price fixed at the 1986 ceiling level, could exceed a theoretical total sales value of between \$36 million and \$45 million annually. Although such numbers are largely hypothetical, the important point was that even if only a portion of the potential consumer market were realized, the potential return to companies could be sufficient to attract their investment in ORS marketing.



CDD Program poster demonstrating ORT

POSITIVE COMPETITIVE ENVIRONMENT

Having several firms with licenses to produce ORS represented a valuable resource. One advantage was that these firms together possessed considerable production capacity to meet potential demand within a consumer market for ORS. Fourteen companies had licenses to produce ORS, although only seven were actually doing so.

These seven ORS producers, alone, had a combined production capacity estimated to be between 60 and 100 million packets per year (depending on the number of worker shifts used on the production line). This capacity, of course, was not being fully tapped since total annual production from these producers was only about 18.5 million packets of ORS.

The presence of several ORS manufacturers also offered the ability to develop several competing brands of ORS which could seek to reach differing segments of the consumer population. This would allow normal market forces to work in positioning competing products to reach the broadest spectrum of consumers possible.

Another advantage of the presence of a number of firms was that each company had differing marketing strengths: some excelled at reaching private physicians, while others were better at reaching pharmacists or shopkeepers. Still others specialized in targeting community groups, such as mothers and school children. Companies utilized differing distribution networks which had historically resulted in firms placing their products more successfully in some geographical regions of the country than in others. Involving several companies in meeting the needs of a consumer ORS market could make the ORS products more widely available.

Involving several companies in meeting the needs of a consumer ORS market could make the ORS products more widely available.

THE APPROACH FOR ACTIVATING THE COMMERCIAL SECTOR

Based on the analysis of the existing situation, PRITECH worked closely with USAID and the National CDD program to define a means for the commercial sector to complement public sector efforts appropriately to achieve national CDD objectives. The purpose was to develop together an approach for effectively involving the commercial sector. All agreed that the approach to the commercial sector should strive to be as self-sustainable as possible.

Several social marketing models existed from international experience for involving the private sector in the achievement of national public health goals. However, many of these were based on annual public sector or donor financing for part or all of the product, promotion and distribution costs. Another aspect of most existing social marketing models was a typical reliance on a lead firm with one product line to achieve the desired complementary public health effect from the commercial sector.



Given the strengths identified in Pakistan's commercial sector, it was determined that a new, alternative approach should be tried. This alternative social marketing model would not offer any public sector or donor financing for product costs; companies would be expected to invest in any new or expanded ORS marketing effort primarily with their own funds. Similarly, it was decided to adopt an approach which encouraged the participation of as many firms as were interested.

OVERALL OBJECTIVES

The general objective was to increase the availability of ORS and use of ORT during diarrheal episodes by utilizing the commercial sector's potential to produce, promote and distribute ORS products widely. More specific objectives included:

- ▲ Increasing consumer demand for ORS.
- ▲ Increasing the awareness of ORS and the correct use of ORS within a proper ORT regimen for children among both the general populace and private health care practitioners.
- ▲ Developing the consumer market for ORS products by motivating commercial firms to become more active.
- ▲ Increasing the distribution and sales of ORS products by commercial firms.
- ▲ Insuring that commercial ORS marketing initiatives are consistent with Pakistan's National Diarrhoea Treatment Policy (which defines ORT as ORS/fluids plus breastfeeding plus feeding).

Some indicators were selected to measure the extent to which these objectives were achieved. One indicator chosen was an increase in ORS prescriptions by private physicians by 25 percent per year for the first two years. Another benchmark selected was an increase in commercial sales of ORS by 15 percent the first year and by 20 percent in the second year of operation.

SPECIFIC OBJECTIVES FOR THE COMMERCIAL SECTOR

Given the assessment of the existing commercial role in ORS production, promotion and distribution, specific objectives were set to define some of the desired changes in the commercial sector. These specific objectives included:

- ▲ Increase awareness about the consumer market potential of ORS.
- ▲ Create a more attractive environment for firms to invest in and undertake more aggressive ORS marketing initiatives.
- ▲ Increase commercial production and sales of ORS through the greater commitment of existing production capacity and distribution systems.
- ▲ Broaden and expand existing distribution networks for ORS products. Since the existing seven ORS producers were pharmaceutical companies and their



Commercial manufacturing of ORS

The objective was to increase the availability of ORS and use of ORT during diarrheal episodes by utilizing the commercial sector's potential to produce, promote and distribute ORS products widely

distribution networks were mainly limited to pharmaceutical outlets, one objective was to encourage these companies to consider alternative marketing strategies. Particularly for those with other over the counter (OTC) products, these alternatives could include adding new distributors to increase the number of retail outlets carrying their products and the geographical outreach.

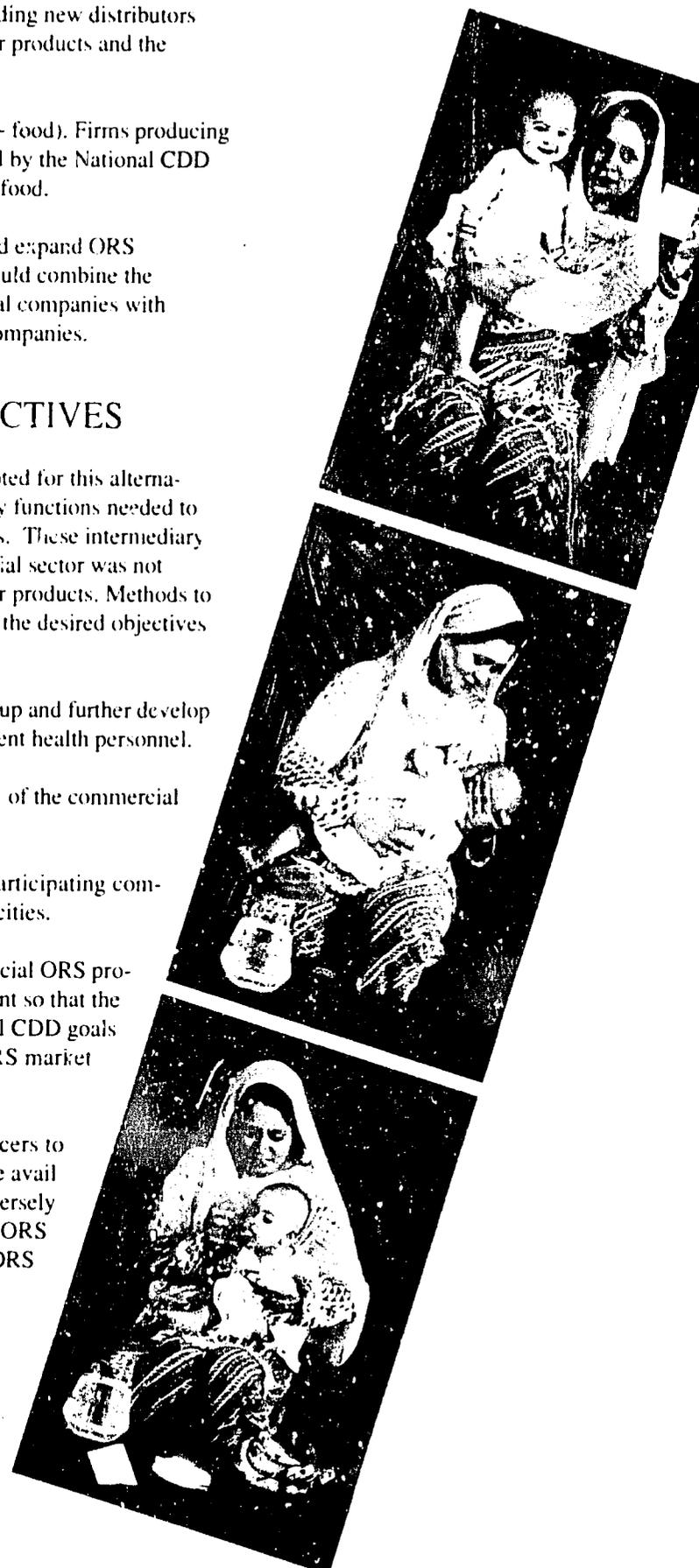
- ▲ Correctly promote ORT (ORS/fluids + breast milk + food). Firms producing and marketing ORS should promote ORT as defined by the National CDD program, meaning ORS/fluids plus breast milk plus food.
- ▲ Encourage the formation of partnerships which could expand ORS availability in the marketplace. Such partnerships could combine the strengths of ORS producers and other pharmaceutical companies with wide OTC distribution networks and/or consumer companies.

STRATEGY FOR ACHIEVING OBJECTIVES

To achieve these various objectives, the basic strategy adopted for this alternative social marketing model was to provide the intermediary functions needed to facilitate cooperation between the public and private sectors. These intermediary functions were essential since the approach to the commercial sector was not premised on the public sector purchasing a set of services or products. Methods to precipitate change had to be different. The means to realize the desired objectives required:

- ▲ Continued collaboration with the government to step up and further develop its generic ORT advertising and training of government health personnel.
- ▲ Encouraging firms to do more to realize the potential of the commercial ORS market.
- ▲ Providing information and technical assistance to participating commercial firms to help maximize their marketing capacities.
- ▲ Facilitating regular communication between commercial ORS producers, international organizations and the government so that the constraints affecting both the achievement of national CDD goals and the optimal performance of the commercial ORS market would be mutually understood.
- ▲ Collaborating with the government and ORS producers to change government regulations which: (1) limited the availability of ORS products at the retail level and (2) adversely affected the self-sustainability of wider commercial ORS distribution (such as the increased production cost of ORS due to high import duty on foil).
- ▲ Making ORS available to rural Pakistani consumers through consumer marketing.

ORT advertising





IMPLEMENTING THE APPROACH

CRITERIA FOR SELECTING COLLABORATING COMPANIES

Although the approach adopted called for cooperating with any commercial firm which expressed interest, PRITECH targeted certain companies whose capacities and characteristics showed the greatest promise of achieving the objectives set for the commercial sector. Working closely with the USAID Mission, PRITECH developed criteria for target companies. According to these criteria, participating companies must:

A broad spectrum of national and international companies met the selection criteria and decided to participate in the ORT and related efforts.

- ▲ Have a detailing or sales force making at least 5,000 calls per month to doctors, pharmacists or shops. This meant that the company would be able to reach large numbers of people with ORT messages.
- ▲ Present an ORS marketing plan targeted to the company's intended consumers.
- ▲ Develop an evaluation plan describing how the company would assess the success of the firm's ORS/ORT promotional activities. Most ORS producers previously used total sales as their main measure of success.
- ▲ Agree not to co-position ORS with potentially harmful products such as infant formula or antidiarrheals. This requirement was the most difficult because most ORS producers or companies willing to market ORS also produced antidiarrheal drugs or infant formula.
- ▲ Agree to a review of its promotional materials by the National CDD Program, the Ministry of Health, top Pakistani pediatricians, and collaborating international agencies. In order for this to be acceptable, PRITECH guaranteed that this review would take no longer than two weeks.

PARTICIPATING COMPANIES

Over the course of implementing the program, a broad spectrum of national and international companies met the selection criteria and decided to participate in the ORT and related efforts. Collaborating firms included both pharmaceutical companies and consumer goods companies. A list of these firms is presented in the table below.

COLLABORATING COMPANIES

PHARMACEUTICAL		CONSUMER	
Searle	Abbott	Lever Brothers	Chaudhry Dairy
Wilson's	Highnoon	Milkpak Dairy	Green's Dairy
Woodward		Pakistan Dairy	Tetrapak

Each of these companies brought differing and desirable strengths to the effort to realize the commercial sector objectives. For instance, Searle focused on physician detailing and professional seminars and conferences, while Wilson's strength consisted of reaching pharmacists and shopkeepers. Woodward had a wide distribution network in the consumer market which could cover up to 70,000 sales outlets. Woodward specialized in programs involving the community, such as baby shows, during which ORS contests were featured. Woodward also planned on promotional efforts involving school children.

PRITECH'S ROLE

The approach adopted was predicated on the government continuing to implement its CDD program vigorously within the public sector and for commercial firms themselves to be the main implementors of ORS marketing interventions. However, PRITECH recognized that the success of this approach required that an environment had to be established which allowed standard business practices to flourish to keep the interest of the private sector. At the same time, furthering the public health objectives of the government and international organizations, through collaboration with commercial firms, needed to be assured. The inherent operational differences between public and private sectors common to any country needed to be addressed.

PRITECH's role was to initiate this effort and to act as that needed broker or catalyst to bring together the commercial sector and the government. To build an efficient relationship, PRITECH helped identify common interests and define how one sector could assist the other. Furthermore, PRITECH played a catalytic role among commercial firms to try to start new partnerships. In addition, the program provided motivation and assistance with marketing plans, development and testing of promotional materials and technical information to the collaborating companies.

Some of the specific implementation tools used by PRITECH included the following:

DISSEMINATION OF INFORMATION

One of the needs of the commercial sector was to understand the technical parameters of recommended ORT regimens and technical issues related to ORS application and efficacy. PRITECH provided technical information to all companies interested in marketing ORS. To keep companies up-to-date on the latest technical advances in ORS and ORT, PRITECH sent relevant journal articles, WHO updates and the bi-monthly Technical Literature Update produced by PRITECH/Washington. The program also made available samples of ORS packets and promotional materials from other countries.

MARKETING WORKSHOPS

The National CDD Program and PRITECH held marketing workshops and sales training courses for ORS producers and consumer companies. During these workshops, participants (using simulated data to avoid any issues between companies over proprietary sales or distribution information) developed marketing plans for hypothetical ORS products and identified problems which were later discussed with government health officials. Marketing plans developed during these workshops were generic; however, since the data used were very similar to

PRITECH played a catalytic role among commercial firms to try to start new partnerships.

Pakistan's, these plans provided companies with blue prints which they could later use to develop company-specific plans.

While companies did not share their marketing plans with others, they readily participated in workshops and requested information from the project. In addition, some companies asked PRITECH to review their ORS marketing plans (these are proprietary, and PRITECH held them in the strictest confidence).

MARKET RESEARCH

One attractive feature of the program to commercial firms was an opportunity to better understand the dynamics of the consumer ORS market. This was important both to help firms assess the potential of the consumer ORS market and to assist them in improving the consumer use and market penetration of their ORS products. Not all firms could afford (on the financial return from ORS sales) to invest in the market research needed to gain this understanding of the ORS market.

PRITECH commissioned trade audits (a means to estimate user consumption rates as distinct from total sales figures) and consumer market indices. Data from this research were made available to all interested companies. The data enabled all participating ORS producers to modify and refine their marketing strategies.

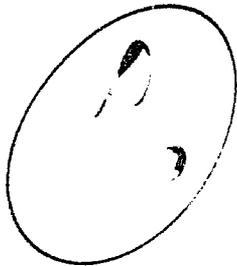
TECHNICAL ASSISTANCE

A variety of forms of technical assistance were provided. PRITECH collaborated with companies interested in conducting market research of their own. This collaboration was in the form of technical assistance and did not involve funding. Such technical assistance could help in the design of the market research or in helping to interpret market research results for application to marketing plans. Other technical assistance was offered to firms in the review of promotional materials or product instructions to help insure consistency with national CDD policies. The program also assisted the government and international organizations to consolidate data on commercial ORS production and distribution and, importantly, to comment on how progress in the commercial sector was complementing the public sector CDD program.

ORT PROMOTIONAL ACTIVITIES

If needed by participating firms, the program could also make matching grants of up to \$20,000 per company for ORS detailing and publicity materials for one year. In order to qualify for these matching funds, companies had to agree to follow the National Diarrhoea Treatment Policy and to meet criteria previously described in this paper. This small matching grant was important in Pakistan because there was a regulatory ceiling of 5 percent of revenue which pharmaceutical companies could spend on the promotion of products. Thus, by co-financing promotion of ORS with producers, it was possible to increase ORS promotion considerably by some commercial firms.

Another aspect of the program's work in ORS promotion was trying to insure that all promotional materials were technically appropriate and in line with national CDD policy. Interestingly, most participating companies did not take advantage of the matching grant for ORS promotion, preferring to finance ORS promotional activities on their own. PRITECH also provided assistance in the technical review of promotional materials and the integration of promotion within marketing plans.



ORT promotional material

NEW PRODUCT DEVELOPMENT

Besides collaborating with the pharmaceutical industry, PRITECH worked with the Pakistan dairy industry in a venture that could significantly increase the availability of ORS. Recognizing that several commercial dairies had more production capacity than was being used, PRITECH and the USAID Mission obtained the services of the Land O'Lakes Company to assist four Pakistani dairies to develop and test a pre-mixed (liquid) ORS that could be packaged and distributed by producers and marketers of milk products. These dairies produced and tested liquid ORS and various packaging options. The dairies received no financial assistance whatsoever. The only funding involved the technical assistance provided by Land O'Lakes through a sub-contract with PRITECH.

More recently, a partnership between Abbott, a pharmaceutical company, and the dairies was explored: Abbott would produce ORS and one of the dairies would package it, possibly using Tetrapak packaging (a cardboard-box-like container often used to package juice drinks). Although the technical feasibility of producing and packaging liquid ORS in Pakistan had been established, regulatory issues related to production and packaging outside pharmaceutical facilities remained. Land O'Lakes continues to explore collaboration with dairies in quality control and Tetrapak has played a coordinating and catalytic role. Should liquid ORS ultimately be produced or packaged by one or more dairy, commercially distributed ORS could realize a significant expansion into grocery retail outlets using the dairy distribution system.



Point-of-sale materials

GOVERNMENT'S ROLE

By late 1988, when this private sector program was launched, the Pakistan government, in collaboration with PRITECH, USAID and other international agencies (such as WHO and UNICEF), progressively prepared the necessary CDD groundwork which was key to the success of the private sector effort. The government's contributions included:

- ▲ Promotion of ORT through government health facilities and outreach immunization teams as well as government-sponsored, generic promotion of ORS through the mass media, which created high popular awareness of the product. This awareness was transformed into demand for ORS by the commercial sector.
- ▲ Development of a state-of-the-art National Diarrhoea Treatment Policy which promoted ORS as the first line treatment and defined ORT as ORS/fluids plus breastfeeding plus feeding. The policy provided guidelines for the private sector to use in development of promotional materials and training of detail and sales forces.
- ▲ Reassessing government regulations that affected the ability of commercial firms to market ORS more widely to consumers and taking steps to modify those regulations if appropriate.
- ▲ Development and testing of key messages for illiterate and low literacy parents, the educated public, physicians, paramedics, and pharmacists. These messages were used by the private sector to develop its promotional materials. PRITECH collaborated with the National CDD program in this effort.

The Pakistan government prepared the necessary CDD groundwork which was key to the success of the private sector effort.

- ▲ Development and popularization of a national ORT logo. Companies could use this ORT logo in their promotional materials.
- ▲ Training of government physicians and paramedics in treatment of diarrhea, which focused on ORT as the first line treatment.
- ▲ The Government of Pakistan established ORT units and corners in government health facilities to promote the correct use of ORT, in collaboration with USAID's PRITECH project, funded by USAID's Primary Health Care and Child Survival projects.
- ▲ Development and testing of point-of-sale (POS) materials for pharmacies and shops, in collaboration with PRITECH. These materials could be printed and distributed by ORS producers and other interested companies.

The program had to demonstrate that it could be helpful in responding to marketing issues raised by the commercial firms themselves.

THE ROLE OF PROFESSIONAL ASSOCIATIONS

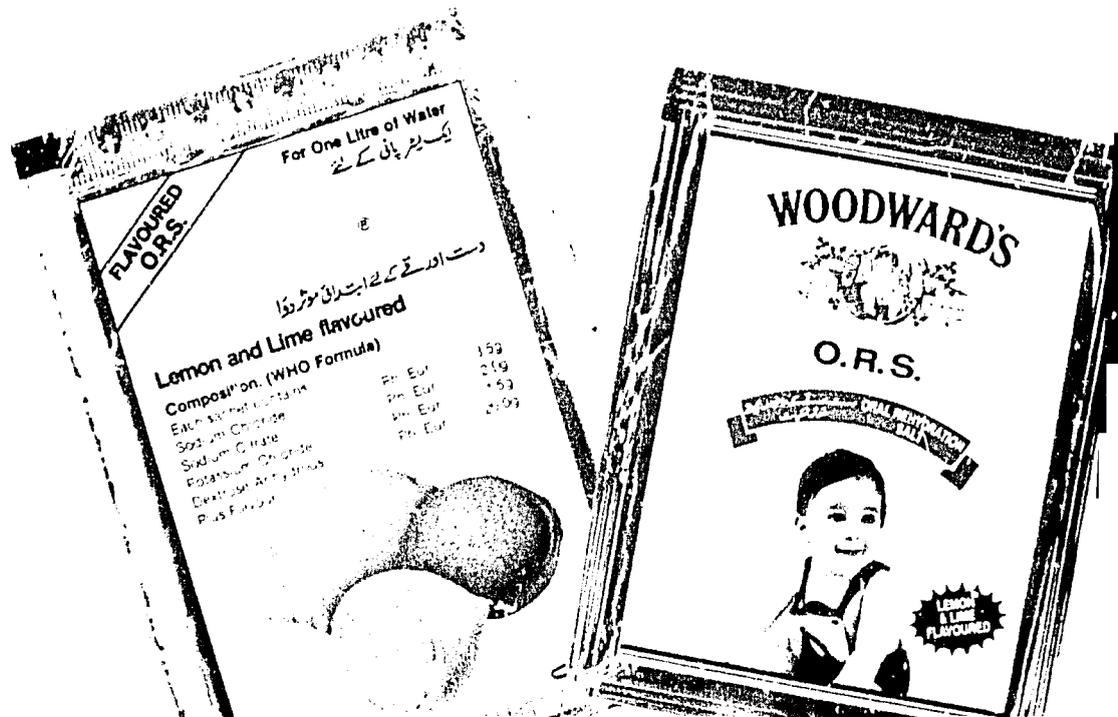
Members of the Pakistan Paediatrics Association and the Pakistan Medical Association promoted ORT during their scheduled monthly and annual meetings. In addition, Pakistan's top pediatricians donated their time to conduct diarrhea management training for pediatricians, physicians, and detailmen/salesmen working for ORS producers.

MOTIVATING COMPANIES TO PARTICIPATE

Even if companies met the targeted criteria mentioned above, they did not necessarily decide unaided to participate in the effort. Besides inputs mentioned above, some of the specific methods used to motivate companies to participate included:

PROFITABILITY/MARKET POTENTIAL

The program had to demonstrate to companies that there was an attractive potential for a commercial ORS market and that this consumer market for ORS products could become sufficiently profitable to warrant their interest. The program also had to demonstrate that it could be helpful in responding to marketing issues raised by the commercial firms themselves.



PRITECH first worked with the commercial sector to identify the potential market for ORS and to develop alternative strategies for increasing demand for the product. PRITECH also worked with ORS producers to develop appropriate mechanisms to obtain a rebate of foil import duties for ORS. Also, in response to other marketing constraints, the National CDD program took the lead in liberalizing the sales of ORS so that it could be sold in all retail outlets in Pakistan. This increased potential retail outlets that could carry the product by 70 percent. The National CDD Program and PRITECH pointed out to the commercial sector that the CDD Program had already created high awareness of ORS and intended to continue doing so. Commercial companies, using creative marketing approaches, could turn this generic awareness into demand for their brands of ORS.

COMPANY IMAGE

Most commercial firms are very interested in enhancing the company image. Therefore, PRITECH tried to motivate potential participating firms to become interested in commercial ORS marketing by pointing out that, if they promoted ORS according to the national policy, the company could help achieve a national public health goal. In doing so, the company could improve its image in the eyes of the government, top physicians and, ultimately, the public.

SOCIAL RESPONSIBILITY

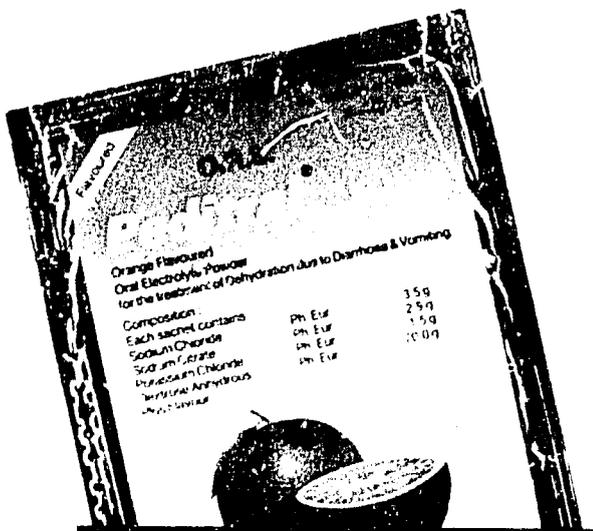
Commercial companies do have a sense of social responsibility. Although urging socially responsible behavior in itself does not often result in actual commitment, highlighting a company's sense of social responsibility can be a contributing factor to corporate commitment to ORS. Top-level officials in most companies are sensitive to the fact that their company could save lives of Pakistani children. Detail and sales forces can become very committed to ORS, once they realize that they are instrumental in saving lives.

PRODUCT APPEAL

Another task was to convince ORS producers to promote breastfeeding and feeding along with ORS. This promotional approach was not initially appealing to firms because ORS producers feared that the impact of a multi-faceted promotional message would dilute the product's focus. Producers had to realize that co-positioning ORS with breastfeeding and feeding would improve the appeal of their product. PRITECH collected, summarized and disseminated to producers research which indicates that ORS, when given along with breast milk and food (particularly starches), reduces stool output — and stool reduction, research showed, is one objective the consumer commonly seeks. Efforts toward this end worked. A number of ORS producers started promoting feeding during diarrhea. Others will soon begin doing so.

Highlighting a company's sense of social responsibility can be a contributing factor to corporate commitment to ORS.

A number of ORS producers started promoting feeding during diarrhea.



RESULTS

CHANGES IN THE COMMERCIAL ORS MARKET

Most notably, the program succeeded in significantly stimulating the commercial sector in Pakistan to actively promote, distribute and market ORS products throughout the country. Companies acknowledged the potential of a consumer ORS market and were sufficiently motivated to invest time, effort and resources in developing that potential.

INCREASE IN COMMERCIAL SECTOR ORS AND-ORT ACTIVITIES

During the process of program implementation, commercial firms already producing ORS products for the commercial market devoted increased production line capacity to these products. Some also introduced new ORS brands. Another aspect of heightened effort was seen in the sales and detail forces and an increase in time devoted to ORS products within their existing product line.

Companies also began complementary ORT promotional activities in concert with their ORS products. Searle, for example, embraced oral rehydration therapy and produced a promotional booklet entitled, "Searle's Commitment to Oral Rehydration Therapy." This booklet was distributed by Searle's Managing Director to policymakers and leading physicians. Such activities demonstrate that firms were willing to responsibly promote breastfeeding and feeding along with ORS product usage during episodes of diarrhea.

EASING OF REGULATORY CONSTRAINTS TO ORS MARKET GROWTH

To realize the potential of the commercial ORS market, regulatory constraints to market growth required attention. The proactive and supportive role of Pakistan's National Control of Diarrheal Diseases program and the joint action by ORS producers were critical to the success realized in achieving these regulatory adjustments. PRITECH's role in this matter was to facilitate interaction among the private sector, the government, and the international agencies to modify this regulatory environment appropriately. The modifications achieved were:

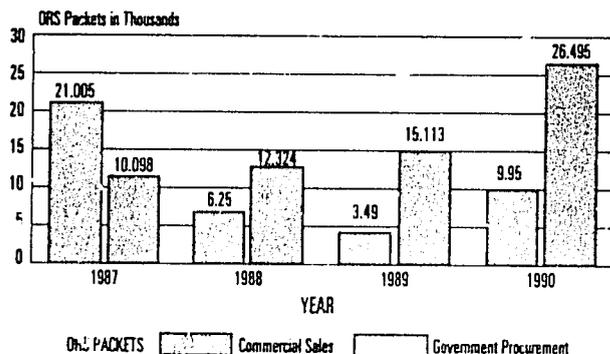
- ▲ Deregulation of ORS sales, previously restricted to pharmacies, to allow over-the-counter (OTC) transactions in all commercial retail outlets. This change enabled ORS producers to expand their distribution networks and made entry to the ORS commercial market more attractive to pharmaceutical companies with large OTC distribution systems and consumer companies.
- ▲ Allowing rebates to commercial firms for import tax on packaging foil used in ORS production. This regulatory change increased the profitability of ORS products to manufacturing firms — even without changes in government determined price ceilings.

INCREASE IN COMMERCIAL SALES OF ORS PRODUCTS

Perhaps the most telling variable indicating a more vibrant ORS market was a sales trend showing dramatic increases for commercial ORS products. For example, total

commercial sales of ORS products increased by an impressive 86 percent (from a total of 15 million packets to 26 million packets) in 1990 alone.

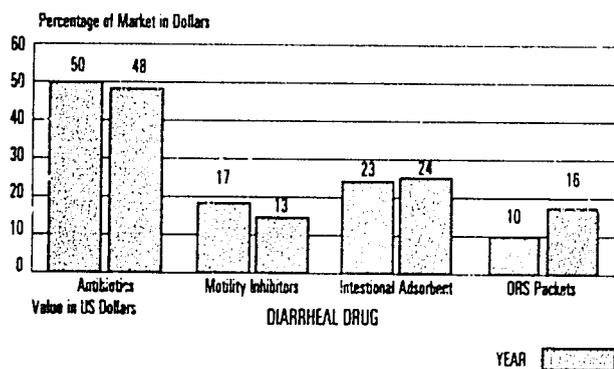
ORS PRIVATE SECTOR PRODUCTION SALES AND GOVERNMENT PROCUREMENT



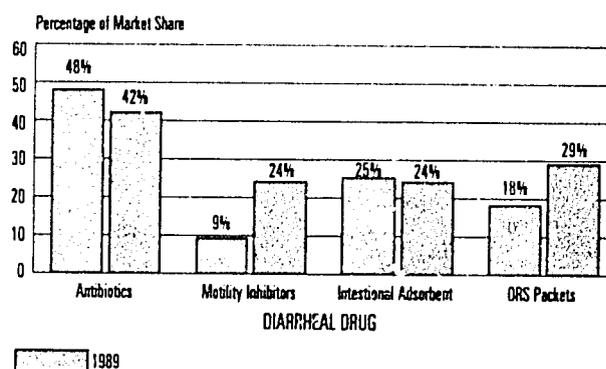
This striking increase in ORS sales was not typical of the overall market of diarrhea medicines, nor did it occur in the case of any other drug used for diarrhea. On the contrary, from 1989 to 1990 sales of antibacterial drugs declined slightly and motility inhibitors declined by almost 100 percent. This decline, however, was due to the government ban on antimotility drugs in liquid form. Sales of intestinal adsorbents increased very slightly.

Importantly, the market share of ORS in the commercial diarrheal drug market also grew. The ORS share in total units sold went from 18 percent in 1989 to 29.2 percent in 1990, and the ORS portion of dollar value of total sales went from 9.7 percent in 1989 to 15.5 percent in 1990. These data were significant because they indicated that ORS products were becoming more established in the diarrheal drug market.

DIARRHEAL DRUG PERFORMANCE IN THE MARKET BY SALES VALUE



DIARRHEAL DRUG PERFORMANCE IN THE MARKET BY UNIT SALES



NEW COMPANIES ENTERING THE MARKET

A significant indication of the vibrancy of the ORS commercial market was the behavior of firms that did not already have ORS brands on the market. When applying this criterion as well, the commercial ORS market in Pakistan evidenced beneficial change. New companies were entering the ORS market.

Companies were also developing and introducing new ORS products. New liquid ORS brands are planned for introduction to the market soon. A rice-based ORS brand

was launched in the summer of 1991. In addition, another firm plans to enter the ORS market with a lentil/rice-based ORS product in 1992.

Six consumer goods companies also explored the feasibility of marketing ORS products. However, these companies have not entered the market, primarily because of concerns over the price ceiling on ORS products. Should the price ceiling be lifted, these companies may decide to enter the ORS market.

FORGING NEW PARTNERSHIPS

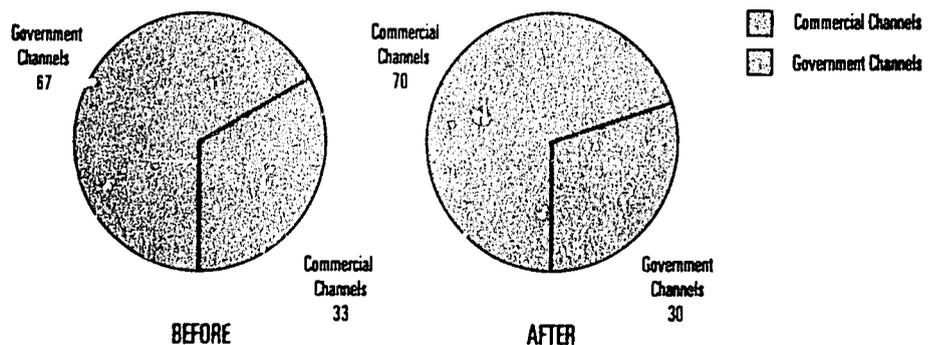
Four Pakistani dairies/juice producers have experimented with the production of liquid ORS products. These dairies are considering the formation of partnerships with a multinational pharmaceutical company in which the pharmaceutical firm would produce ORS and one or more dairies would package it using the dairies' excess packaging capacity. One attractive benefit of such partnerships is expanding the availability of ORS products through the dairy distribution networks to food retail outlets.

In addition, two other firms in Pakistan, Searle and Woodward, have formed a temporary partnership until Woodward's own ORS production facilities are operative. Searle will produce ORS (under a Woodward brand label) which Woodward will market in both pharmaceutical and consumer markets. Although Woodward's ORS brand is a potential competitor because Searle markets its own ORS brand, Searle realizes a benefit because it uses some of its excess manufacturing capacity to produce ORS for Woodward. Furthermore, Searle does not fear loss of its share of the ORS market because it concentrates on pharmaceutical outlets while Woodward's marketing strength lies in the OTC and consumer-goods outlets. Woodward's extensive distribution network covers about 70,000 retail sales outlets.

CHANGES IN THE PROFILE OF NATIONAL ORS DISTRIBUTION

Four years ago, the national profile of ORS distribution in Pakistan showed that the government was the major channel for delivering ORS to potential users. The government absorbed about 67 percent of all domestic ORS production; the balance (33 percent) flowed through commercial distribution channels.

PROFILE OF NATIONAL ORS DISTRIBUTION



Now, the situation has reversed. The commercial sector is the predominant channel for getting ORS to the public. Government distribution channels handle less than 30 percent of ORS produced. Commercial distribution commands over 70 percent of ORS production.

IMPROVED APPLICATION OF OPTIMAL DIARRHEAL DISEASE TREATMENT

In public health terms, the accomplishment which was perhaps the most important and difficult to measure was improved treatment of diarrhea. Nevertheless, the collaborative effort with commercial companies by the PRITECH program had a positive impact on treatment. Promotional materials by a number of ORS producers now contain ORT (ORS plus breastfeeding plus feeding) and prevention messages in addition to product selling.

One example is Searle's promotional approach for ORS to health practitioners and the general public. Previously, Searle's promotional leaflets for physicians and consumers stated inappropriately that no food (only ORS) should be given to children with diarrhea for 24 hours. Now, Searle's promotional materials to the same audience correctly explain the importance of breastfeeding and continued feeding throughout diarrhea. Searle has also developed posters about prevention of diarrhea, signs for detecting dehydration, and nutrition during diarrhea.

While the complexities of measuring and attributing mortality reductions to any particular activity are well known, several surrogate indicators give encouragement that the ORS/ORT efforts, mostly public and more recently private, are paying off. Surveillance from major hospitals indicates that most diarrhea pediatric patients have mild or no dehydration. Moderate and severe dehydration cases have decreased considerably.

NEW PRIVATE SECTOR INITIATIVES IN DIARRHEAL DISEASE PREVENTION

In addition to making ORS products more widely available through the strengths of the commercial sector, the program determined that these same strengths might be applied to the broader diarrheal disease issue. Toward this end, efforts were made to interest soap or detergent manufacturers in the public health benefits of soap products, particularly in regard to limiting the transmission of diarrheal disease.

These efforts resulted in Lever Brothers Pakistan, Ltd. deciding to develop a hand-washing promotional campaign in collaboration with PRITECH. Lever now plans to position and market one of its popular soap products for the prevention of diarrhea. In addition to its on-going advertising efforts, Lever plans to promote its products in Pakistani villages with a fleet of trucks with large screens on the back to show films. Lever has offered to show ORT and other health-related spots on these mobile vans free of charge. The possibility that Lever Brothers will become a marketer of ORS through its very extensive distribution network continues to be explored.

The commercial sector is the predominant channel for getting ORS to the public.



Commercial ORT promotional materials



CONCLUSIONS AND LESSONS LEARNED

The attempt to complement the important work of Pakistan's National CDD Program through innovative approaches to the commercial sector succeeded. That the effort was a success is clear since the basic CDD objectives of this pioneering initiative were achieved in a relatively short period of time and to an extent that the national profile of ORS distribution has already been changed favorably: ORS products are now more numerous and much more widely available in the commercial market than ever before. Because commercial firms came forward to invest in the effort and to realize the potential commercial market for ORS, the people of Pakistan now have much greater access to high-quality ORS products.

STIMULATING THE COMMERCIAL SECTOR

The PRITECH program in Pakistan has shown that several intervention mechanisms can be utilized to mobilize effectively commercial sector interest in ORS products and to apply market forces productively to expand the commercial ORS market.

BUILDING UPON PUBLIC-PRIVATE COOPERATION

The program in Pakistan would not have been possible without cooperation between government and commercial firms toward common goals. In trying to define those common goals, it was essential to allow differing interests (between government and private sector) to motivate the achievement of that goal. This was possible mainly through constant dialogue and improved communication between the public and private sectors.

One example of the identification of a common goal between the public and private sectors was the approach to consumers (or users of ORT). The government wanted to promote ORT as a composite concept (the use of ORS or fluids combined with breast milk or food.) Firms manufacturing ORS wanted to respond to consumer demand that ORS use should reduce stool output in addition to rehydrating. Once ORS manufacturers realized that ORS given along with foods would reduce stool output, they began to position their ORS products along with food and promote continued feeding during the use of these products.

PRITECH served as a catalyst, or broker, for the critical communications between the public and private sectors, helping to identify common goals and to find appropriate mechanisms to achieve those goals. The government continued to demonstrate a progressive willingness to explore complementary CDD activities with the private sector. Although commercial firms responded positively to requests to collaborate with the national effort to save children's lives, it was also important to point out to the firms that their participation in the effort would enhance their corporate image in the eyes of the government, prominent physicians and consumers.

The program in Pakistan would not have been possible without cooperation between government and commercial firms toward common goals.

UNDERSTANDING THE MARKET THROUGH ASSESSMENT

One important element of the success of this program was the careful application of commercial marketing methodology with the knowledge acquired about the unique characteristics of both the pharmaceutical and consumer goods marketplace in Pakistan. Over time, PRITECH assessed the ORS market in Pakistan to determine the potential for commercially marketing ORS products and to identify some of the means to realize that potential. This assessment was used to develop a Pakistan private sector strategy including marketing approaches and plans which were essential for optimally involving the commercial sector. An accurate understanding of the Pakistan market was a critical element in making technical assistance to firms appropriate and valuable to the firms.

With foresight and flexibility, the government responded to constraining issues identified by commercial firms.

FACTORING MARKET SIZE AND PROFITABILITY

The profitability of commercial ORS products had to be a given accepted by both the public and private sectors. Most commercial firms did not initially consider ORS to be a very profitable product. This perception had to be changed. Reassessing profitability was driven both by encouraging private sector executives about the significant size of potential consumer demand for ORS products and by reducing the costs of production. Data on the rates of diarrheal episodes among Pakistani children and the total number of children in Pakistan helped to convince executives about the potentially large size of the ORS market. Government willingness (discussed below) to rebate certain import taxes for ORS raw materials improved prospects for lessening ORS production costs.

CAPITALIZING UPON EXISTING PRODUCTION CAPACITY

Seven firms were producing ORS at the start of the program. Some of these had excess production capacity. Other firms had the means to produce but did not do so. The commercial sector, therefore, had the means to increase ORS production relatively easily without significant amounts of additional capital. This situation contributed favorably by reducing the opportunity costs for interested firms to participate in the program. Indeed, three additional firms began producing ORS products during the course of the program.

MODIFYING THE REGULATORY ENVIRONMENT

A critical outgrowth of the cooperative spirit between the public and private sectors was a change in government regulations that constrained the growth of the ORS market. With foresight and flexibility, the government responded to constraining issues identified by commercial firms. The two most significant modifications in government regulations were permitting the sale of ORS in all retail outlets, and allowing firms to receive a rebate of import taxes on packaging foil used in packaging ORS products. These modifications greatly expanded the possibilities for distributing ORS products and made the potential financial return to manufacturers from investing in ORS commercial marketing much more attractive.

FOSTERING POSITIVE COMPETITION

One important mechanism was to expect several different commercial firms with ORS production to participate in the program simultaneously. This approach allowed the principle of competition to further develop the potential of the general



Packaging ORS at a commercial production plant

ORS market and to exploit, to the maximum extent possible, differing distribution networks to get ORS to the largest number of consumers quickly. Fostering competition also helped to increase the number of ORS brands available to better serve a wider range of consumers.

Even after manufacturers began their commercial ORS marketing efforts, the availability of the ORS product had limits.

On the surface, working with several different firms with competing ORS brands might appear impossible or at best impractical. The competition might not allow cooperation. This issue, PRITECH found, was manageable by honoring the proprietary concerns of specific companies concerning their marketing plans and by identifying common interests of ORS producers around which the various firms could cooperate. These common interests, for example, included the constraints on the commercial ORS market (such as regulatory restriction of ORS sales to pharmaceutical outlets or low ceilings on retail price).

EXPLORING ALTERNATIVE DISTRIBUTION NETWORKS

The firms manufacturing ORS in Pakistan were pharmaceutical companies. By the nature of their other product lines, these firms have strong distribution networks for reaching chemist shops or other outlets for pharmaceutical products. Most shops of this sort are in the more urban centers of Pakistan. So, even after manufacturers began their commercial ORS marketing efforts, the availability of the ORS product had limits.

Therefore, it was important to work with ORS producers to widen their existing distribution networks and to identify additional distribution systems within the commercial arena which could increase the availability of ORS products in a wide range of retail outlets. In an effort to maximize ORS distribution and brand variety, PRITECH worked with four dairies and the U.S. firm Land O' Lakes on the development of liquid ORS products which could be distributed by the dairies to grocery and food retail outlets.

USING THE COMMERCIAL SECTOR FOR NON-ORS CDD WORK

Even if a company is not interested in marketing ORS, it is possible to convince it to contribute to the CDD effort in ways consistent with the company's objectives and product line. For instance, PRITECH initially approached Lever Brothers to ask the company to market ORS. Although the former chairman of the company considered the request, Lever did not agree to the proposal because ORS did not fit within its product line and had a very low ceiling on retail price. However, Lever responded positively to PRITECH's request that Lever position one of its soap products for hand-washing to prevent diarrhea. This appealed to Lever's sense of social responsibility as well as its self interest; positioning one of its soaps to prevent diarrhea could expand Lever's presence in the soap market.

MOTIVATING FIRMS WITHOUT DIRECT FINANCIAL ASSISTANCE

Even though the program could offer modest matching grants to firms to help in mobilizing their ORS marketing activities, the grants were not essential in motivating the firms. Participating firms valued the PRITECH program primarily for the technical assistance it offered and the "brokering" role it could play in the interface between the public and private sectors. The services sought most frequently by firms were facilitating interaction with the government, particularly regarding regulatory matters; technical linkages to national and international CDD efforts; technical guidance on ORT and appropriate ORS promotion; advice on



To help prevent diarrhea, companies can position a soap to promote hand washing.

alternative marketing techniques; access to market research data; guidance on the development of product promotional materials; and assistance in advertising.

CONTRIBUTIONS OF THE PUBLIC SECTOR

Throughout the PRITECH program, the achievements and contributions of the Government of Pakistan were very important and noteworthy. One such achievement was

the adoption of a standard national case-management policy for diarrhea. This policy promoted ORS as the first-line treatment in health facilities and as one of the home fluids for home treatment. The policy defined ORT as ORS/fluids plus breastfeeding plus feeding. In addition, the policy provided a state-of-the-art guideline which could be used by ORS producers to develop promotional materials and train detail and sales force to promote the product.

Furthermore, the government took steps to help make the diarrheal drug market become more favorable for ORS products. In 1987, for example, antidiarrheal and anti-bacterial combinations were banned. The government also stopped purchasing antidiarrheals for use in its health facilities. In 1990, all pediatric forms of anti-motility drugs were banned.

A very critical government contribution to the program's success was the responsiveness in reviewing regulatory issues affecting commercial ORS marketing and in taking action where appropriate to modify those regulations. Similarly, government CDD communication efforts helped to increase public awareness and demand for ORS. The program found that generic promotion of ORT by the public sector could be supplemented very effectively by brand promotion in the commercial sector.

PAKISTAN'S NATIONAL DIARRHOEA TREATMENT POLICY

ORAL REHYDRATION THERAPY (ORT): ORS + BREASTMILK + FOOD

- All patients with acute watery diarrhea should be treated with ORS.
- All patients with moderate to severe diarrhea should be treated with ORS with 100 ml of 10% sugar solution.
- All patients with severe diarrhea should be treated with ORS with 100 ml of 10% sugar solution.
- All patients with severe diarrhea should be treated with ORS with 100 ml of 10% sugar solution.

BREASTFEEDING

- Breastfeeding will be encouraged for all infants and should be continued during rehydration.

CONTINUED FEEDING

- Feeding should be resumed as soon as the patient is able to start on a diet that is more than 4 hours after start of rehydration.
- Mothers will be encouraged to breastfeed but may be treated with antibiotics and should be encouraged during maintenance.
- Breastfeeding bottles will be banned.

DRUGS

- All anti-diarrheal, antimotility and spasmolytic drugs will be banned or prescribed for adult and children, especially under 5 years.
- Antibiotics will be used only for specified indications to be based on the patient record, whenever used. This will include a laboratory diagnosis of bacterial or other systemic infections. Only a single antibiotic will be prescribed.

IV THERAPY

- IV will be used only for severe dehydration and only in patients who are unable to take oral rehydration.
- IV will be used only for severe dehydration and only in patients who are unable to take oral rehydration.
- Ringer's lactate is preferred but 5% Glucose with 5% Dextrose is an acceptable alternative. Glucose/Dextrose solutions.
- Fluids on IV will be started on ORS as soon as the patient is able to take oral rehydration.

IMMUNIZATION

- Ensure that no child under 5 years of age is immunized in 6 months (especially measles). Similarly, the mother should be immunized.

HYGIENE

- Staff will demonstrate commitment to importance of personal hygiene by washing their hands after handling each patient.

PLEASE ENSURE THAT

1. **The Need for the Child to Drink More Fluids than Usual.**
 - Mix ORS with breast milk or formula.
 - Give ORS orally, 100 ml per 100 g of body weight.
 - Give ORS with 10% sugar solution.
2. **The Need for the Child to Continue Eating**
 - Breastfeed and give formula, formula, sugar water and 10% ORS with 10% sugar solution.
3. **When to Bring the Child Back.**
 - Explain to parents that the child should be brought back to the health facility if the child is unable to take oral rehydration.
4. **How to Prevent Diarrhoea:**
 - Explain to parents the importance of handwashing, clean drinking and drinking water, and breastfeeding.



In its assessment of progress towards national CDD goals, the government acknowledged the role of the commercial firms. It also appreciated the role of commercial firms in disseminating messages about case management and prevention of diarrhea to private health providers whom the government had been unable to reach.

The PRITECH model operated by utilizing existing commercial market forces to stimulate the interest of firms in making a public health product widely available.

A NEW, MORE SUSTAINABLE MODEL FOR SOCIAL MARKETING

PRITECH utilized a new social marketing model in Pakistan for promoting and making public health products more widely available through commercial distribution channels. Unlike most other models, the PRITECH model did not rely on significant donor financing of product or marketing costs. Nor did it rely on a relationship with one main firm for marketing the public health product.

The PRITECH model operated by utilizing existing commercial market forces to stimulate the interest of firms in making a public health product widely available. A basic objective of the model was to make the environment for marketing the public health product more attractive to firms through demonstrating potential consumer demand and market size; enhancing the marketing abilities of the firms through technical assistance and market research; performing a brokerage function between the public and private sector; and, if appropriate, attempting to modify regulatory constraints to marketing the public health product.

The Pakistan experience has shown that this new model works. Indeed, commercial distribution and sales of ORS products have risen sharply during the program's implementation. ORS products are more numerous now and are more widely available than ever before in retail outlets. Impressive as these accomplishments are, there is another aspect of the model which is just as significant: contributions to greater sustainability.

The PRITECH model contributed to making national public health initiatives more sustainable by utilizing commercial distribution channels to reach the general public instead of relying only on public sector distribution.

Like other models, the PRITECH model contributed to making national public health initiatives more sustainable by utilizing commercial distribution channels to reach the general public instead of relying only on public sector distribution. In Pakistan, the marketing initiative resulted in the commercial sector replacing the public sector as the main channel of ORS distribution. This accomplishment relieved the government of the burden of financing the direct distribution of most of the ORS available to the public.

However, unlike other models, the PRITECH model relied on participating firms doing the bulk of their own investment for introducing ORS products into the market. Brand ownership, production and marketing decision authority was entirely in the hands of the participating firms. The chances of companies continuing to market ORS products after the PRITECH program ends are high for the following reasons:

- ▲ Companies can realize some profit through product sales.
- ▲ Product marketing costs are financed by the firms themselves through sales revenues.
- ▲ Several firms are involved, ensuring that no one company has a monopoly of the product.

- ▲ Competition among several firms should ensure that each company will present the best possible product at an affordable price.
- ▲ Companies made a commitment to ORT through increased investment in machinery, facilities and promotion.
- ▲ Trends for total sales of ORS products are on the rise.
- ▲ New companies are entering the ORS market, suggesting corporate confidence in future market growth.
- ▲ There is recognition that cooperation with national public health policies and goals improved corporate image.

Because of these factors, it is likely that companies will continue promoting ORT and others will join this effort. As long as the government maintains its existing policies and regulations, production, distribution and marketing of ORS by the commercial sector should continue to grow.

PRITECH believes that the achievements realized to date from this new social marketing model can be successfully replicated in other countries. The model would be particularly appropriate in other countries that already have existing ORS production capacity and more than one producer in the market. Although the model was applied only to ORS products, it could also be applied to other socially beneficial products.

THE ONGOING CHALLENGE

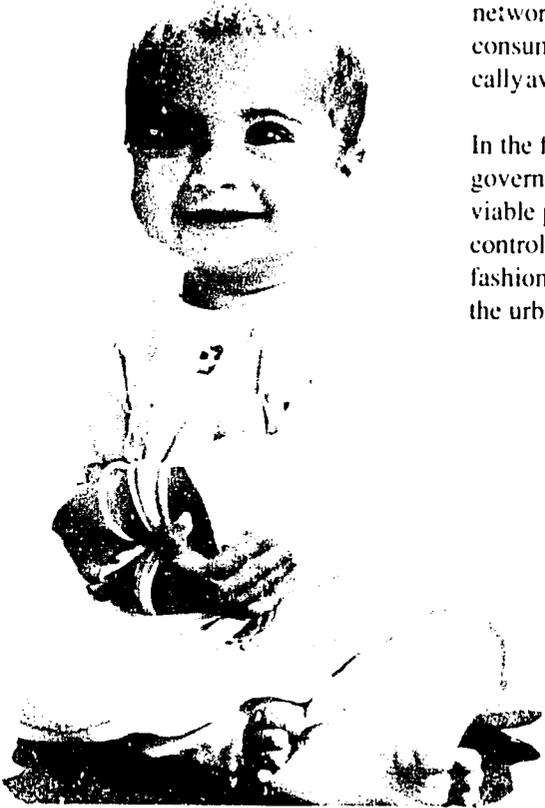
Although the effort to involve the commercial sector in making ORS more widely available has already produced admirable results, more can yet be accomplished.

A significant regulatory issue, from the perspective of the commercial sector, is the retail price ceiling on ORS products. Flexibility in product pricing is a basic premise in commercial marketing and the current price ceiling on ORS products is a constraint to market growth. It is possible that, as long as the price ceiling remains, consumer goods companies will not invest in marketing ORS products.

Another issue is how to stimulate more advertising by commercial firms so that potential consumer demand for ORS can be realized. Currently, pharmaceutical companies are restricted to spending no more than 5 percent of their sales revenues for advertising. This restriction results in limiting firms in the total amount they can invest in demand creation. In this environment, ORS products must compete with other products within any given company for a share of the limited advertising budget. Since ORS is a relatively low-profit product, companies, when allocating their advertising budget for various products, tend to place ORS at the bottom of the list. If an exemption to this advertising restriction could be given to ORS, producers might be willing to increase their promotional expenditures for ORS.



The greatest challenge is to ensure availability of ORS to all Pakistani children who need it.



An important new development is the arrival of cereal-based ORS products on the market. From a marketing perspective, these products offer the advantage of helping to meet consumer demand for interventions during diarrheal episodes which will also reduce stool output. Cereal-based ORS may represent a real opportunity to capture further market share from the classic antidiarrheal drugs, the use of which detracts from national CDD objectives. One manufacturer in Pakistan recently introduced a new cereal-based ORS product (while continuing to produce and market its pre-existing ORS brands). Another producer also has plans to introduce a cereal-based ORS.

Another significant development for the future is the interest in pre-mixed, liquid ORS products by dairy companies. Having liquid ORS products in the marketplace offers several potential advantages. One is that the use of pre-mixed ORS would eliminate historic public health concerns about consumers combining incorrect volumes of water with ORS powder at home. Pre-mixed, liquid ORS products, by production standard, would be the correct formulation. In marketing terms, having liquid ORS products would represent a marketing advantage in offering a diverse ORS product line which could more effectively meet the differing needs of varied segments of the consumer population.

The greatest challenge, however, is to ensure availability of ORS to all Pakistani children who need it. This means making ORS available in as many retail sales outlets as possible. This should include even very small shops, such as "karyana" shops in villages where most people live. To accomplish this objective, ORS products will have to be marketed through a still wider range of distribution networks. Entering new distribution networks will require the involvement of consumer goods companies selling products like tea or matches, which are typically available everywhere.

In the future, the private sector ORT initiative should focus on working with the government and consumer companies to find creative ways of making ORS a viable product for consumer goods companies to market, while maintaining quality control. If ORS is to be made available to all children who need it in a sustainable fashion, it will be the consumer goods companies that will take the product beyond the urban areas to the villages where most Pakistanis live.