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**The Transition to the
Commercial Sector
What Happens to
Socially Marketed
Products After
Graduating from
USAID Support?**

**SOMARC III
Special Study 1**

**The Futures Group
International**

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Special Study 1

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EXECUTIVE SUMMARY

Beginning in the early 1980s, the U S Agency for International Development (USAID) began exploring opportunities to shift the responsibility of contraceptive promotion and distribution in developing countries to the private sector through the Social Marketing for Change (SOMARC) project. A fundamental goal of SOMARC country programs has been to introduce contraceptive products into the commercial market that are affordable to low- and middle-income consumers. In each country, SOMARC works with a local private sector or NGO partner that is expected to take over the marketing and selling of the product(s) after USAID support is withdrawn. During the life of the project, this partner is supported through technical assistance and training to facilitate this transition. Over time, USAID financial and technical support is decreased. After the product becomes profitable, it is “graduated” and shifted entirely to the local partner.

Under the SOMARC II and III projects, a number of contraceptive products have graduated from USAID support. This study examines the experience of the commercial market in five countries during the first few years following the graduation of a USAID-supported socially marketed condom. In each country, the transition to the private sector occurred between 1991 and 1993.

This study attempts to answer two important questions: What happens to socially marketed products after graduation? What happens to a developing country's overall contraceptive market after donor assistance is withdrawn? These questions are examined from two perspectives, exploring both the marketing actions taken and the impact of those actions on the commercial market for these products.

This analysis of SOMARC's graduated products demonstrates that social marketing activities improve levels of knowledge, awareness and use of the method in the intended group of consumers. It also provides important insight into how products and the market behave after donor support is withdrawn.

- The socially marketed brand stays viable and continues to be marketed after assistance is phased out. Most companies will continue to invest in advertising and promotion for the product, albeit at a lower, more sustainable level.
- The total commercial market for the product grows *and* diversifies both during and after SOMARC involvement. Regardless of whether the socially marketed brand's share increases, stabilizes or declines, the market will continue to strengthen and remain active.
- Class C and D consumers continue to be served, either by the graduated product, which often maintains or lowers its real price, by the entry of new, low-priced brands, or sometimes by other higher-priced brands when consumers become less sensitive to price.

I INTRODUCTION

As both populations and the number of family planning users in developing countries have increased in recent years, governments and donor agencies have turned their attention to the question of who will pay for the growing cost of family planning. During the 1990s the number of users of family planning was expected to double, and the costs to double or triple¹. With a new emphasis on sustainable development and faced with declining levels of foreign assistance funds, donor agencies—including the U.S. Agency for International Development (USAID)—began shifting responsibility for contraceptive marketing to the private sector during the 1980s. The concept of social marketing grew out of the belief that the private sector had a role to play in providing social services and products. Now, as some of those programs have matured, donors are asking, “What happens to socially marketed products after they are transferred to the commercial sector?” And, more importantly, “What happens to the overall market for contraceptives in the years after donor assistance for a particular product is withdrawn?”

This study examines five countries where responsibility for a socially marketed contraceptive was transferred to a private sector or nongovernmental agency. The focus is on the principal products that graduated between 1991 and 1993. Following a brief discussion of social marketing and the concept of graduation, the report synthesizes the main findings and lessons learned in graduating products in the five focus countries. The report concludes by presenting the individual product histories for each country.

II SOCIAL MARKETING AND THE CONCEPT OF GRADUATION

The Social Marketing for Change (SOMARC) project is funded by the USAID Office of Population and implemented by The Futures Group International (FUTURES). Since its inception, the SOMARC project and its predecessor project, the International Contraceptive Social Marketing Project, have started new contraceptive social marketing programs in 32 countries and provided ongoing technical assistance in another 12 countries.

In each country, SOMARC identifies a local private sector or NGO partner to help implement the project. The product is priced to be affordable and easily accessible for low- and middle-income consumers and is supported by innovative advertising and promotion, often breaking new ground with contraceptive advertising in the mass media. SOMARC provides technical assistance, training, and funding as necessary to get the product off the ground and then to establish it as a viable product. Once the product is turning a profit and the local partner is ready to ensure the product's continued viability, the program is transferred to the partner and officially “graduated” from USAID support. By 1995, SOMARC had successfully graduated 18 socially marketed contraceptive projects (Table 1).

¹ R. E. Lande and J. S. Geller, “Paying for Family Planning,” *Population Reports* Series J, No. 39 (Baltimore: Johns Hopkins University, Population Information Program, November 1991).

Table 1

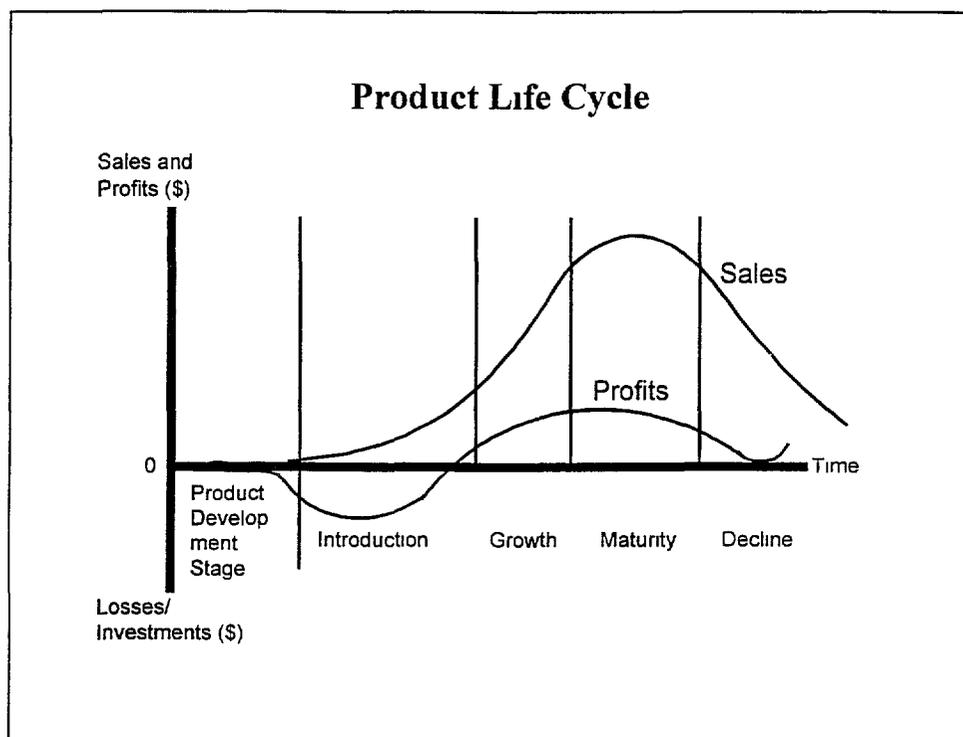
Year of Graduation from SOMARC	Product Name And Type	Country
1990	Microgynon orals	Dominican Republic
	Dualima condoms	Indonesia
	Blue Circle products	Indonesia
1991	Protector condoms	Mexico
1992	Panther condoms	Barbados
	Lo-Rondal orals	Dominican Republic
1993	Protex condoms	Morocco
	O K condoms	Turkey
	Protector condoms	Zimbabwe
1994	Protector condoms	Papua New Guinea
	Microgynon orals	Turkey
	Triquilar orals	Turkey
	Lo-Ovral orals	Turkey
	Ginera orals	Turkey
	Desolett orals	Turkey
1995	Microgynon orals	Morocco
	Minidril orals	Morocco
	Minigynon	Haiti

In order to graduate from SOMARC assistance, a product has to be deemed self-sufficient, that is, the product should be priced at a level that covers direct costs indirect costs and provides a reasonable profit margin to the distributor and it should have a relatively secure position in the market. SOMARC's pricing strategy varies from country to country, depending on the pricing strategies of other contraceptive brands on the market and what market research reveals of consumer attitudes about the relationship between contraceptive price and quality. In general the socially marketed brand has to be affordable to Class C and D consumers. The emphasis on strong advertising and promotion enables the local partner to generate sufficiently high sales volume to cover the costs of materials, marketing and promotional support and to turn a profit.

SOMARC bases the decision to graduate a product on one simple criterion: has the program served its purpose and been a social marketing success? A program is considered successful if the private sector market has expanded and there are high-quality, affordable products that are available to Class C and D consumers through the private sector.

From the perspective of the product's life cycle, SOMARC assistance covers the period of product development and introduction—when a company is required to invest money and take a risk (Figure 1 below). Graduation usually occurs when the product is in the maturity stage and profits are steady. Most products have a stable or increasing share of the market by the time of their graduation from SOMARC. After graduation, the local distributor is encouraged to keep the price at levels affordable to Class C and D consumers.

Figure 1



Source Philip Kotler and Gary Armstrong *Principles of Marketing* 6th ed
1994 p 330

As the following case histories demonstrate, in countries where a contraceptive product has graduated from SOMARC assistance, the product has remained viable after graduation and the market has continued to grow. The main findings and lessons learned are summarized below.

III MAIN FINDINGS SOMARC GRADUATED PRODUCTS

The product histories detailed in the individual case studies that follow provide a glimpse of what happens to products after they graduate from USAID support. The distributor's actions—or lack thereof—have direct results on product performance, the behavior of competing brands, and overall market performance. Likewise, the competition takes certain actions that affect the performance of the socially marketed product. This section summarizes the actions and results from the cases included in this report.

Actions Post-graduation

Price The case histories provide mixed evidence on pricing strategies of distributors during the post-graduation period. Two distributors increased the price of their product after graduation—Turkey and Mexico. In both countries, however, there was evidence that consumers were more interested in product quality than in price. Additionally, the price increases resulted in significantly improved profit margins for the distributors, perhaps extending the life of the

product. The other three distributors actually lowered the real (inflation-adjusted) price of the product, by deciding not to raise the price enough to keep pace with inflation (Barbados, Morocco and Zimbabwe). In all five countries, the post-graduation record shows that Class C and D consumers continued to be served by the graduated product, whose real price dropped (Barbados, Morocco and Zimbabwe) or maintained its relative position (Turkey), by the entry of a new low-priced product targeted to Class C and D consumers (Morocco), or by other, higher-priced products that took market share away from the graduated product, suggesting that price was no longer the most important factor for many consumers (Barbados and Mexico).

Distribution/Penetration Post-graduation distribution and market penetration trends are similarly mixed: two countries showed some improvements (Turkey and Zimbabwe), two countries showed no change (Mexico and Morocco), and in Barbados the distributor reported a decline since graduation. The one common finding is that in four of the five countries, the competition followed the socially marketed products' lead, improving distribution and availability of their brands and, in some cases, outperforming them (Barbados, Mexico, Zimbabwe).

Promotional Spending Advertising and promotional expenditures declined or stabilized in most cases, although in Turkey, the distributor increased spending levels by 17 percent in the first post-graduation year. All distributors received some financial support from the various post-graduation funds (PRFs) established by SOMARC. These funds were established prior to graduation using a portion of the revenues realized from product sales. The intention was to create a mechanism to support ongoing promotion of the products. In most cases, the funds would be continually replenished with a portion of the proceeds of future sales.

In Barbados and Mexico, post-graduation funds have expired since the products graduated several years ago. The Barbados distributor has continued to invest its own resources to promote and advertise the product. In Mexico, however, the distributor has focused on other product lines and not invested anything in the graduated product—this is likely to be directly related to the decline in product sales and market share.

Product Image Only one program has revamped its image since graduating from SOMARC—Barbados modified its Panther condom to relay a dual message of family planning and prevention of HIV and sexually transmitted infections (STIs). The other four products had newly updated images and packaging at the time of their graduation, most with a strengthened emphasis on STI/HIV prevention.

Competitors' Advertising In all five countries, SOMARC introduced brand-specific condom advertising in the mass media, overcoming public opposition and paving the way for other condom brands and other contraceptives. The competition learned its lessons well from the SOMARC project—in three countries, the competing brands changed their advertising strategy during or after SOMARC involvement (Barbados, Mexico and Turkey) to mimic the advertising approach taken by the socially marketed product. In Mexico and Barbados, the higher-priced competition invested more in advertising than the graduated product and subsequently stole market share away from it.

Results Post-graduation

Sales Volume The results of distributors and competing brands' behavior can be seen by monitoring volume sales of the socially marketed brand and in the total market, the diversity and concentration in the market, and trends in knowledge, attitudes and practices related to the contraceptive method. In all five cases, the total condom market continued to grow. According to the estimates of pre- and post-graduation market size, there was a continued increase in the size of the overall market during and after the period of SOMARC assistance. Additionally, in four of the five cases, the SOMARC product sales volume also increased post-graduation. The one exception is Mexico where sales of Protector condoms have steadily declined (although the profit margin has increased due to price hikes).

Market Position, Concentration and Diversity In four of the five cases, the socially marketed brand held the No. 1 or No. 2 position, most often with between one-fourth and one-third of the market. In general, the market for the product became more competitive and diversified during and after the period of SOMARC assistance. The socially marketed brand frequently was introduced in a near-monopoly situation where one brand was responsible for the majority of sales volume. By 1994, all five countries had at least two strong brands actively competing with each other for market share, and Morocco and Mexico had 4-5 strong brands at a range of prices.

The availability of the competitively priced socially marketed brand not only gave consumers more choice but often prompted the introduction or intensified marketing of other brands as well. In Morocco, three new brands have been launched since Protex's graduation. In Barbados, Mexico and Zimbabwe, minor brands responded to SOMARC's initiatives by radically improving their own distribution and advertising strategies, subsequently becoming leaders in the market.

Knowledge, Attitudes and Practices In all five countries, market research showed improvements in key indicators in the target group of consumers. Most registered increases in use of the method or the frequency of use and brand awareness levels tended to increase as well. Additionally, the media became a more important source of information about the method, and pharmacies were more widely recognized as a source of supply.

Conclusions

The analysis of SOMARC graduated products provides important insight into how products and the market will behave after donor support is withdrawn.

- The socially marketed brand stays viable and continues to be marketed after assistance is phased out. Most companies will continue to invest in advertising and promotion for the product albeit at a lower, more sustainable level.
- The total commercial market for the product grows *and* diversifies both during and after SOMARC involvement. Regardless of whether the socially marketed brand's share increases, stabilizes or declines, the market will continue to strengthen and remain active.

- Class C and D consumers continue to be served either by the graduated product which often maintains or lowers its real price by the entry of new, low-priced brands or sometimes by other, higher-priced brands when consumers become less sensitive to price and more sensitive to advertising
- The social marketing projects improve levels of knowledge, awareness and use of the method in the target group of consumers

CASE STUDIES

PROTEX CONDOMS IN MOROCCO 1989-1994

Introduction and SOMARC Assistance

In the late 1980s, the commercial market for condoms in Morocco was small usage rates were low, and sources of information were limited. In 1988, the total commercial market for condoms in Morocco was estimated at 1.4 million condoms. Only 2.7 percent of male respondents in a 1988 baseline survey of knowledge, attitudes and practices reported currently using condoms in 1988.² Nationwide, only 0.5 percent of married women reported using condoms in the 1987 DHS, while 41 percent did not know what condoms were.³ The baseline research also highlighted the limited channels of information about condoms. 5 percent of male respondents reported the media as a source of information for condoms, and 5 percent said private clinics. Most respondents obtained information about condoms from informal sources (72%) and from public clinics (35%).

Condom advertising and promotion were practically nonexistent at the time of Protex's launch, with the exception of limited point-of-purchase materials (e.g., stickers). Additionally, condoms had a reputation as a product for use only in extramarital relations.⁴ Pharmacists generally kept condoms out of sight. 87 percent of pharmacies included in a 1988 retail audit kept condoms in the counter drawer where they were close at hand but out of sight. Sellers ensured that the condoms were sold to the client quickly and discreetly. As a result of the lack of advertising and promotion, brand loyalty was very low. Pharmacies reported that 80 percent of condom clients asked for the product without specifying a brand. Only three of 60 pharmacies visited in 1988 displayed any point-of-purchase materials. However, more than half of the sellers (60%) said they would display promotional materials if the materials were discreet and family planning-oriented.

The SOMARC condom initiative was designed to help the Government of Morocco (GOM) achieve its stated goal of reducing reliance on the public sector for family planning supplies. DHS data show that in 1987, prior to launch, pharmacies supplied 9 percent of all modern methods. The 1988 baseline survey found that 19 percent of current condom users in the target group of Class C and D consumers obtained condoms from a pharmacy, 81 percent said they got condoms from a public hospital or clinic. Additionally, most of the target group condom users (78%) said they typically used free condoms.

² SOPHACENTRE. Enquete Nationale sur la Contraception. Rapport Final. April 1989 (fieldwork in 1988) study conducted for The Futures Group SOMARC project (Rabat: Societe Pharmaceutique de Centre Programme Marketing Social au Maroc (SOPHACENTRE), Societe Moussahama, Ingenierie et Conseil en Economie, 1989). The survey used a sample of married men in low- and middle-income households in semi-urban and urban areas. This group represents the target group of consumers for Protex condoms.

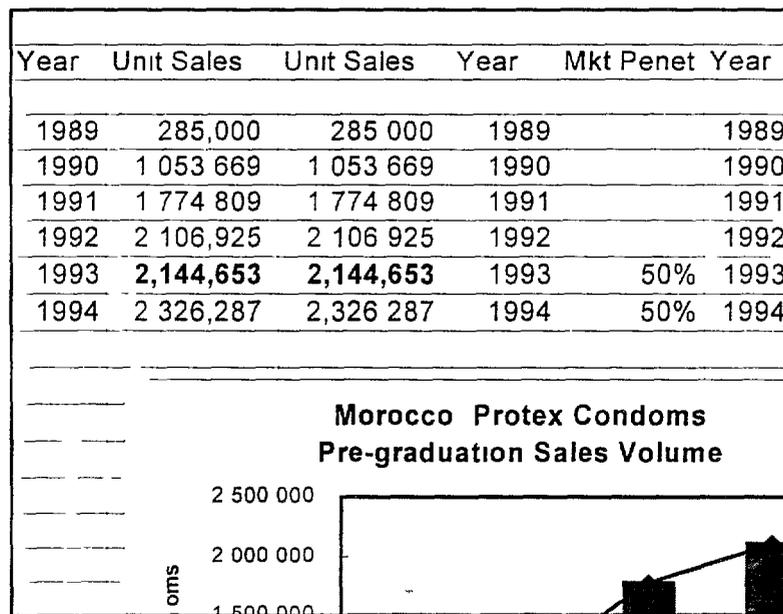
³ IRD/Westinghouse. Enquete Nationale sur la Planification Familiale, la Fecondite et la Sante (ENPS) 1987" (Columbia, Maryland: Demographic and Health Surveys Institute for Resource Development and Ministère de la Sante Publique, Service des Etudes et de l'Information Sanitaire, Rabat, Morocco, March 1988).

⁴ Societe Moussahama. Programme Marocain de Marketing Social de Contraceptifs. Plan Marketing, 1989-1990" (Rabat: Societe Moussahama, July 1989), p. 10.

SOMARC introduced the Protex condom in 1989 as part of the Moroccan Contraceptive Social Marketing Project (MCSMP). SOMARC created the brand name (Protex) and developed a package design and advertising and promotional campaign. With technical assistance, commodities and funding from SOMARC, Groupe Moussahama a private pharmaceutical distributor based in Casablanca Morocco, began distributing Protex condoms. From the start of its work in Morocco SOMARC focused on attaining financial self-sufficiency for the condom program, with an initial plan to graduate the condom five years after its launch. The strategy included using donated condoms to attract initial private sector involvement then phasing out to commercial sourcing and graduation.

The project's goals were to increase knowledge, acceptance and use of condoms, particularly among Moroccans in the middle and lower socioeconomic classes (Class C and D consumers) in urban and semi-urban areas. SOMARC was charged with opening the commercial market for condoms in a very conservative social and religious setting. The project adopted a careful, slow approach to the activity during the initial period. Using a strong program of market research, SOMARC was able to effectively target consumers and to market the product in a culturally sensitive manner. At the end of one year of well-thought-out public relations efforts and policy work, the environment had changed sufficiently to allow a more open approach to contraceptive marketing. Fears of a conservative backlash had been quelled, and condom sales were encouraging.

Figure 2



At the time of Protex's launch the market was dominated by a few expensive brands. Olla condoms were the clear market leader, with around 80 percent of the commercial market.⁵ Olla's

⁵ PROMOPLUS 'Enquete Pharmacie sur le Marche des Preservatifs Rapport Final' (fieldwork in August 1988), study conducted for Moussahama-SOPHACENTRE Programme de Marketing Social de Contraceptifs au Maroc and SOMARC (Rabat PROMOPLUS and Groupe Moussahama June 1989)

dominant position was attributed to its excellent market penetration and widespread availability. Attracting consumers with advertising, promotion and a competitive price, however, Protex rapidly established itself in the market, gaining a sizable share of commercial sales. Protex sales rose quickly from 285,000 condoms in the first year on the market to over 1 million in 1990 (Figure 2). Sales volume continued to climb during the next several years, increasing by 68 percent in 1991 and 19 percent in 1992. By 1992, Protex accounted for over half of all condoms sold in the country.

Much of the success of the Protex project is related to the intensive program of market research that supported SOMARC's efforts in Morocco. Market research conducted prior to Protex's launch identified the main obstacles to higher condom sales as little or no appropriate advertising and promotional materials, widespread negative attitudes about condoms, and stock-out problems.⁶

SOMARC developed its marketing strategy to respond to the research findings. The Protex marketing plan called for ground-breaking brand-name advertising in the mass media and innovative promotional activities to encourage point-of-purchase displays in retail outlets. SOMARC marketed Protex with a clean-cut image, portraying it as a reliable method of family planning. Advertisements stressed that "family planning is also a man's responsibility," a message that proved widely acceptable among the target audience. Advertising research in 1990 found that 93 percent of those surveyed approved of the theme.⁷

To avoid the stock-out problems experienced by other commercial brands, SOMARC designed a strong distribution strategy to ensure a steady supply of Protex to pharmacies. Protex was widely distributed in urban and semi-urban pharmacies throughout Morocco. By 1992, it was available in 98 percent of pharmacies in Rabat and Casablanca. Protex became the first condom sold in non-pharmaceutical commercial outlets—distribution was expanded to the 'tabacs' (tobacco stands) on an experimental basis in 1993.

Radio advertisements for Protex proved effective. Follow-up research showed high recall of the ads among the target group of consumers. Additionally, a mystery shopper contest in 1993 was used to encourage the use of point-of-purchase materials in pharmacies. One of the first events of its kind under SOMARC, the contest was intended to overcome the problem of pharmacists keeping condoms in the drawer and out of sight. To be eligible to win the drawing, the pharmacist had to display point-of-purchase materials and the product and respond "yes, we sell Protex" when asked by the mystery shopper. The final drawing was covered on national television and the contest was deemed a huge public relations success.

⁶ PROMOPLUS 1989

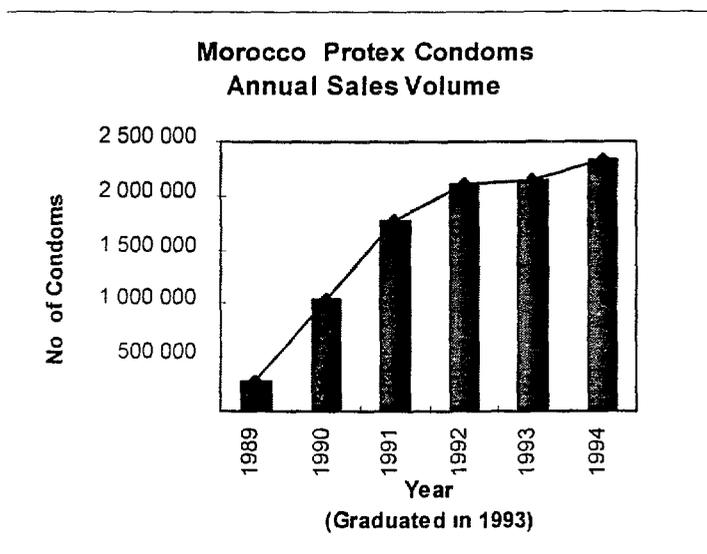
⁷ SOPHACENTRE. Evaluation de l'Impact de la Campagne de Communication de Protex, prepared for the Programme Marocain de Marketing Social and SOMARC (Rabat: SOPHACENTRE, October 1990).

Transition and Post-graduation Experience

By 1993, one year before its intended date of graduation, the Protex project was financially self-sufficient. All project costs were covered by sales revenues with around 40 percent of annual revenues used for advertising and promotion. The product was firmly established on the market and accounted for over half of all commercially sold condoms. SOMARC transferred full control of the Protex project to Moussahama, a private-sector wholly owned Moroccan pharmaceutical manufacturer and distributor, in October 1993.

According to the terms of the graduation agreement between SOMARC and Moussahama, the distributor was required to continue advertising and promotional activities for Protex and to keep the product priced competitively within the condom market. Beginning in mid-1993, Moussahama started replacing donated condoms with condoms purchased directly from a supplier outside of Morocco (Korea). A sample batch of the new condoms was sent off to be tested for reliability and a quality control system was put in place. Sales in the first full year after graduation increased 8 percent over the previous year, continuing a steady pattern of growth (Figure 3).

Figure 3



Protex's market share stabilized after graduation with about 60 percent of the market (Table 2)⁸. The slight decline in market share from pre-graduation years reflects the introduction of two new, competitively priced condoms: Soft and Istar, in 1994. Soft was launched by a local firm in January 1994 and priced to compete directly with Protex (8 dirhams per 3-pack) while Istar was priced 75 percent higher than Soft and Protex (14 dirhams per 3-pack). A third brand was introduced in 1995, Protector, and was priced slightly higher than Protex at 10 dirhams per 3-

⁸ Estimates of Protex market share are unit sales divided by estimates of the size of the total commercial market for condoms (also see Note 9 on size of the commercial condom market)

pack The introduction of the new, lower-priced condoms in Morocco is evidence of the increased private sector interest in the condom market. It has been transformed from a quasi-monopoly into a thriving competitive market with several strong brands and a range of prices.

Table 2

Year	Estimated Annual Volume Share of the Commercial Condom Market
1989	15%
1990	46%
1991	65%
1992	67%
1993	60%
1994	60%

Moussahama has continued to invest in advertising and promotion during the post-graduation period. During the first full year after graduation, it maintained spending levels of approximately 40 percent of revenues for advertising and promotion. Some of these costs were offset by funds available from the Product Revenue Fund and Market Incentive Fund, both set up by the SOMARC project to encourage continued spending on advertising and promotion. Protex's image was revamped in 1993, just prior to graduation. Four new radio spots were produced and aired in 1993 and 1994, marketing Protex with a dual message of family planning and STI/AIDS prevention. Additionally, the Protex packaging was redesigned in 1995, and a new 12-pack was expected to boost sales of the product.

Distribution continues to be a priority for the Protex project. By 1994, Protex was available in 100 percent of pharmacies nationwide. Additionally, although Protex's availability outside of pharmacies was limited in 1995 to a few tabacs in Rabat and Casablanca. Soft condoms (Manarum Rubber Teck) were being distributed in non-pharmaceutical outlets.

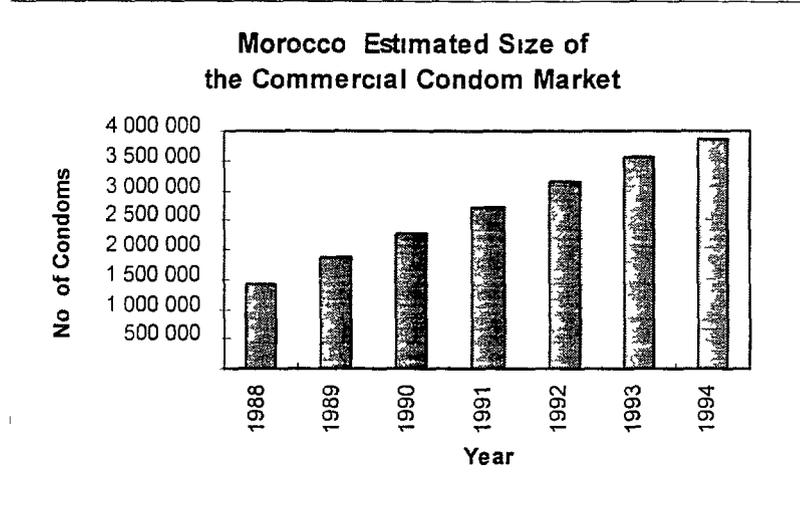
The Condom Market and Usage in Morocco 1988-1994

The move to make condoms more widely available and acceptable had a visible effect on the total size of the commercial condom market in Morocco (Figure 4). The total commercial market in Morocco grew from an estimated 1.4 million condoms in 1988 to around 4 million in 1994.⁹ The estimates must be qualified by two considerations: no central agency tracks the number of condoms imported and/or sold in Morocco, and a thriving black market in condoms competes with legal sales throughout the country.¹⁰ In spite of the black market, the best estimates of the commercial market for condoms show that it has more than doubled since Protex's introduction.

⁹ Estimate for 1988: Societe Moussahama, 1989 (p. 17). Estimate for 1994: SOMARC Distributor Survey, Spring 1995. All other years are interpolated.

¹⁰ Personal communication, Alternative Consultants, Rabat, July 1995.

Figure 4



The increase in the size of the commercial market for condoms was spurred by two factors—an increase in the number of condom users in Morocco and a change in where users obtained their condoms. Although no information is available yet for the post-graduation period, a comparison of survey data from 1988 and 1993 shows that condom use in the Protex target population and in Morocco in general increased during the period of SOMARC assistance.

In 1993, a tracking survey found that 15 percent of male respondents in the target group were currently using condoms, up from just 2.7 percent in 1988.^{11,12} This five-fold increase in condom use was much greater than the increase in current use of any contraceptive method¹³ reported—from 68 percent in 1988 to 74 percent in 1993—and reflects the growth in the overall condom market during this period.

Given the extremely low levels of condom use in Morocco in 1988, SOMARC took a two-pronged approach to encourage condom use, and succeeded in increasing condom use. Project resources persuaded people who currently did not use any contraception to start using condoms, as discussed above. Additionally, the project convinced current users of contraception (especially users of traditional methods) to use condoms along with their current method. Within four years of Protex's launch, market research showed increases in the proportion of current contraceptive users who used condoms. Of married men in the target population who currently used any method of contraception, 20 percent reported using condoms, up from 3.9 percent in 1988.^{14,15}

¹¹ SOPHACENTRE, 1989.

¹² TECHNIPROJET, "Enquête Nationale d'Évaluation du Projet Protex: Enquête Hommes Mariés, Rapport Final," prepared for the Programme Marocain de Marketing Social and SOMARC (Rabat: TECHNIPROJET, 1993). The report notes that frequency of use is low—only 36 percent of current users used a condom every time they had sexual intercourse.

¹³ Includes modern and traditional methods.

¹⁴ SOPHACENTRE, 1989.

¹⁵ TECHNIPROJET, 1993.

Several SOMARC actions are likely to have contributed to the increase in condom use among the sample population. During the period 1989-1993, the Protex project introduced condom advertising in the mass media—a first in Morocco. In 1993, nine of 10 male respondents said they obtained information about condoms in the media (88%), compared with 5 percent in 1988. Private clinics also became more popular as a source of information. 31 percent of respondents obtained information about condoms from private clinics in 1993, versus 5 percent in 1988. Informal sources and public clinics continued to be important sources of information, 75 percent and 26 percent respectively, with little variation from the 1988 figures.¹⁶

The tracking survey data show a marked increase in the share of the Protex target group that obtained condoms from the private sector and that paid for condoms, suggesting that much of the increase in condom use in the sample population was related to the commercialization of condoms in Morocco. In 1993, over 90 percent of current condom users reported pharmacies as a source of supply, while only 33 percent mentioned a public hospital or clinic. These figures contrast sharply with the baseline results: in 1988, 19 percent of current users reported obtaining condoms from a pharmacy, and 81 percent said they obtained condoms from a public hospital or clinic.¹⁷

Reflecting the change in venue from the public to private sector, more users also paid for their condoms. In 1993, just 11 percent of target group users said they typically used free condoms (compared with 78 percent in 1988), while 62 percent said they paid a nominal price (less than 3 dirhams per unit).¹⁸ The five-fold increase in condom use in the target group sample population is even more impressive given that respondents generally paid for condoms in 1993, rather than receiving them free of charge.

Among Moroccans as a whole, condom use and knowledge also increased. The 1992 DHS covered a nationally representative sample of married women and men and found an increase in condom use during the period of SOMARC involvement.^{19,20} Between 1987 and 1992, condom use among married women of reproductive age nearly doubled, rising from 0.5 percent to 0.9 percent. (A comparison of male usage rates is not available. Although the 1992 DHS included men, the 1987 survey did not.) Additionally, DHS results show that almost three-fourths of married women knew about condoms in 1992 (72%) compared with 59 percent in 1987. In 1992, 80 percent of married men and 92 percent of single men knew about condoms.

¹⁶ SOPHACENTRE 1989 (p. 43) and TECHNIPROJET 1993 (p. 26)

¹⁷ SOPHACENTRE 1989 (p. 81) and TECHNIPROJET 1993 (pp. 49-50). The 1993 questionnaire asks where users obtain supplies and prompts for additional sources. Therefore, users who obtain condoms from the public sector may also buy condoms in pharmacies, and vice versa. The 1989 report contains information on just one source of supply (probably by first mention) to get a total of 100 percent of users.

¹⁸ TECHNIPROJET 1993 (pp. 46-47). Another 3 percent of condom users in 1993 said they generally paid 3-4 dirhams per condom, and 16 percent said they paid more than 4 dirhams.

¹⁹ Macro International Inc. Enquete Nationale sur la Population et la Sante (ENPS-II) 1992 (Columbia, Maryland: Demographic and Health Surveys, Macro International Inc. and Ministere de la Sante Publique, Secretariat General (DPSI), Service des Etudes et de l'Information Sanitaire, Rabat, Morocco, August 1993).

²⁰ IRD/Westinghouse 1988.

Conclusions

The Morocco Protex program was introduced in a conservative social setting and charged with avoiding a conservative backlash by slowly and modestly introducing condom marketing and advertising. In spite of tremendous restrictions at the outset, the program was able to achieve its goal of increasing knowledge, acceptance and use of condoms among Class C and D consumers in urban and semi-urban areas. Protex's post-graduation performance is encouraging.

- Protex remains an active viable brand, with continued increases in sales volume and around 60 percent of the market for commercial condoms
- Product price has not changed since graduation
- Protex's culturally sensitive approach opened the commercial market for contraceptives and paved the way for advertising of other condom brands and methods in Morocco
- The Protex distributor has maintained distribution and the product is available in 100 percent of pharmacies nationwide
- The overall market for condoms has continued to grow and diversify. Two new, competitively priced condoms have been introduced since Protex's graduation.

O K CONDOMS IN TURKEY 1991-1994

Introduction and SOMARC Assistance

In the early 1990s, Turkey had a commercial market for condoms, but it was characterized by limited sources, imported international brands, little or no advertising and promotion, and low levels of brand awareness. The commercial market was estimated at 19 million condoms in 1991, and condoms were sold exclusively in pharmacies²¹. A 1990 retail audit found that point-of-purchase materials were "almost nonexistent in the pharmacies surveyed"²². Pharmacists explained that even when materials were provided by the wholesaler, store owners did not display the materials for fear of offending consumers. Likewise, only 7 percent of pharmacies offered family planning educational materials. Advertising baseline research in 1990 found that 27 percent of all male respondents were spontaneously aware of any condom brand²³. Additionally, among men in the survey who had ever used a condom, more than one-third could *not* name a brand of condom they had used.

The O K condom was introduced in May of 1991, the first of a new generation of SOMARC products. SOMARC provided technical assistance to Eczacıbaşı, a private pharmaceutical and consumer products distributor based in Istanbul, Turkey. SOMARC designed the project so that it relied exclusively on commercially purchased condoms, with no donations from USAID. All commodity, management and distribution costs were covered by Eczacıbaşı. From the beginning, the distributor and SOMARC worked toward a goal of graduation and product self-sufficiency. The project objectives were to desensitize the issue of condom promotion, increase the availability and distribution of condoms, and sell 3.5 million O K condoms in the first year.

In its first two years on the market, O K outperformed all expectations. Eczacıbaşı sold 4.5 million condoms in 1991 and 5.9 million in 1992, exceeding sales targets by 28 percent in 1991 and 18 percent in 1992 (Figure 5 below)²⁴.

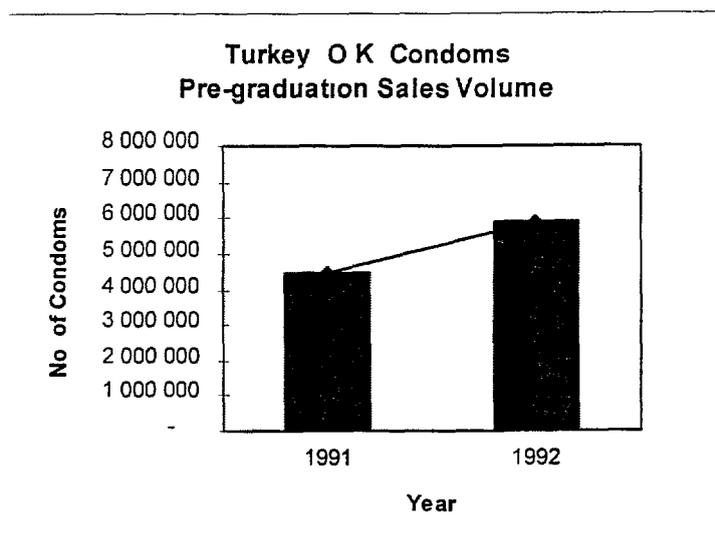
¹ Estimate of market size. SOMARC Distributor Survey, Spring 1995.

Zet Market Research Services Ltd. Retail Audit of the Turkish Condom Market, prepared for SOMARC/The Futures Group and the Turkish Family Health and Planning Foundation (Istanbul: Zet Market Research Services, Ltd., April 1990).

² Zet Market Research Services Ltd. Turkish Contraceptive Social Marketing Project Advertising Baseline Survey, prepared for the Turkish Family Health and Planning Foundation and The Futures Group (Istanbul: Zet Market Research Services Ltd., February 1990).

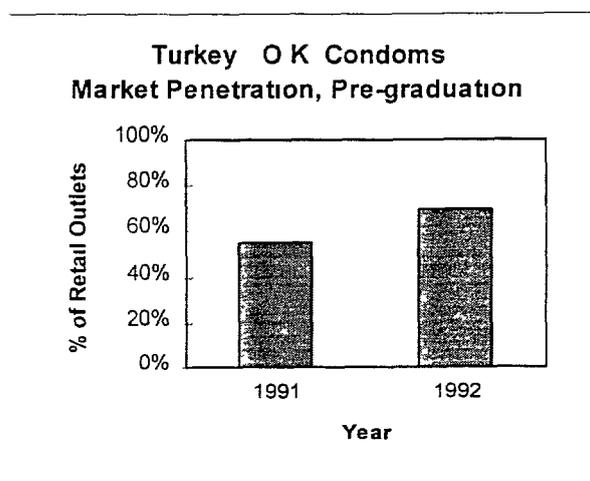
⁴ Maggie Huff-Rousselle, Cindı Cisek, and Roy Jacobstein, "Success Stories and Unintended Consequences: The Private Commercial Sector and Contraceptive Social Marketing in Turkey," paper presented at the June 1994 NCIH International Health Conference, Social Sectors Development Strategies, Inc., Boston, Mass., 1994.

Figure 5



The O K product was widely distributed throughout Turkey in an effort to make condoms more readily available to consumers. Within the first year Eczacıbaşı distributed O K to over half (55%) of condom retail outlets. By 1992, 70 percent of all outlets that sold condoms were carrying O K (Figure 6). The distributor was marketing O K in both pharmacies and supermarkets. O K became the first condom sold in Turkish supermarkets and competing brands soon followed suit.

Figure 6



SOMARC funded brand-specific condom advertising, and O K became the first condom to be advertised on Turkish television. The O K advertisements were designed to be sensitive to socially conservative Turkish consumers, winning both national and international awards. The O K television spot won Turkey's Crystal Apple award for 1992-93, and the Population Institute award in 1994.

Prior to the launch of O K , several condom distributors had sought approval from the Turkish Radio and Television Bureau (TRT) to air condom advertising but the requests were denied. Eczacıbaşı, with assistance from the Turkish Family Health and Planning Foundation (TFHPF), successfully lobbied the TRT for approval of the first brand-specific condom advertising to be aired on Turkish television. The television spot was approved principally because of its subtle nature. The spot features a young Turkish couple who are asked to talk about sex in the context of conscious family planning. The commercial cleverly integrates the O K brand name and its double-meaning throughout the commercial but without mentioning the word “condom”.

The 1992 tracking study results suggest that the O K approach succeeded in making condom advertising acceptable. Of the more than 1,600 married men and women of reproductive age included in the survey, three-fourths approved of condom advertising on television and radio. Additionally, 26 percent reported recently hearing an advertisement for O K condoms. Of these, 90 percent saw an advertisement on television. Promotional materials in pharmacies still were not common—only 9 percent of respondents said they had seen advertising for O K in a pharmacy.²⁵

SOMARC’s pricing philosophy for the introduction of the O K condom was to position the condom product in the lower third of the price range for the overall market and slightly above the low-priced brands in order to avoid any problems with product image or quality. In late 1991 Eczacıbaşı implemented a price increase for O K , raising the price to 7,000 Turkish lira for a 10-pack, slightly above the low-priced market-leader, Jellia, which sold for 5,000 lira per 12-pack.²⁶ By the time of O K ’s graduation, Eczacıbaşı had increased the condom’s retail price five-fold from the time of its launch (consistent with the overall market) but maintained its position midway between the most expensive brands Amor and Durex and the least expensive brands, Jellia and Beybi.^{27 28}

Transition and Post-graduation Experience

O K achieved such high volume sales in its first two years on the market that the product was financially and technically self-sufficient. The condom project graduated from SOMARC assistance in December 1993, two and a half years after the product’s launch.²⁹ A formal agreement for graduation of the product was drawn up between Eczacıbaşı, TFHPF and

⁵ Zet-Medya Research Publishing and Consultancy Co. Inc., “Turkish Contraceptive Social Marketing Project Advertising Tracking Survey,” prepared for Turkish Family Health and Planning Foundation and The Futures Group (Istanbul: Zet-Medya Research Publishing and Consultancy Co. Inc., November 1992).

⁶ Sheila Maher and Cindi Cisek, *SOMARC Turkey Trip Report* (Washington, D.C.: The Futures Group, September 1991).

⁷ Zet-Nielsen Business Information Inc., “Retail Audit of the Turkish Condom, Orals and IUD Markets,” prepared for SOMARC/The Futures Group and the Turkish Family Health and Planning Foundation (Istanbul: Zet-Nielsen Business Information Inc., 1994), p. 32.

⁸ Because of high annual inflation in Turkey during these years, the nominal price of goods—including contraceptives—increased rapidly. The real retail price (nominal adjusted for inflation) of O K increased by 7 percent between 1991 and 1992, 85 percent between 1992 and 1993, and 59 percent between 1993 and 1994.

⁹ “SOMARC’s Condom Projects in Morocco and Turkey Achieve Complete Self-Sufficiency,” *SOMARC Highlights* (Washington, D.C.: The Futures Group, March 1994).

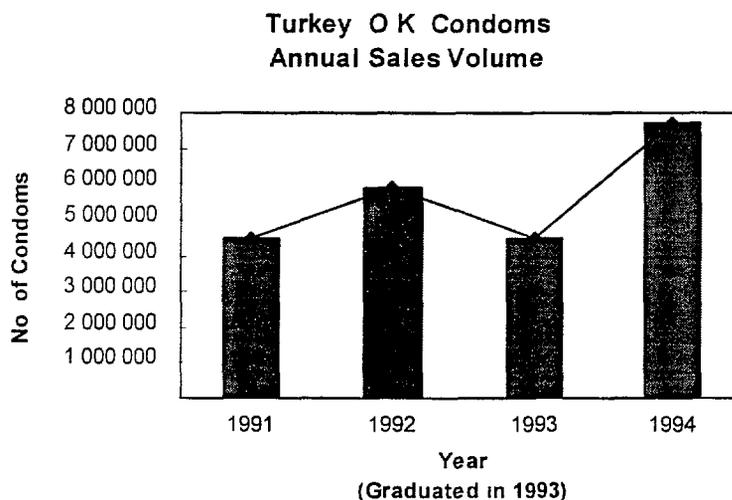
SOMARC The terms of the agreement call for Eczacıbaşı to “maintain maximum levels of distribution and continue to attempt to expand distribution wherever possible”⁰ Additionally, the distributor was required to continue contributing 10 percent of the cost of the goods to TFHPF in a return-to-project fund intended to support additional social marketing activities

Market share and sales volume dipped slightly in 1993, following a decline in real promotional investments in 1992 (Table 3 and Figure 7) and coinciding with the start of a general economic recession in Turkey OK’s market share rebounded in 1994, increasing from 20 percent in 1993 to 31 percent the next year, its highest share since introduction³¹ Product sales also recovered, rising to an all-time high of 7.7 million condoms in 1994

Table 3

Year	Estimated Annual Share of the Commercial Condom Market
1991	24%
1992	28%
1993	20%
1994	31%

Figure 7

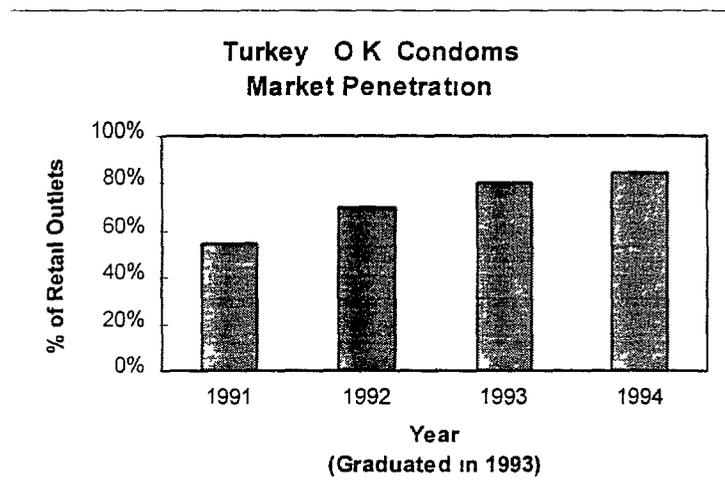


⁰ ‘Memorandum of Understanding for Graduation of the O K Condom Social Marketing Project in Turkey’ (Washington D C The Futures Group November 1993)

³¹ Estimates of O K market share are unit sales divided by estimates of total condom market size (from SOMARC Distributor’s Survey, Spring 1995)

In keeping with the terms of the graduation agreement Eczacıbaşı continued to place a high priority on expanding distribution of O K. An estimated 85 percent of retail outlets that sell condoms in Turkey carried O K condoms in 1994 (Figure 8)

Figure 8



Additionally, post-graduation promotional expenditures show an increase of 17 percent in real terms during the first full year after graduation compared to spending levels in 1993 (Table 4). Some of the costs of promotion were offset by funds made available through the return-to-project fund over the course of the year. Nominal spending (not adjusted for inflation) increased by 90 percent. As sales volume continued to climb in 1994, the cost of promotion per unit sold dropped by one-third in 1994.

Table 4

Year	Annual Promotional Expenditures (Constant 1991 Turkish Lira)*	Promotional Expenditures per Condom Sold (Constant 1991 Turkish Lira)*
1991	2,609 million	584
1992	1,568 million	267
1993	1,482 million	329
1994	1,741 million	225

* Because of high annual inflation in Turkey, the amounts are adjusted for inflation and presented in constant terms.

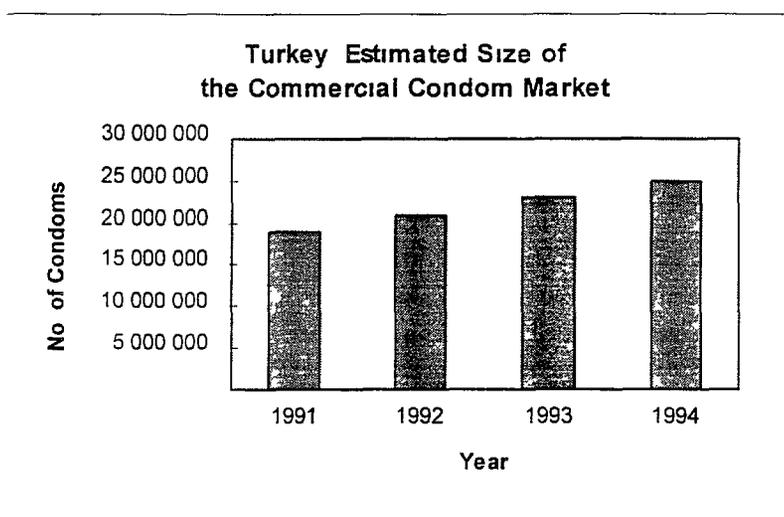
The Condom Market and Usage in Turkey 1990-1994

Between O K's launch in 1991 and 1994, the total market for condoms grew by an estimated 6 million condoms, or 32 percent (Figure 9). Jelha, the market leader in 1990, experienced a decline in sales volume over the period (from around 11 million to 8 million) as some consumers switched brands to O K. Nevertheless, at nearly 8 million units, total sales of O K in

1994 far outweighed the 3 million unit drop in Jellia sales, indicating that O K customers were comprised of new users as well as brand-switchers. The two other leading brands, Amor and Eros, also increased their total sales volume between 1990 and 1994.

The growth in the market was a reflection of O K's success as a commercial product targeted to low- and middle-income consumers. The majority of O K users in 1992 were Class C, D and E consumers (69%), while Class B consumers represented an additional 23 percent of users.³² In light of continuing high rates of inflation during this period and the onset of a general recession in late 1993, this represents a considerable achievement. Additionally, SOMARC's involvement helped diversify the condom market in Turkey. Encouraged by sales of O K, Eczacıbaşı— independent of all SOMARC assistance—introduced a second condom brand in 1992, O K Extra, which was priced to appeal to higher-income consumers.

Figure 9



Condom advertising has become more widespread in recent years as well. Contraceptive suppliers, including the distributor of Durex condoms, London Rubber Co., started to more aggressively market their brands in Turkey. Responding to growth in the market, for example, Durex launched an advertising campaign in late 1993 in an effort to increase its market share.

While point-of-purchase materials were still scarce, there was a small improvement in availability of these materials in pharmacies between 1990 and 1994. In 1994, a retail audit found point-of-purchase materials for Amor and O K in an average of 4 percent of pharmacies surveyed. In 1990, point-of-purchase materials were almost nonexistent. The audit found no change in the percentage of pharmacies carrying family planning educational materials (7.3 percent in 1994 versus 7 percent in 1990).³³

³² Zet-Medya Research, Publishing and Consultancy Co., Inc., November 1992.

³³ Zet-Nielsen Business Information Inc., 1994.

Several companies followed O K 's lead and improved their distribution networks during the 1990s. At the time of O K 's launch, condoms were available for commercial sale exclusively in pharmacies. By 1994, four brands, including O K, were available in supermarkets—a significant step forward in this conservative market.

The number and shares of viable brands on the market also changed since O K 's introduction. In 1990, three brands accounted for 87 percent of condom sales. Jellia was the clear market leader with an estimated 58 percent of sales volume, followed by Amor and Eros with 17 percent and 12 percent, respectively.³⁴ In 1994, four brands held 92 percent of the market. Jellia represented 32 percent of condoms sold, followed by O K (31%), Eros (18%) and Amor (11%).³⁵

Additionally, awareness of condom brands increased during the period of SOMARC assistance, although no post-graduation data were available to measure more recent changes. In 1992, 34 percent of all male respondents were spontaneously aware of any condom brand (up from 27 percent in 1990). O K was the most frequently recalled brand, followed by Amor, Eros and Jellia. Among men who had ever used a condom, the percentage of those who could *not* name a brand of condom they had used dropped significantly between 1990 and 1992, from 37 percent to 15 percent.³⁶

A comparison of the advertising baseline and tracking studies also suggests some improvement in knowledge of condom sources. The share of men who could name a source for condoms increased from 84 percent in 1990 to 89 percent in 1992. Additionally, more men named pharmacies as a source for condoms—80 percent in 1992 compared with 68 percent in the baseline survey.

Conclusions

The O K program was the first contraceptive social marketing project to rely on commercial sourcing from the start. Program objectives were to desensitize the issue of condom promotion, stimulate the private sector by increasing the availability and distribution of condoms, and sell 3.5 million O K condoms in the first year. O K achieved success in all these areas, encouraging SOMARC to pursue this model of assistance in other countries. O K 's post-graduation record includes the following:

- O K is a lively and viable brand, with higher sales in its first full year after graduation than ever before.
- Distributor spending on advertising and promotion increased in the first full year after graduation.
- Eczacıbaşı has improved distribution, and market penetration increased to 85 percent in the first full year after graduation.
- The total commercial market for condoms has continued to grow.

³⁴ Zet Market Research Services Ltd, April 1990.

³⁵ Zet-Nielsen Business Information Inc, 1994.

³⁶ Zet-Medya Research, Publishing and Consultancy Co. Inc, November 1992.

PANTHER CONDOMS IN BARBADOS 1984-1994

Introduction and SOMARC Assistance

The Panther condom was introduced by FUTURES under the auspices of the Caribbean Contraceptive Social Marketing Project (CCSMP) in February 1984. Panther was one of the first private sector initiatives in contraceptive marketing. The goal of the program was to establish a commercial beachhead—to get the private sector interested in marketing contraceptives. At the time of its introduction, the total commercial market for condoms was estimated to be less than 500,000 condoms a year³⁷. The strategy was to start with donated condoms and eventually shift to commercial sourcing and graduation from donor assistance. Although modest in total volume, the program was very much a success in terms of proving that social marketing can be used to open up the commercial market for condoms and stimulate private sector growth overall.

USAID provided funding and technical assistance to the Barbados Family Planning Association (BFPA) through FUTURES and their two projects: the International Contraceptive Social Marketing Project (ICSMP), and its successor project, SOMARC. In order to reduce management costs and increase product sales, FUTURES transferred local project management from BFPA to a private distribution firm, Frank B. Armstrong, Ltd (FBA) in 1985. The move was also intended to increase the project's chances of achieving eventual self-sufficiency.

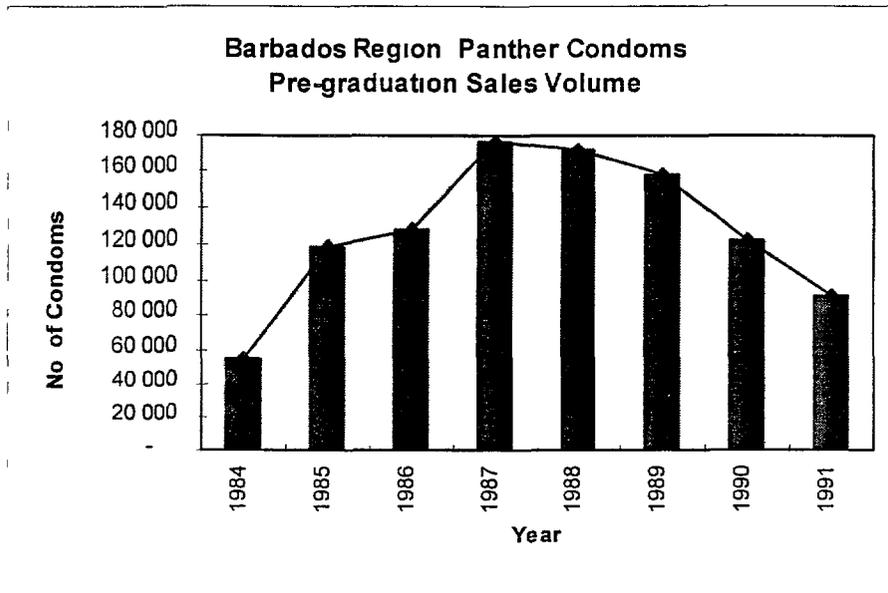
FBA's administrative responsibility for the project included obtaining subcontracts for advertising and research services with local firms. Under this arrangement, FBA was responsible for distributing Panther condoms in Barbados, St. Lucia and St. Vincent. Because the condoms were donated, FBA set aside a share of project revenues—equal to the amount of money they would have spent purchasing condoms—in a project fund. This fund was called a Project Revenue Fund (PRF) and was used to pay for promotional support activities.

A promotional campaign was introduced in February 1987 and continued through September 1989. The campaign included mass media advertising, display contests and product sponsorships of race cars, sports teams and rock concerts. In spite of public outcry at the time, Panther became the first condom to be advertised on television in Barbados, successfully paving the way for television advertising of other brands shortly thereafter. The introduction of condom advertising on television represented a tremendous accomplishment, SOMARC successfully desensitized condoms in Barbados. The slogan used on television and point-of-purchase materials was "Panther in your pocket: protection when you want it." Annual sales increased by 39 percent between 1986 and 1987 (Figure 10). The increase in sales volume is generally attributed to a combination of two factors: the promotional campaign and heightened awareness of HIV/AIDS. Market share also climbed. Panther accounted for 33 percent of all condoms sold in 1987 in Barbados, St. Lucia and St. Vincent³⁸.

³⁷ All estimates of market share and total market size. Memo from Andy Armstrong, Armstrong Agencies, September 28, 1995.

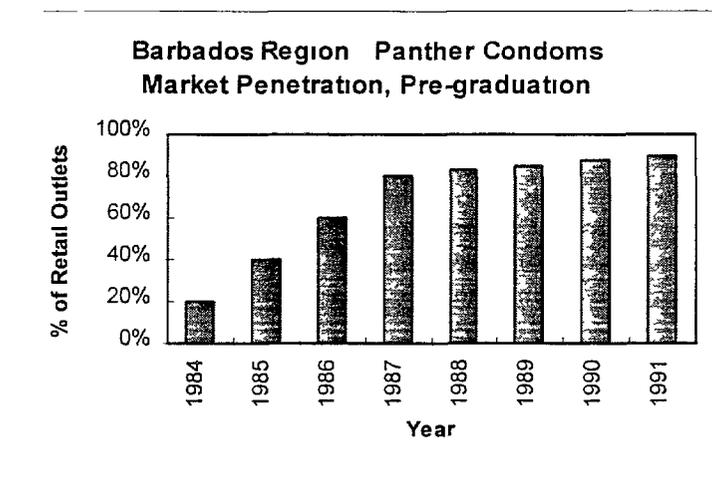
³⁸ See Note 41 below, regarding estimates of market share and market size.

Figure 10



With continuing technical assistance from SOMARC and product donations from USAID, FBA expanded distribution of Panther in Barbados, St Lucia and St Vincent from 55,000 condoms in 1984, to nearly 180,000 condoms in 1987 (Figure 10) By 1987, FBA was distributing Panther condoms to approximately 80 percent of condom retail outlets in Barbados and over 90 percent of outlets in St Lucia and St Vincent Market penetration in Barbados climbed to 90 percent by 1991 (Figure 11), and condom outlets expanded to include pharmacies, drugstores supermarkets, bars and mini-markets

Figure 11



Encouraged by Panther's success FBA began importing a second condom, the commercial brand Rough Rider, that was higher priced and advertised as a more "up-market" brand During the late 1980s and into the 1990s, Rough Rider condoms began to experience market success The

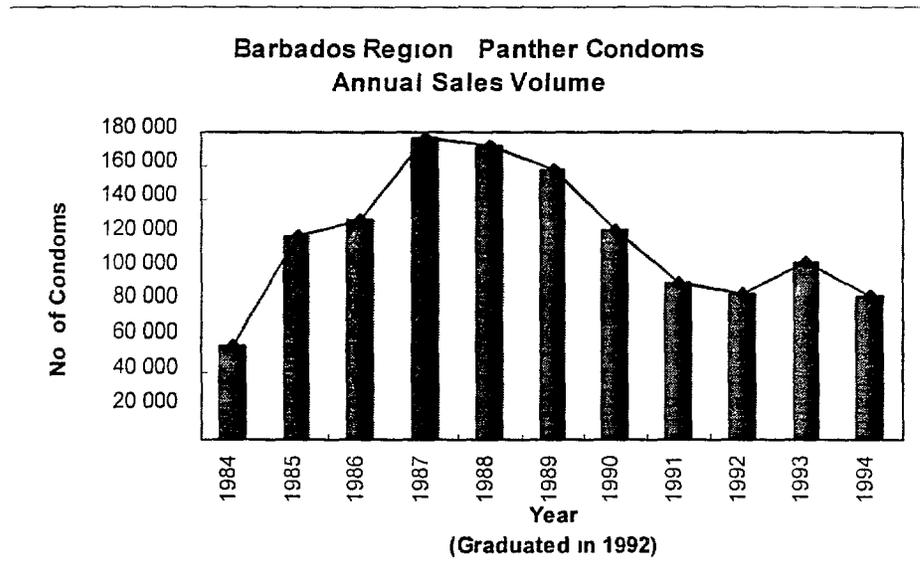
condom's sexy, up-market image led to its actually taking market share away from Panther Rough Rider became the brand leader in Barbados and St Lucia, with an estimated 43 percent of the market in Barbados in 1995 and 60 percent in St Lucia³⁹

Transition and Post-graduation Experience

In early 1992, FBA negotiated a contract for commercial supply of Panther condoms, and Panther was officially graduated from SOMARC assistance in June 1992. Under the terms of the graduation agreement between FBA and SOMARC, FBA was required to spend all money from the PRF during the first 18 months after graduation, so that the fund would be depleted by the end of 1993. At the time of graduation, US\$150,000 was available in the PRF. FBA was permitted to spend the PRF money on advertising and promotion as long as Panther continued to be widely distributed and its price was maintained at a "social marketing level."

During 1993, the first full year after graduation, Panther sales increased by 21 percent (Figure 12). Product advertising also continued at a strong pace financed by the PRF. In the first year and a half after graduation the Panther package was redesigned and a new advertising campaign developed. Panther's image was updated from a pre-AIDS, family planning focus to the new dual message. Panther was marketed as a product that provides protection from both HIV and unintended pregnancy.

Figure 12



In 1994 sales dropped again to just below 1992 levels, as the product battled for market share against Rough Rider. The full cost of Panther advertising and promotion was covered by FBA in 1994. Even though promotional expenditures dropped significantly from PRF-supported levels,

³⁹ Memo from Andy Armstrong, Armstrong Agencies September 28, 1995

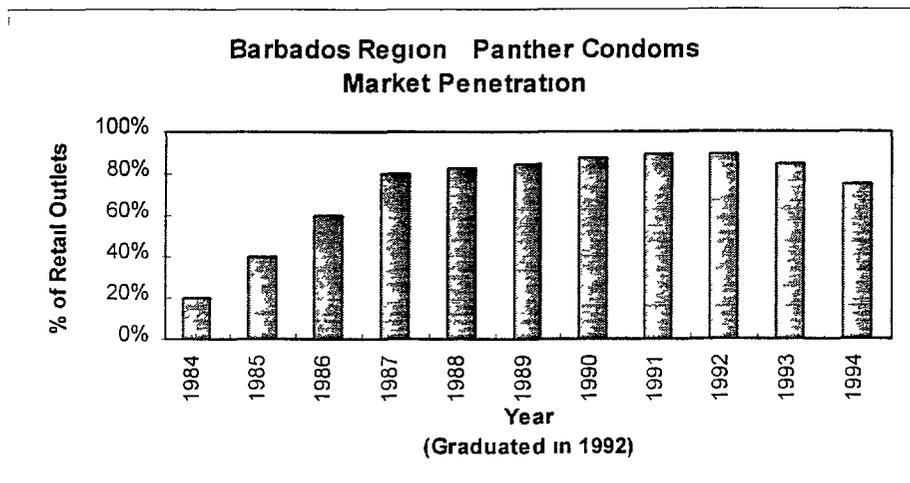
the cost of advertising and promotion in 1994 averaged 14¢ per condom sold (Table 5)⁴⁰ Since the product cost was 12¢ per piece and the wholesale price was 19¢ per piece the distributor took a loss of several thousand dollars in 1994 but expected to make up the investment through higher sales in 1995

Table 5

Year	Annual Promotional Expenditures (US\$)	Promotional Expenditures per Condom Sold (US\$)
1992	\$66,956	\$0.74
1993	\$41,590	\$0.37
1994	\$11,549	\$0.14

Panther's market penetration into outlets that sold condoms declined slightly after its graduation from USAID support (Figure 13). FBA reported that some outlets stopped carrying Panther in 1993 and 1994, as advertising was reduced and sales slipped. By 1994, Panther was available in about 75 percent of condom retail outlets in Barbados, St. Lucia and St. Vincent compared with 90 percent in 1992.

Figure 13



Since graduation Panther has lagged somewhat behind its primary competitor Rough Rider, in breaking into new markets. Although well established in Barbados, St. Lucia and St. Vincent, Panther was inactive in Grenada, St. Kitts, Dominica or Antigua at the time of its graduation. Consequently, Rough Rider was able to capture the market in the four latter islands through a strong promotional support campaign. FBA introduced Panther in late 1992 to Grenada, St.

⁴⁰ Per unit promotional expenditures are calculated using total sales in the three original territories (Barbados, St. Lucia, St. Vincent) plus sales in the newer territories where Panther was introduced in 1992 (Antigua, St. Kitts/Nevis, Grenada, Dominica). Total promotional expenditures are from the SOMARC Distributor's Survey, Spring 1995.

Kitts, Dominica and Antigua but has been unable to generate ongoing sales in any of these islands

Panther's share of the commercial condom market has remained fairly steady since graduation, with around 11 percent of the total market in Barbados, St. Lucia and St. Vincent (Table 6).⁴¹ By 1995, the Panther brand was strongest in Barbados, where it accounted for 19 percent of condom sales. The stability of its position in the market may be a reflection of brand loyalty among consumers—even as other brands have more aggressively marketed their product. Panther has maintained a fairly steady market share for the last four years.

Table 6

Year	Estimated Annual Share of the Commercial Condom Market
1984	12%
1985	25%
1986	26%
1987	33%
1988	24%
1989	21%
1990	16%
1991	12%
1992	11%
1993	13%
1994	11%

Throughout the product's history, Panther condoms have been priced low enough to be affordable to the majority of consumers. During the period of SOMARC assistance, Panther was priced at 20 percent below the market leader, Rough Rider. This low price has been maintained since graduation, and FBA reports no changes in the wholesale price for Panther. In fact, with inflation of around 2 percent per year in the Barbados economy, the wholesale price of Panther actually dropped in real terms (by 2 percent per year since its graduation). Panther's wholesale price varies between Barbados and St. Lucia/St. Vincent, reflecting differences in the standard of living between the islands. In 1994, the price of a 3-pack of Panther condoms was US\$0.63 in Barbados and US\$0.37 in St. Lucia and St. Vincent.

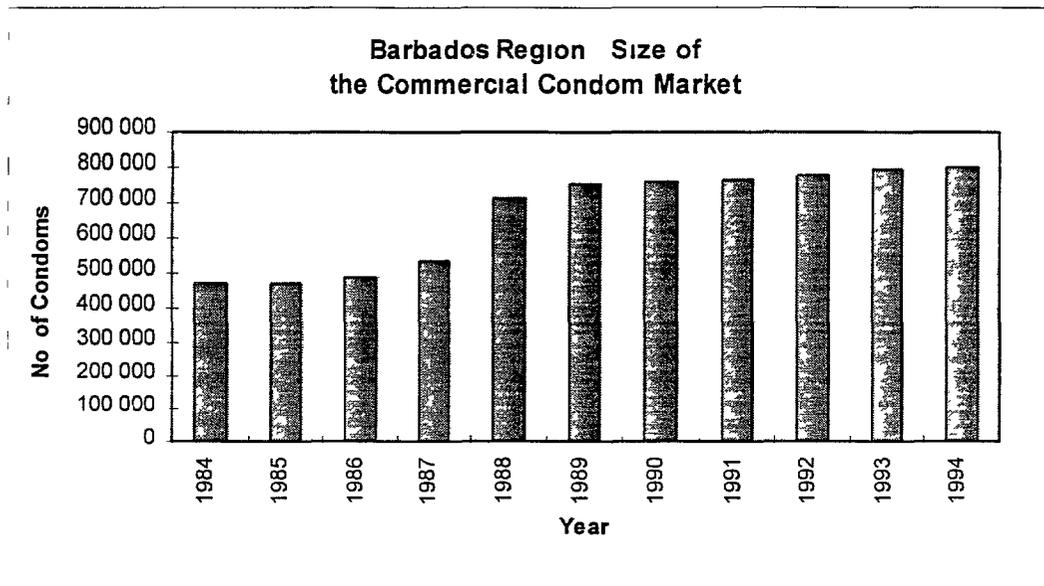
The Condom Market and Usage in Barbados, 1984-1994

The Panther program successfully stimulated growth in the commercial condom market, and the results are still being felt post-graduation. Between 1984 and 1994, the total commercial

⁴¹ All estimates of market share and total market size. Memo from Andy Armstrong, Armstrong Agencies, September 28, 1995. The total size of the commercial condom market in Barbados, St. Lucia and St. Vincent includes condoms on the latter two islands that are distributed free of charge to pharmacies by family planning associations and then sold by pharmacies to consumers for a token fee (10 cents). These condoms account for 60 percent of the total market in St. Vincent and 30 percent in St. Lucia.

condom market in Barbados, St Lucia and St Vincent nearly doubled, increasing from an estimated 470,000 to 800,000 in 1994 (Figure 14)⁴²

Figure 14



The market expanded most quickly during the initial years of SOMARC involvement, when Panther was very actively promoted in the region and AIDS became a well-known health risk. In the years since graduation, the market has continued growing, albeit at a slower pace overall. The most rapid growth has been in St Lucia and St Vincent, according to Panther's distributor, Armstrong Agencies. Additionally, SOMARC's Panther program encouraged the introduction of Rough Rider, providing consumers with more choice of brands and prices. Introduced in 1986, Rough Rider 'rode on Panther's promotional efforts to become the leading brand by 1988'⁴³ Rough Rider—a premium condom—now accounts for a majority of the commercial market in Barbados and St Lucia (43% and 60%) and a third of the market in St Vincent (35%)

Condom usage in the target group of consumers also improved over time, a reflection of the Panther advertising campaign. Between 1987 and 1989 alone tracking surveys found that the average number of condoms used per user nearly doubled from 5.5 condoms per month in 1987 to 9.5 condoms per month in 1989^{44,45}. By 1993, over one-third (37%) of men and women surveyed reported using condoms and 46 percent of users said they used a condom every time they had sex⁴⁶.

⁴² Memo from Andy Armstrong, Armstrong Agencies, September 28, 1995.

⁴³ Ibid.

⁴⁴ Systems Caribbean Ltd., "Baseline Survey on Knowledge and Use of Contraceptives Among Males," prepared for Frank B. Armstrong, Ltd. (Barbados: Systems Caribbean Limited, September 1987).

⁴⁵ Applied Marketing Consultants, "Final Report: Panther Condom Tracking Study among Males in Barbados and St Lucia" (Barbados: AMC, December 1989).

⁴⁶ Systems Caribbean Ltd., "Report on Omnibus Survey on Condom Use," November 1993 (Barbados: Systems Caribbean Limited, 1993).

Conclusions

The Panther program in Barbados was designed to open up the market and to establish a commercially viable brand, priced to be affordable to Class C and D consumers. The program achieved and surpassed its goals—its post-graduation record includes the following

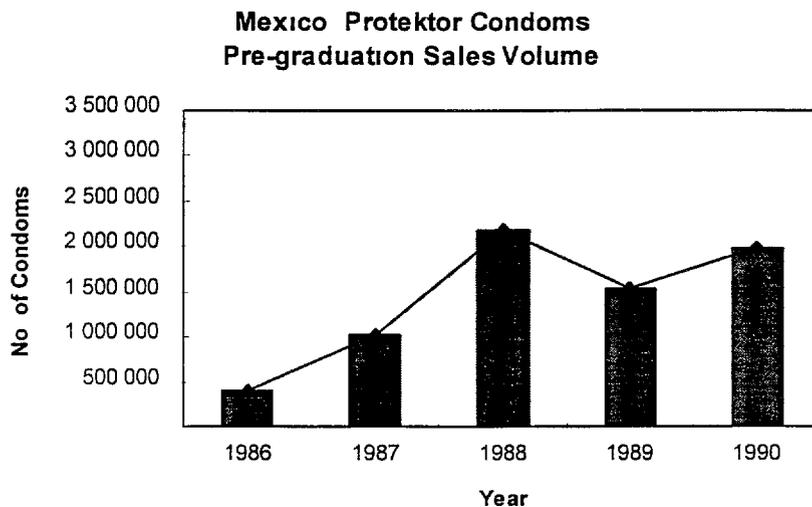
- The Panther brand is alive and healthy, with steady post-graduation sales
- Panther's price has not changed since graduation, in real terms, the price has declined
- The distributor has continued to invest in the product with spending on promotion and advertising
- The distributor has maintained distribution and even expanded to other markets. Although overall market penetration has declined slightly, this is attributable to increased advertising and competition from other brands, primarily the higher-priced Rough Rider
- The overall market for condoms has continued to grow

PROTEKTOR CONDOMS IN MEXICO 1986-1994

Introduction and SOMARC Assistance

SOMARC began providing assistance to Mexico in 1986, developing the brand name, package design, product image, and advertising and promotional campaign for a new socially marketed condom. SOMARC launched Protektor condoms in May 1986, through the COPLAFAM-sponsored Contraceptive Social Marketing Project. The project's goals were to increase the correct use of condoms in Mexico by opening a new channel in the commercial market and desensitizing the issue of condoms through consumer advertising. The commercial market accounted for an estimated 10 million condoms in 1986,⁴⁷ but condoms were typically kept out of sight in the drugstore and advertising was minimal. The project was designed to start with donated products and eventually switch to commercial sourcing. SOMARC provided technical assistance and funds and COPLAFAM began distribution of Protektor through the government-owned retailing network of grocery stores CONASUPO.

Figure 15



With extensive advertising and promotion, sales to CONASUPO stores quickly jumped to 1 million condoms in 1987, Protektor's first full year on the market (Figure 15). COPLAFAM provided information and training to store owners and used radio commercials and point-of-purchase posters and pamphlets to help promote the product.

By 1988, annual sales reached 2.2 million condoms and coincided with an advertising campaign and increasing awareness of HIV/AIDS in Mexico. The high-volume sales were remarkable.

⁴⁷ All estimates of total market size: SOMARC Distributor's Survey, Spring 1995 and personal communications with SOMARC staff.

given Protektor's relatively low market penetration. Protektor was available in only 8 percent of retail outlets that sold condoms in Mexico. A leading Mexican business magazine, *Expansion*, named Protektor one of the "Marketing Hits of 1988." Two full years after its launch, Protektor had the second-largest market share among condom brands in Mexico. The total condom market also experienced growth during this period: sales volume increased by 9 percent for the first six months of 1988 compared with the same period in 1987.⁴⁸

Market research results suggest that consumers responded to the active advertising and promotion of condoms in Mexico during the 1980s. Gallup omnibus studies conducted between 1986 and 1988 measured significant changes in condom use.^{49 50 51} Regular use of condoms in the overall sample population of both women and men rose from 7 percent in 1986 to 11 percent in 1988. For men alone, regular usage rates increased from 12 percent to 21 percent. Increases in condom use were most pronounced for young age groups. Regular use of condoms by male and female respondents aged 15-20 years increased from 15 percent to 30 percent between 1986 and 1988. For those aged 21-25 years, rates rose from 9 percent to 15 percent. The results suggest SOMARC's advertising and promotional activities during these years had a positive impact on condom use in the target group—Protektor was primarily marketed to young men in Mexico's urban areas, precisely the group that experienced sharp increases in condom use.

By 1989, other brands started to follow Protektor's lead, adopting more aggressive advertising and distribution strategies. Faced with this newly competitive market and burdened with problematic distribution through the CONASUPO network, Protektor sales dropped in 1989. In an effort to improve distribution, COPLAFAM arranged for Compañía Medicinal La Campana, a Warner-Lambert subsidiary in Mexico, to distribute Protektor outside of the CONASUPO network. Under the agreement, Protektor condoms were distributed through private pharmacies and some self-service supermarkets. Within one year, sales had risen again to almost 2 million condoms.

COPLAFAM's efforts to improve product distribution in 1989 were accompanied by a revised marketing strategy in 1990 to update Protektor's image. The original family planning message was changed to appeal to a broader, more diverse group of consumers. The sexy new advertising and packaging promoted the dual message of protection and responsibility—protection from HIV and STIs and planning your family responsibly.

⁴⁸ Memorandum from SOMARC to Betsy Brown, USAID/W, August 18, 1988.

⁴⁹ SOMARC/The Futures Group, "1986/1987 ECCO Contraceptive Social Marketing Consumer Tracking Study," summary of ECCO Gallup Phase I research conducted in June/July 1986 (Washington, D.C.: The Futures Group/SOMARC, 1986). The omnibus studies in 1986, 1987, and 1988 used a stratified sample of 2,600 men and women from 36 Mexican cities with populations of 50,000 or more.

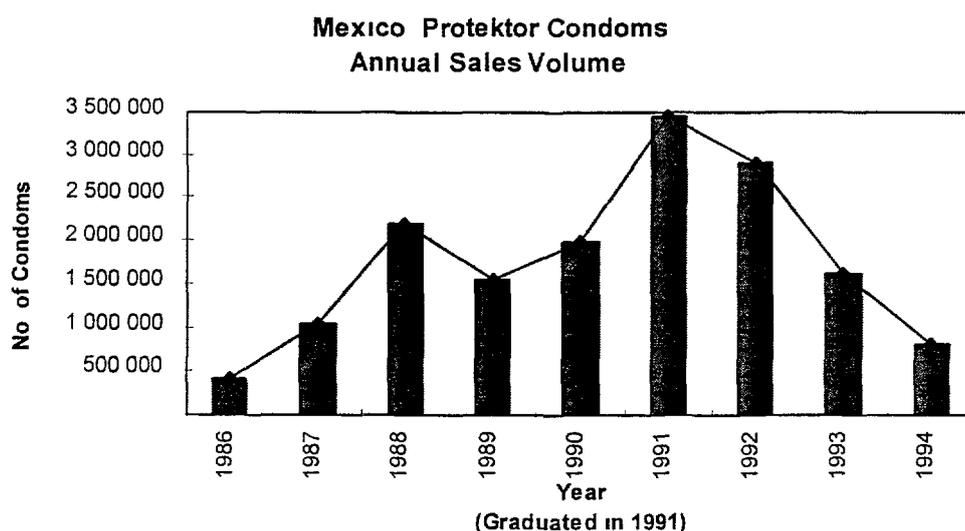
⁵⁰ Dr. Javier Cervantes Aldana, "Comentarios y Resumen de Resultados del Estudio Omnibus (Fase III) sobre Hábitos del Consumidor de Preservativos Realizado por ECCO" (fieldwork in October and November 1987), paper prepared for the SOMARC project (Washington, D.C.: The Futures Group/SOMARC, 1988).

⁵¹ ECCO, "Resumen Ejecutivo de Estudio Realizado para Evaluar la Categoría de Preservativos" (fieldwork in November 1988), paper prepared for the SOMARC project (Mexico, D.F.: Estudios Continuos de Consumidores Omnibus (ECCO-Gallup), January 1989).

Transition and Post-graduation Experience

With a new emphasis on program self-sufficiency, USAID and SOMARC started working with COPLAFAM in 1990 on a plan for eventual graduation of the product from USAID assistance. The plan called for COPLAFAM to replace donated condoms with commercially purchased condoms. Additionally, COPLAFAM initiated plans to diversify its product line and strengthen its position as a supplier of high-quality, commercially purchased contraceptives. COPLAFAM started importing condoms directly from Ansell with its own funds, and Protektor condoms achieved total self-sufficiency in 1991. Improvements in distribution and the product's updated image helped sales climb to an all-time high of 3.5 million condoms in 1991 (Figure 16).

Figure 16



In the initial years after graduation, COPLAFAM began to focus its energy on introducing other contraceptive methods to complement the condom line. Much of COPLAFAM's time and money was devoted to the newly launched oral contraceptives. The strategy included "milking" the Protektor brand, using profits from Protektor to build up other products and relying on past investments in Protektor to sustain its sales. Consequently, COPLAFAM made no investments in Protektor advertising or promotion in 1991, and Protektor sales started to decline. To help offset this trend, SOMARC funded a special promotion to increase sales in pharmacies. "Plan Blitz" included sales contests for the La Campana (Warner-Lambert) sales force and pharmacy clerks. The campaign helped boost sales in 1991 and into early 1992. COPLAFAM reports no additional promotional expenditures since 1992.

Consequently, by 1993, sales of Protektor had slipped 19 percent from the year before (Figure 16 above). In 1994, COPLAFAM's Protektor sales in the commercial sector totaled over 800,000 condoms, their lowest point since 1987. The product's share of the total condom market

gradually declined as well as other brands dramatically increased sales and share as a result of intensive advertising and promotion (Table 7)⁵²

Table 7

Year	Estimated Annual Share of the Commercial Condom Market
1986	1%
1987	9%
1988	20%
1989	15%
1990	12%
1991	12%
1992	9%
1993	4%
1994	2%

In spite of its partnership with the Warner-Lambert subsidiary in Mexico, Protektor's weak distribution system continued to be a problem post-graduation, COPLAFAM never fully solved the persistent distribution problems. The product's market penetration averaged 10 percent of condom retail outlets between 1991 and 1994.

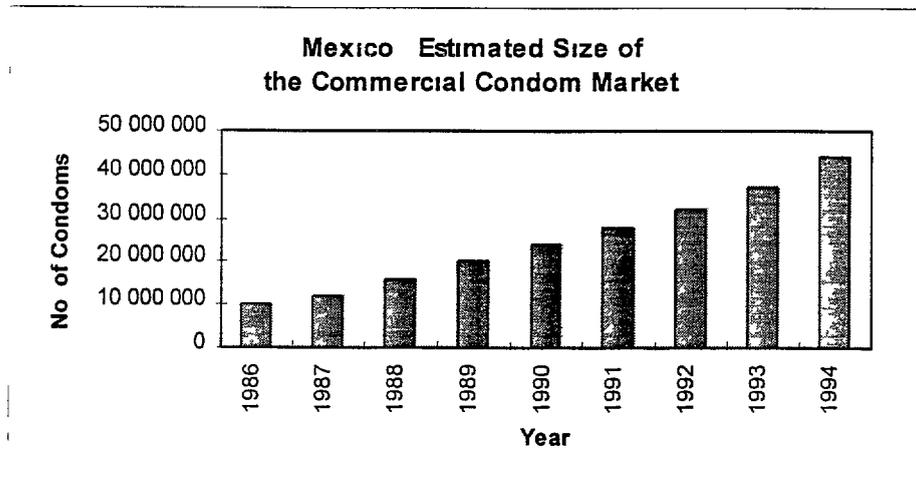
Protektor has remained the lowest priced of all commercial brands since its graduation, in spite of steady increases in its real (inflation-adjusted) price. In constant terms, Protektor's average wholesale price increased 13 percent in 1991, 26 percent in 1992, and 73 percent in 1993. COPLAFAM's gross profit margin rose accordingly, increasing from 7 percent in 1991 to a healthy 49 percent in 1994. Protektor's price increases are not out of line with consumer behavior. The increases in the condom market are primarily attributable to higher-priced brands with superior distribution systems, suggesting that Mexican consumers may not be as sensitive to price as consumers in some newer markets.

The Condom Market and Usage in Mexico 1986-1994

Although Protektor sales and market share have declined in recent years, the total condom market has continued to grow and diversify (Figure 17), increasing by 38 percent between 1992 and 1994. With an estimated total market of 44 million condoms in 1994, the Mexican commercial condom market has quadrupled between 1986 and 1994. Likewise, the number of commercial brands increased from three main brands in 1986 to five main brands in 1995 and an additional 15 or so smaller brands.

⁵² Estimates for 1986-1988: SOMARC documents. Estimates for 1992-1994: based on SOMARC Distributor's Survey, Spring 1995. Estimates for all other years are unit sales divided by estimates of total market size.

Figure 17



Following Protektor's lead in the 1980s, competing brands started investing push money in their condom products, using point-of-purchase materials and radio and television advertising. The open advertising and promotion of condoms was in sharp contrast to the pre-Protektor days, when condoms were typically kept out of sight in the drugstore and advertising was minimal. Distribution outlets for commercial condoms have also expanded since Protektor's graduation. Consumers have been able to purchase condoms from vending machines since 1993.

The most notable example of Protektor's effect on other condom distributors' behavior has been the use of primetime television advertising to promote the Sico condom. Owned by Televisa, a national broadcasting company, television advertising for the Sico condom was valued at an estimated US\$1 million in 1994 alone. Combined with an aggressive distribution system that covers 85 percent of condom retail outlets in the Valle de Mexico area, the Sico advertising campaign is responsible for its dominant share of the market. In 1995, Sico condoms made up approximately 65 percent of the overall market in Mexico.

Conclusions

SOMARC's support for Protektor in Mexico opened a new channel in the commercial market for condoms and desensitized the issue of condoms through consumer advertising. The post-graduation record shows that the program's effects in Mexico can still be felt.

- Protektor, in spite of declining sales, remains a viable brand, with 2 percent of a highly competitive condom market.
- Protektor's price remains the lowest of the commercial brands even though its price has steadily increased since graduation. Protektor now offers a healthy profit margin that subsidizes COPLAFAM's oral contraceptive marketing efforts.
- The overall market for condoms has continued to grow and diversify.
- The Protektor program successfully paved the way for aggressive, market-oriented advertising and promotion of contraceptive products.

PROTECTOR CONDOMS IN ZIMBABWE 1988-1994

Introduction and SOMARC Assistance

In the mid-1980s, the commercial market for condoms in Zimbabwe accounted for a small share of total condom distribution in the country. In an effort to prevent the spread of AIDS, international agencies donated large quantities of condoms to Zimbabwe most of which were distributed free of charge through the public sector. The commercial market was estimated to be around 1.8 million condoms in 1988, out of a total of some 10 million condoms estimated used that year.⁵³ Baseline research in 1987 indicated that sources of information and supply were limited, and brand awareness levels were low.⁵⁴ Fewer than 3 percent of male and female respondents mentioned radio as a source of information about condoms. Just 8 percent of respondents mentioned pharmacies as a source to obtain condoms, and fewer than half of current condom users could name the brand they used.

At the time of Protector's introduction family planning and contraception were extremely sensitive issues in Zimbabwe, largely due to a history of pre-independence efforts aimed only at the black population. In light of this and the government's continued hesitancy to give unconditional support to the open marketing of condoms, SOMARC made a special effort to respond to local cultural sensitivities by coordinating activities with the Zimbabwe National Family Planning Council (ZNFPC) and conducting market research. The extensive program of market research included program and product name testing, a baseline knowledge, attitudes and practices (KAP) survey, retail audits, and an advertising baseline study. SOMARC used the results of the market research to develop the condom's image, marketing Protector as a culturally acceptable and effective method of family planning for responsible men.

SOMARC launched the Protector condom in September 1988 as part of the Family Care Programme (FCP) in Zimbabwe. In an effort to strengthen the commercial market for contraceptives SOMARC appointed Geddes, Ltd a pharmaceutical manufacturer/distributor in Zimbabwe, to be the local implementing agency. SOMARC provided technical assistance, commodities and funding to Geddes for implementing activities related to Protector packaging, advertising and marketing. Following the launch, Geddes subcontracted with four local firms to handle public relations, advertising and market research for the Protector program. SOMARC established a Project Revenue Fund (PRF) into which Geddes was required to deposit a share of the revenue from sales of Protector for as long as donated commodities were being sold. During the course of the project, Geddes had access to the PRF money to cover the costs of product packaging, advertising and promotion.

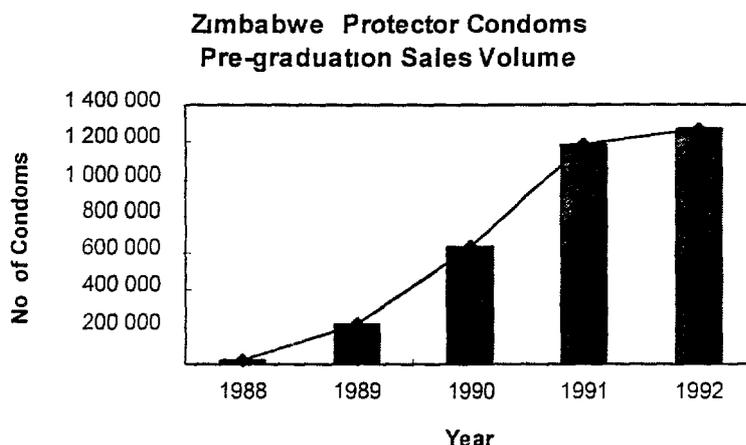
⁵³ Estimate of total condoms used in 1988 is based on the 1988 Zimbabwe Male Fertility Survey (ZMFS), which found that 6 percent of men of reproductive age were using condoms estimates of the number of men aged 18-55 from the UN 1988 Demographic Yearbook and SOMARC baseline survey results in 1987 showing average usage rates of 104 condoms per year. See Piotrow et al. 1992 in *Studies in Family Planning* 23(6) 365-375.

⁵⁴ Quest Research Services (Pvt) Ltd 'Zimbabwe Contraceptive Knowledge, Attitudes and Practices Baseline Survey, October 1987,' prepared for The Futures Group and Geddes Ltd (Harare Quest Research Services, 1987)

Because of the extremely sensitive nature of the project, promotional activities for Protector initially involved point-of-purchase materials only. After an eight-month delay while Geddes obtained government approval for the Protector ads, a limited advertising campaign began in May 1989. To gain support from the government and the ZNFPC, SOMARC first released a series of generic press ads aimed at desensitizing the issue of family planning and condom advertising. Conservative, brand-specific advertising for Protector followed with radio and print advertisements portraying Protector as the brand of choice for 'the responsible man interested in family planning.'

From the outset the objective of the condom program was to develop the private sector by introducing a commercial brand priced at a level that would be commercially viable and affordable to consumers in the middle and lower socioeconomic classes (Classes C and D). At the time of its launch, Protector was priced about one-third below competing brands. Durex, the second most popular brand, was 2-3 times the cost of Protector condoms in 1990.

Figure 18



Once launched Protector quickly established itself in the market with sales of 200 000 condoms in its first full year (Figure 18). During 1989, Protector became the market leader in the private sector with an estimated 49 percent of what was still a very limited commercial market. The two brands with the next highest shares—Gallant and Amoret—held just 15 percent of the market each.⁵⁵ In spite of continuing stock-out problems, Protector's market share increased to 82 percent in 1991. The next strongest brand in the market in 1991 Durex claimed just over 5 percent of the market.⁵⁶ By the time of its graduation Protector and Durex were the two leading brands and market share between the two depended largely on distribution problems (or lack

⁵⁵ Quest Research Services (Pvt) Ltd, 'Final Report on the F C P Retail Audit' conducted for the SOMARC Project (Harare: Quest Research Services (Pvt) Ltd, May 1990).

⁵⁶ Quest Research Services (Pvt) Ltd, 'Final Report on the Zimbabwe F C P Retail Audit' conducted for the SOMARC Project (Harare: Quest Research Services (Pvt) Ltd, February 1992).

thereof) and availability of the brands in outlets. Much of Protector's market position can be attributed to SOMARC's introduction of consumer-targeted advertising in June 1989. Distribution initially was limited to pharmacies but was expanded in September 1989 to include large retail stores and some small shops. From the time of their launch, Protector condoms were available in a higher share of major condom retail outlets than any other condom brand. A retail audit in 1989 found, on average over a six-month period, Protector condoms were available in 85 percent of major retail outlets that sold condoms.⁵⁷ In comparison, the other leading condom brands were available in an average of around 20 percent of these same outlets over the same period. The study attributes Protector's dominant market position to its "absolutely superior availability."

Protector became the first condom to be commercially distributed in non-pharmaceutical outlets. By mid-1990, the condoms were available on a limited basis in kiosks, hotels and small grocery stores. The project never successfully penetrated smaller outlets, however, and this became a problem that depressed Protector sales throughout the period of SOMARC assistance.

As government attitudes gradually changed, the strictly family planning image was updated in 1991 to include the dual message of family planning and protection against HIV/STIs. SOMARC repackaged the condom to make it modern and attractive and to reinforce a positive image. Protector was relaunched in 1991 with exciting, four-color packaging, state-of-the-art television advertising, and a clear message to consumers about the benefits of using a condom. The Protector advertisement was nationally recognized with an award for the best television commercial in Zimbabwe in 1992.

Protector sales increased five-fold in the first three years, peaking at around 1.3 million in 1992. Protector's performance in helping to grow the private sector market was notable in light of the strong public sector program in Zimbabwe. Public sector outlets distributed free condoms throughout the country. A 1991 survey of urban men found that only 8 percent of men who had ever used condoms paid for them.⁵⁸ Of these men, half thought they had paid too much for the condoms. The average price reported by condom users in the survey was Z\$0.345, similar to the price charged for Protector. Although small compared to the total volume of free condoms, Protector sales continued to increase through the beginning of 1992.

Transition and Post-graduation Experience

The promotional campaign and relaunch of Protector in 1991 should have solidified the product's position in the market and prepared it for full self-sufficiency and a planned graduation date of late 1992. Yet the brand was never able to achieve the level of market penetration it had hoped for at the time of its launch. Geddes achieved good distribution in major condom outlets but never successfully broke into the small retail outlets that play such a critical role in Zimbabwe. Sales slipped dramatically after the first quarter of 1992 (Figure 19 below) and, by

⁵⁷ Quest Research Services (Pvt) Ltd. May 1990.

⁵⁸ Probe Market Research, 'Zimbabwe Pan-Africa Advertising Study Baseline' Survey No. 10/291 prepared for Geddes Ltd. and The Futures Group (Harare: Probe Market Research, August 1991).

mid-1993, had come to a standstill. SOMARC and Geddes agreed that Protector should be transferred to a company whose sales force and distribution patterns were better suited to increase Protector sales in rural and non-pharmaceutical outlets. At the time of Protector's graduation, SOMARC shifted the Protector program to Johnson & Johnson Zimbabwe (J&J), also based in Harare.

SOMARC and J&J signed a Memorandum of Understanding in August 1993 for the transfer and graduation of the Protector condom program in September 1993. J&J agreed to start distribution immediately and to commercially purchase condoms with its own funds as the stock of donated products was depleted.

Figure 19



In the first quarter of J&J's relaunch, Protector sold nearly 880,000 condoms, thus refilling the distribution pipeline. The 1994 year-end total reached 863,000 condoms (Figure 19). By 1995, the brand appeared to be regaining its former level of annualized sales, as J&J focused on improving nationwide distribution and availability of Protector.

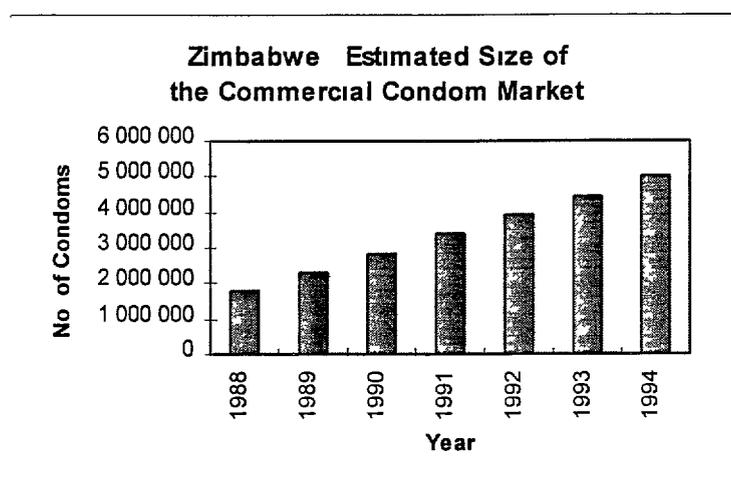
Additionally, the distributor has maintained a social marketing price for Protector. Under the terms of the graduation agreement, J&J was required to "ask as low a retail price as possible" for Protector and to "retain a clear price advantage over other major brands."⁵⁹ In the first full year after graduation, the wholesale price of Protector—adjusted for inflation—actually dropped 18 percent from its 1993 level. Although the distributor and retail outlets raised the price they charged for Protector, the increases were dwarfed by high inflation, and the condom ended up being cheaper in real terms than it was before graduation. In 1994, Protector retailed for an average price of Z\$0.59 per condom (US\$0.05).

⁵⁹ "Memorandum of Understanding for the Transfer and Graduation of the Zimbabwe Condom Social Marketing Project to Johnson & Johnson (Washington, D.C.: The Futures Group, September 1993).

The Condom Market and Usage in Zimbabwe 1988-1994

Between 1988 and 1994, the commercial market for condoms more than doubled, from an estimated 1.8 million condoms to an estimated 5 million in 1994 (Figure 20)⁶⁰ This growth in the commercial market in recent years is an important first step, even though commercially sold condoms represented only around 10 percent of the estimated total number of condoms used in 1994⁶¹ As international agencies move away from donated products and focus on self-sufficiency, fewer condoms will be distributed free of charge through the public sector. The commercial market must be ready to supply consumers with the condoms they demand for pregnancy and STI/AIDS prevention.

Figure 20



Although no post-graduation data are available yet, pre-graduation surveys show improved levels of knowledge about condoms among urban residents^{62 63} During the period of SOMARC involvement, the media became a common source of information about condoms for urban men. 48 percent of urban men surveyed in 1991 mentioned the radio as a source, compared to fewer than 3 percent of male and female respondents in 1987. Unaided recall of condoms as a method of family planning rose somewhat. 79 percent of male respondents spontaneously mentioned condoms in 1991, up from 70 percent in 1987. Two-thirds of condom users in the 1991 survey were able to name any brand of condom (65%), compared with 41 percent of users in 1987 who could name a brand of condom they currently used. Additionally, by 1991, pharmacies were gaining recognition as a source for condoms. 21 percent of respondents mentioned pharmacies in 1991, as opposed to 8 percent in 1987.

⁶⁰ Estimate for 1994: SOMARC Distributor Survey, Spring 1995. Estimate for 1988: Protector Marketing Plan, SOMARC files. Estimates for 1989-1993 have been interpolated.

⁶¹ Estimate of around 50 million total condoms used in 1994 is based on information provided by the Health and Population Field Manager, British High Commission, Harare, Zimbabwe, from data collected for the Zimbabwe STI/HIV Sector Aid Project.

⁶² Probe Market Research, August 1991.

⁶³ Quest Research Services (Pvt) Ltd, 1987.

Conclusions

The Protector program in Zimbabwe was designed to strengthen the commercial market for condoms. To do this, SOMARC had to overcome initial fears that there would be a backlash to the campaign. With careful coordination and an extensive program of market research, SOMARC built a strong name for Protector. Protector's post-graduation record shows steady improvements in product performance under the new distributor.

- Protector is still a healthy brand on the commercial market with steady sales in the post-graduation period
- Product price has not increased since graduation
- The distributor has continued to invest in advertising and promotion and has expanded distribution outside of the major retail outlets