

PN-ACN-670

SOMARC

EXECUTIVE SUMMARIES

SOMARC

SPECIAL STUDIES

The Transition to the Commercial Sector:

**What Happens to Socially Marketed
Products after Graduating from USAID
Support?**

August 1997

Executive Summary

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

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sector or NGO partner that is expected to take over the marketing and selling of the product(s) after USAID support is withdrawn.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 What happens to a developing country's overall contraceptive market after donor assistance is withdrawn?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 It also provides important insight into how products and the market behave after donor support is withdrawn.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.

**The Costs of Social Marketing Programs
Implemented through the SOMARC Project**

September 1998

Executive Summary

THE COSTS OF CONTRACEPTIVE SOCIAL MARKETING PROGRAMS IMPLEMENTED THROUGH THE SOMARC PROJECT

EXECUTIVE SUMMARY

Family planning services are available to potential users through a variety of sources. Government services are typically offered through hospitals, clinics and health centers and, in some cases, through outreach workers. Non-governmental organizations (NGOs) may offer services through clinics and community-based distribution. The commercial sector provides family planning products through pharmacies and other outlets and family planning services may be offered by private physicians. Commercial services contribute to the family planning program at no cost to the public sector. However, these services are usually high cost for the consumer and often available only in urban areas. Thus, they generally serve only the wealthiest segment of the population. Government and NGO services are typically low cost or free, but they may not reach all geographic areas and waiting times may be long. As the number of family planning users increases, the public subsidy required to provide services can become a burden on government budgets. Social marketing programs are intended to contribute to the overall family planning program by using commercial sector techniques to generate demand, expand access and operate with little or no public sector subsidy. These programs are designed to reach mid- to low-income consumers with affordable products and services. This study examines the actual costs of a number of USAID-funded contraceptive social marketing programs in order to determine whether such programs really are cost-effective.

The SOMARC I, II and III projects have implemented a large number of contraceptive social marketing projects in countries around the world. These projects are designed to expand the availability of affordable contraception to couples who want to plan their families. SOMARC strives to develop projects that can achieve a maximum degree of sustainability while still keeping prices within the reach of the majority of the population. In some countries it has been possible to develop projects that have achieved complete self-sufficiency within as little as five years. In others, complete self-sufficiency is not possible in the near future. In all cases, SOMARC uses a variety of innovative approaches, including private sector partnerships, to keep the net costs of the projects as low as possible. The present study updates two prior studies done in 1992 and 1995 and includes twenty-nine countries where the 1992 and 1995 studies covered nine and fifteen countries, respectively. This study includes data through 1996. A country had to have at least two years of sales and a majority of costs flowing through the SOMARC project to be included.

The cost effectiveness of these projects has improved over time. The average cost-per-CYP of contraceptive social marketing programs implemented by SOMARC was \$8.78 in 1992, \$6.36 in 1994 and \$5.31 in 1996 (all years

expressed in 1996 dollars). In 1996, these costs ranged from a high of \$94 per CYP in Haiti, \$89 per CYP in Niger and \$66 per CYP in Kazakhstan to a low of no cost-per-CYP in countries that have become completely self-sufficient. (Several projects were started with USAID-funding but have now graduated from donor assistance. That is, they continue to provide family planning services with no public sector subsidy.) The cumulative cost for all program years and all country projects is only \$6.83 per CYP. When project overhead costs are added to the country-specific costs the annual cost-per-CYP in 1996 becomes \$6.37 and the cumulative costs for all years become \$8.18. All of these costs are well below the figure of \$15-20 per CYP often used by USAID as an average cost for all modes of service delivery.

The costs of SOMARC projects decline significantly as projects mature. The average first year cost is \$19.88 per CYP, but this drops to an average of \$4.82 per CYP by the seventh year and to just \$0.54 per CYP for the one project that has been ongoing for twelve years.

Costs also vary by implementation model. For example, the average cost in the seventh year for all projects using donated commodities is \$11.64 while the average for those using commercially purchased commodities is just \$4.07 per CYP.

Lessons Learned

- The costs of contraceptive social marketing projects implemented by SOMARC are substantially below average costs for other modes of service delivery.
- Cost-per-CYP declines dramatically with the duration of the project as the initial investments in market research and project design begin to payoff.
- Several SOMARC projects have achieved complete self-sufficiency and are now providing services to clients with no additional public subsidy.

**Using Simple Survey Techniques to Set
Prices for Social Marketing Products**

September 1998

Executive Summary

USING SIMPLE SURVEY TECHNIQUES TO SET PRICES FOR SOCIAL MARKETING PRODUCTS

EXECUTIVE SUMMARY

Setting prices is a key decision for any social marketing program. Unlike commercial organizations, which strive to maximize profits, increase market share, or discourage competition, social marketing focuses on affordability, sustainability, and coverage. *The challenge for social marketing is to set prices low enough to be affordable to lower income clients who might otherwise go to more highly-subsidized outlets, and yet high enough to avoid cannibalizing the fully commercial brands.* Consequently, there is usually no one-best or optimal price for a social marketing program to charge.

The economist's "law of demand" states that in general, demand is inversely related to price. All else being equal, as prices increase, sales should decline and as prices decline, sales should increase. Expected revenues are affected by the shape of the demand curve. Within certain price ranges, declining sales will be more than compensated for by increased price and price increases will lead to increased revenues. At other price ranges, small price increases will lead to relatively large declines in sales and price increases will lead to decreased revenues. Knowing the shape and height of the revenue curve allows managers to estimate the proportion of program costs they will be able to recover at different price levels, which in turn affects their prospects for long-term sustainability.

How can we know what consumers' purchase behavior will be at different price levels? Programs could raise prices and measure sales, continuing to raise prices until demand falls to unacceptable levels or total revenues begin to decline and then retreat to a lower price level. For obvious reasons, most program managers would be reluctant to experiment with their client base and revenues this way. An alternative approach is to ask people how much they would be willing to pay for a product or service. This paper will describe the use of willingness to pay surveys to inform decisions to raise prices for existing products and services and to set prices for new products.

Three country applications of willingness to pay (WTP) surveys are included – Ghana, Pakistan, and Ecuador. The Ghana and Pakistan applications use population-based surveys. In Ghana, current users of oral contraceptives and injectables were asked their current price and source and their willingness to pay higher prices for their current brand at their current source. In Pakistan, new brands of oral contraceptives and injectables were about to be introduced into the market. Potential users of these methods were asked for their willingness to pay different prices for these products. The Ecuador application focuses on clients of clinical services at a single nongovernmental organization; they were asked their willingness to pay higher prices for those services. The Ecuador case also

included an experiment to validate the results of the survey: prices were increased by differing amounts, and actual clinic performance was compared to that predicted from the survey.

The results of the three country applications demonstrate the feasibility and utility of WTP surveys as a tool for price-setting decisions. They also offer methodological insights on questionnaire construction and data analysis.

1. Even in areas of low prevalence and low literacy, current users of different contraceptive methods can understand and respond coherently to questions about what they might do under different hypothetical conditions. Similarly, non-users of the method in question are able to answer WTP questions.
2. The recommended prices derived from the direct estimation of willingness to pay fall within commonly-used criteria of ability to pay (expressed as a percentage of household income) and are consistent with respondents' reported expenditures on preventive health care.
3. It is important to determine the maximum price range of interest and pretest the questionnaire adequately beforehand.
4. It is easier to compute the demand curve directly than with multiple regression. Indeed, the direct estimation procedures are simple enough for most in-country program analysts to use. The direct estimation procedures were more conservative than the regression techniques – they suggest that clients are less willing to pay higher prices than the imputed estimates suggest. However, a social marketing program manager would probably prefer to err on the side of charging too little than on the side of charging too much.

The experimental validation of three price increases was consistent with the prediction of decreasing demand with increasing prices. However, these results should not be taken as conclusive validation of the WTP methodology. Further replication with larger numbers of cases would be useful.

**Targeting Potential Condom Consumers in
Africa with Psychographic Segmentation**

September 1998

Executive Summary

Targeting Potential Condom Consumers in Africa with Psychographic Segmentation

EXECUTIVE SUMMARY

We know both from experience and from the marketing literature that market segmentation can be an effective way to increase product use and sales. By tailoring the product and its positioning to the needs and preferences of different market segments, more people are likely to become interested in and eventually use the product. There are several ways to partition markets into groups of potential customers with shared needs and characteristics. These include geographic, demographic, socio-economic, behavioral and psychographic segmentation.

Little is known to date about the potential of psychographics to help market products and services in the developing world. The Social Marketing for Change (SOMARC) project undertook the current study to explore the extent to which psychographic segmentation could aid the development of communication strategies to “pull in” non-users of contraception and reproductive health services. In particular, with its emphasis on clustering consumers according to their lifestyles, attitudes, personalities, interests and opinions, psychographic segmentation has the potential to be a useful tool for product positioning.

The main objective of this study is to segment non-users of condoms by their psychographic characteristics in order to identify priority target groups. The study presents results for urban/peri-urban Ghana and rural Mali.

I. Methods

A four-step analytic plan was used to conduct the psychographic market segmentation analyses for both Mali and Ghana: a) descriptive analysis; b) factor analysis; c) cluster analysis; and d) psychographic profile of non-user segments and condom users. The sample for Ghana is based on a multi-stage random-sampling design, while the sample for Mali is based on a convenience sampling design (due to budget constraints).

A. Descriptive Analysis

The first analytic stage provides an overview of the socio-demographic characteristics of the condom market (current condom users and non-users, who are not using any method to avoid or delay having a child). The purpose of this

descriptive stage is to provide a general context against which non-user segment profiles (fourth analytic stage) in the later section can be understood.

B. Factor Analysis

The Mali and Ghana psychographic surveys have over 150 likert-type statements that measure attitudes, opinions, values and behaviors on a variety of lifestyle issues. Factor analysis was used to identify underlying lifestyle themes or factor dimensions in the population.

C. Cluster Analysis

The purpose of the third analytic stage, cluster analysis, is to divide the non-users of condoms into homogeneous sub-groups based on their psychographic characteristics. Specifically, cluster analysis is used to identify distinct segments of non-users with similar life aspirations and attitudes about health, gender, family, money, society, sex, AIDS, family planning and condoms.

D. Psychographic Profile of Non-users Sub-groups

In the fourth analytic stage, psychographic profiles of non-users are further developed to identify potential condom users.

II. Key Findings

Key findings are presented separately for Ghana and Mali focusing on the factor results and psychographic profiles of non-users of condoms. Recommendations on identifying priority target groups are focused on Ghana.

A. Ghana

The 1997 Ghana Male Psychographic Survey is a representative survey of 2,000 urban and peri-urban men aged 15-44. One of the principal objectives of the survey is to determine whether opportunities exist to target additional markets not covered in the current Ghana Social Marketing strategy (non-users).

1. Factor Findings

Factor analysis was conducted separately on lifestyle, condoms, sex and AIDS questions. Factor analysis on the lifestyles questions yielded four factors; two factors were identified from the condom questions; and another two factors were identified from the sex questions.

Optimism and Positive Attitude: This factor represents the degree to which respondents are optimistic and look positively toward life in general.

Recklessness: This factor represents the degree to which respondents behave carelessly (particularly in terms of alcohol consumption, smoking, money) and are unconcerned about the consequences to ones' well-being.

Passive: This factor represents the degree to which respondents participate actively or readily in influencing the direction of one's life course.

Confidence: This factor represents the degree to which respondents feel confident about themselves and act confidently.

Barriers to Condom Use: This factor represents the extent to which respondents have problems using condoms.

Condom Appreciation: This factor represents the degree to which respondents appreciate the use of condoms or see the positive utility of it.

Perception of Sex—Virility: This factor represents the degree to which respondents associate sex with virility.

Meaning of Sex—Intimacy: This factor represents the degree to which respondents view sex as a way of showing intimacy.

2. Profile of Non-user Segments

In the Ghana data set, cluster analysis was conducted on all eight factor dimensions to produce a relatively homogeneous six-cluster solution. In Table 1, distinguishing characteristics of non-user segments are highlighted. A full profile of each of the segments is described in the body of the study.

Based on the profiles, the following recommendations are made:

- **Intenders:** Considered to be a high-priority group and easily reached due to few barriers, men in this group have a positive perception of condoms, and have a high intention of using a method in the future.
- **No Worries:** Men in this group tend to agree with statements like "I live for today and don't worry about tomorrow," "planning for the future is a waste of time," and "I like to drink alcohol to forget about my problems" and also focus on sex with respect to virility. These characteristics make them a high-risk, priority target group.
- **Confident Muslim:** Program efforts should be focused on addressing the religious/cultural issues of this group.
- **Optimists:** Even though men in this group have a positive outlook on life, they are not motivators. Given that they are fairly educated, reaching them through program interventions that emphasize condom utility may be an effective strategy.

- **Confident Back-benchers:** Men in this group are older, mature, less sexually active and set in their ways. This group is considered to be a low-priority group and is effective in influencing other users, particularly younger men.
- **Sexually Reserved:** The majority of men in this group are married, have a single sexual partner, and are careful in terms of sexual activity. Targeting efforts should not be focused on this low-risk group.

Table 1. Distinguishing Characteristics of Non-user Clusters, Aged 15-44, Peri-Urban and Urban, Ghana.

NON-USERS (N=367)					
Intenders	No Worries	Confident Muslims	Optimists	Confident Back-benchers	Sexually Reserved
16%	19%	18%	10%	12%	26%
<ul style="list-style-type: none"> ▪ Positive condom perception ▪ Sex associated with virility ▪ Fairly educated ▪ Protestant/Catholic ▪ Moderate intention to use ▪ Not using condoms because regular partner/reduces pleasure 	<ul style="list-style-type: none"> ▪ Reckless ▪ Sex associated with virility ▪ Fairly educated ▪ Protestant/Catholic ▪ Moderate intention to use ▪ Not using condoms because has regular partner/partner is clean 	<ul style="list-style-type: none"> ▪ Confident ▪ Positive condom attitude ▪ Sex not associated with virility ▪ Not educated ▪ Muslim ▪ Northern Region ▪ 6.1 children ever born ▪ Low intention to use ▪ Not likely to contract AIDS 	<ul style="list-style-type: none"> ▪ Optimistic ▪ Not reckless ▪ In control ▪ No condom barriers ▪ Sex not associated with virility ▪ Fairly educated ▪ Muslim/Protestant ▪ Low intention to use 	<ul style="list-style-type: none"> ▪ Confident ▪ Not reckless ▪ Passive ▪ No condom barriers ▪ Older ▪ Mainly single partner/but also multiple ▪ Fairly educated ▪ Protestant/Catholic ▪ Moderate intention to use 	<ul style="list-style-type: none"> ▪ In control ▪ No condom barriers ▪ Sex not associated with virility ▪ Married ▪ Single partner ▪ Fairly educated ▪ Protestant/Muslim ▪ Moderate intention to use ▪ Not using condoms because has regular partner/partner is clean ▪ Avoids AIDS/has one partner

B. Mali

The 1995 Barriers to Protector Condom Use in Selected Areas of Rural Mali Survey (BPCU) interviewed 630 men. Specifically, 206 Protector Condom users, 211 "free" condom users, 175 non-users of any method, and 38 users of other methods between the ages of 15 and 40 who live in the rural surroundings of Koulikoro, Sikasso and Mopti were interviewed.

1. Factor Findings

Factor analysis was conducted on survey variables pertaining to the respondent's life aspirations and attitudes about health, gender, family, money, society, sex, AIDS, family planning and condoms. Factor analysis yielded a five-factor solution based on 92 psychographic items.

Fatalism: This factor represents the degree to which respondents feel fatalistic about their health and life in general.

Concern: This factor represents the degree to which respondents are concerned about their health and family.

Sexual Ego: This factor reflects the degree to which respondents derive positive self images from sex.

Condom Appreciation: This factor represents the extent to which respondents see the positive utility of condom usage.

Traditional Values: This factor represents the extent to which respondents have a traditional view with respect to gender roles and sexual relationships.

2. Profile of Non-user Segments

Cluster analysis was conducted on the non-users using the five factor dimensions and produced a relatively homogeneous three-cluster solution. In Table 2, distinguishing characteristics of the non-user segments are highlighted. A full profile of each of the segments is described in the body of the study.

Based on the profiles, the following recommendations are made:

- **Intenders:** These men are considered to be a high-priority group because of their intention to use a method in the future, approval of contraception, and concern about improving their health and family situation.
- **Modern Rejectors:** Low priority is placed on this group because of their small segment size and because the majority have no intention to use a method in the future.

- **Anti-Family Planning:** Targeting efforts should be focused on communication programs with a view to changing attitudes and perceptions toward family planning/reproductive health.

Table 2. Distinguishing Characteristics of Non-user Clusters, Aged 15-40, Rural, Mali

NON-USERS (N=175)		
Intenders	Modern Rejecters	Anti-Family Planning
42%	16%	42%
<ul style="list-style-type: none"> ▪ Fatalistic about life ▪ Concerned about health and family ▪ Fairly educated ▪ Approve use of contraception ▪ Intention to use a method in future, but not condoms because tend to have regular partners ▪ Condoms used with spouse 	<ul style="list-style-type: none"> ▪ Not traditional ▪ Negative perception of condoms ▪ Concerned ▪ Not fatalistic about life ▪ Older ▪ Educated ▪ Approve use of contraception ▪ No intention to use a method in future ▪ Not using condoms because tend to have regular partners 	<ul style="list-style-type: none"> ▪ Not concerned about life ▪ Negative perception of condom use ▪ Educated ▪ Catholics ▪ Disapprove use of contraception ▪ No intention to use a method in future ▪ Condoms used with occasional partner, prostitute

SOMARC

TECHNICAL REVIEWS

**From Deal to Delivery:
Lessons Learned from SOMARC in
Building Partnerships with the
Commercial Sector**

September 1998

Executive Summary

From Deal to Delivery: Lessons Learned from SOMARC in Building Partnerships with the Commercial Sector

Executive Summary

It is the intention of USAID/Washington/Global to award in latter 1998 a new contract that will support expanded use of commercial opportunities for growing and sustaining contraceptive prevalence in countries around the world. The current moment is particularly opportune, therefore, for analyzing experiences from the past 20 years and for developing "lessons learned" that can be used as guides in designing and implementing effective, innovative efforts of the future.

One of the most significant evolutionary changes in contraceptive social marketing project implementation that has occurred during the past 15 years has been the establishment of partnerships with commercial sector entities to create enhanced markets—through targeted distribution, pricing, advertising and promotion—for contraceptive sales. During the approximately 10-year period between implementation of the earliest USAID-funded contraceptive marketing projects and the middle of Social Marketing for Change (SOMARC) I, several facts became clear:

- Increasing demand for contraceptive commodities in USAID client countries among both public sector and social marketing sector consumers was substantially increasing USAID's "bill" for contraceptive procurement.
- The task of registering for sale USAID-provided ethical pharmaceutical/contraceptive products with ministerial pharmaceutical regulatory agencies was a cause of significant delays in social marketing project implementation.
- In a growing number of developing countries, oral contraceptives were being sold as over-the-counter products—in practice if not in law—and were becoming more susceptible to consumer-oriented marketing techniques.
- Commercial pharmaceutical companies were becoming increasingly aware, thanks at least in part to their experience in USAID-funded contraceptive social marketing projects, that there was in many developing countries a mass market potential for some of their contraceptive brands.

The recognition of these facts led staff of SOMARC with relevant USAID/Office of Population program managers to consider implementing more direct partnerships with commercial entities in contraceptive marketing projects. Partnerships with commercial sector entities were sought to achieve several broad objectives: 1) to eliminate the need for USAID/Washington to purchase contraceptive commodities for use in social marketing projects by using brands

already commercially available; 2) to reduce the time required for project development and initiation by using contraceptive brands already registered in the local markets; and 3) to increase the resources available for project marketing support activities through commercial partners' investments in their own product sales. These partnerships have been based on the premise that there is sufficient demand for contraceptives in many countries to make a lower-priced mass market contraceptive brand commercially profitable and that both commercial entities and USAID-funded family planning projects have something to gain not only from increased use and/or sales of contraceptives but also from each other.

This study describes the process by which SOMARC was able to interest potential commercial partners in project participation in a variety of countries, the "deal" that was finally struck with each partner, and the degree to which the partnership succeeded or failed in achieving each project's objective of making modern contraceptives more widely available and more affordable to middle- and lower-income consumers. Specifically, the study examines experience in creating and implementing partnerships with commercial sector entities in Brazil, Jamaica, Uganda, Jordan, Turkey and the Central Asian Republics. Each country presents its own market circumstances, its own opportunities and its own challenges. Analysis of each country experience, however, has allowed the development of a set of lessons learned that may serve to improve the efficiency and effectiveness of future collaboration.

Partnerships with commercial sector entities have proved "successful" in a variety of ways. The ways in which each commercial partnership contributed to achievement of the country's family planning goals and the degree to which each partnership succeeded, however, have varied from marketplace to marketplace. Overall, partnerships with the commercial sector have contributed to USAID's family planning service delivery objectives in the following areas:

- Reliance on commercially available contraceptive products in many social marketing programs has reduced USAID/Washington's commodities cost by more than US\$47 million over the last 10 years.
- The availability and accessibility of modern contraceptive methods have been increased in many project countries.
- The range of contraceptive methods readily available to consumers has been increased in a number of project markets.
- Reliance on public sector resources for family planning products and services has been decreased in some markets.
- Project activities have encouraged some contraceptive manufacturers to begin to include in their strategies the marketing of contraceptive products

positioned to reach lower-priced mass markets rather than higher-priced niche markets alone.

A number of lessons have been learned during the past 15 years that may shed light on the reasons for greater or lesser “success” from one commercial partnership to another or from one marketplace to another and that may be useful in improving and expanding the effectiveness of future commercial sector partnerships. Below, we group these lessons learned into 10 categories.

Lessons Learned

What’s in it for them?

- There must be something in project participation that is of appreciable value/advantage to a commercial partner. Where such an advantage is not delivered or is not delivered to the extent desired, commercial partners either drop out of project activities or contribute little if anything beyond their “usual and customary” efforts.
- “What’s in it” for commercial partners is often complex and a combination of factors far beyond simple increases in sales. Social marketers need to understand commercial agendas more thoroughly.

Importance of Brand to Commercial Partners

- The importance to a pharmaceutical manufacturer of maintaining or gaining market share leadership for its brands cannot be overestimated. At the local or regional level, companies are often willing to sacrifice some part of their profit margin to maintain or grow market share.
- The overall commercial importance of market share makes brand-specific marketing critically important to contraceptive manufacturers and distributors.
- A contraceptive manufacturer whose brand(s) are already market share leaders in a given marketplace may be more likely to participate in program efforts to “grow the overall market” because their leading brands are most likely to capture the major share of that overall growth.

Advertising

- Direct access to the consumer through mass media advertising is often a major selling point for commercial partners’ interest in project participation.
- Generic or method-specific advertising usually implemented by USAID-funded contraceptive marketing projects has increased consumer interest in

and demand for family planning services. In some countries, increased consumer demand has led to noticeable increase of supply of such services, especially by private practice physicians.

- Generic or method-specific advertising does not deliver increased brand share. Commercial pharmaceutical partners in social marketing projects are primarily interested in increased brand share for their products.
- The limitations of method-specific advertising in creating increased brand share for a selected product cause a special problem for projects that support contraceptive categories represented by multiple participating brands. Method-specific advertising of oral contraceptives, for example, in many country projects does not work to the brand advantage of any oral contraceptive product because there are many brand choices for the consumer. On the other hand, method-specific advertising of injectable contraceptives, when only Depo-Provera exists in the marketplace, does function to some extent as brand-specific promotion.
- Physicians react negatively in almost every case to the advertising/promotion of pharmacies and pharmacists as sources of family planning information and guidance.
- The cost of mass media advertising is so high in some markets that commercial partners believe they cannot afford to use it even if legal and regulatory constraints on their access to the media are lifted.

Role of Corporate Head Offices

- Corporate head offices can and sometimes do exert their influence on local country representatives to participate in social marketing projects (e.g., Pharmacia Upjohn).
- A manufacturer's previous experience with a contraceptive social marketing project is often communicated either formally or informally throughout its regional offices and does carry weight that can be either positive or negative in local country representatives' decision-making (e.g., Schering AG).

Place of Contraceptives in the Pharmaceuticals Business

- Contraceptives do not "drive" the business of many pharmaceutical manufacturers/distributors—especially contraceptive brands that they are willing to sell at mass market prices.

25

- Product detailing practices, costs of detailing and promotion, and sales commission/bonus patterns do not naturally favor placement of marketing and sales emphasis on lower-profit/lower-turnover products.
- Revenues from sales of contraceptives are seldom reported by retail pharmacists to exceed 3-5 percent of their total income.
- In countries where access to cash and/or hard currency is problematic for importers and retailers, low-demand products—as hormonal contraceptives, for example, are often perceived to be in those countries—are not high-priority investments for the trade.

Mass Market for Contraceptives and Consumer Marketing

- Commercial partnerships for contraceptive marketing will not replace the need for public sector and donor resources/effort in expanding overall demand for contraceptive services and for serving difficult-to-reach segments of the population.
- Prices of project contraceptive products have often increased when project-supplied funds for marketing support activities have ended. Sales revenues must cover the costs of marketing support.
- The degree to which commercial partnerships for contraceptive marketing have succeeded in creating sufficient “mass” markets for lower-priced contraceptives to sustain continuing, enhanced consumer advertising/promotion, product detailing, public relations activities, etc. beyond project funding periods needs to be further examined and documented.
- The definition of success for a commercial partnership in contraceptive marketing as creation of a commercially sustainable mass market for lower-priced contraceptives may not sufficiently recognize the range of positive impacts on contraceptive availability and use made by such partnerships.

Private Providers as Commercial Partners

- Family planning services delivery is not a big moneymaker for private practice physicians.
- It is difficult to change the service delivery behavior of medical care providers. “One shot” training of physicians and pharmacists does not effectively change provider behavior.
- Private providers in many countries are distrustful of hormonal contraceptives, in general, and do not have current/correct knowledge of contraceptives.

- Private providers often promote those contraceptive methods that they can themselves directly dispense and therefore profit from.

Donor/Host Government Supervision and Support of Commercial Marketing Programs

- Host government and donor processes sometimes required for approval of project marketing elements can be time-consuming and limit the programmatic flexibility and responsiveness required for effective marketing.
- Approval/non-approval decisions for project advertising or promotional materials made by host government and donor staff are sometimes based on the appeal of these materials to those officials rather than on research results that indicate their effectiveness for target consumers and the trade.
- In some countries, donor-supported economic assistance whose aim is to increase government revenues through new or more complete systems of taxation works against the objectives of concurrent donor-supported health and family planning objectives by increasing the price of contraceptive products to the consumer.
- Unlimited or inefficiently limited access to free public sector contraceptive products in a given marketplace can eliminate commercial partners' interest in marketing a lower-priced product to a lower-income market segment.

Legal/Regulatory/Policy Issues

- Limitations on the degree of success of a given commercial partnership are often caused by constraints—such as government price controls, restrictions on pharmaceutical brand advertising, and value added taxes—in the legal/regulatory environment for pharmaceuticals.
- Increased accessibility of contraceptives in the commercial sector does not often enjoy sufficient financial and/or policy leverage to facilitate change in the legal and regulatory environment that affects the pharmaceutical sector as a whole.

Uniqueness of Markets and Replication of Successes

- Each commercial marketplace is different, and the goals/needs of potential commercial partners vary from market to market.
- The processes of project assessment and marketing planning can be replicated from one marketplace to another but not the specifics of project implementation.

**What Motivates our Partners?
Conversations with Contraceptive
Distributors**

September 1998

Executive Summary

What Motivates Our Partners? Conversations with Contraceptive Distributors

EXECUTIVE SUMMARY

Engaging commercial distribution partners to distribute contraceptive products for a social marketing program is difficult because they are low-profit products and they are marketed to low-income consumers at reduced prices. These challenges make it imperative for the Social Marketing for Change (SOMARC) project to understand commercial networks and to create enticements for commercial distributors to incorporate these contraceptive products into their commercial product lines. SOMARC conducted this study to gain an understanding of how to cultivate distribution relationships that will advance the commercial sustainability of social marketing contraceptive products.

The level of SOMARC's integration in the distribution chain and the type of technical assistance it offers to commercial partners vary according to whether the market is subsidized, transitional or commercial. The sophistication and skill level of partners also vary by market type.

The three main lessons learned from this study are that: 1) leveraging investment from commercial partners requires building relationships; 2) the nature of relationships and the needs of distribution partners vary by stage of market development; and 3) knowing what partners need will strengthen negotiations for cost sharing.

Lessons Learned

- ***Leveraging investment from commercial partners requires building relationships.*** In order to build quality relationships, it is important to become more familiar with the internal and external business environments of partners. Many partners are at different stages of corporate development, and have various product lines, geographic coverage and relationships with wholesalers and retailers. They have different expansion and strategic plans and varying levels of competition. Much of understanding their businesses requires extending knowledge beyond merely contraceptives. Efforts at achieving a better understanding can include country assessments of the entire distribution system, and interviews with major commercial distributors, government agencies, NGOs and other non-traditional distributors, manufacturers, local reps, wholesalers and retailers. Frequent and clear communication focused on program goals, strategies, work plans and measurable indicators will help maintain and nurture the relationships.

- ***The nature of relationships and the needs of distributors vary in the different stages of market development.*** For example, in many subsidized markets SOMARC has direct relationships with commercial partners and

independently has direct relationships with NGOs. In this study, none of the subsidized market commercial executives interviewed had any relationships with NGOs, with indications that NGOs did not have the financial backing to be seriously integrated in the distribution network. On the other hand, in some commercial markets SOMARC has brokered the relationship between commercial partners and NGOs such that a direct relationship between the two now exists. The lessons learned from this achievement suggest that there are both opportunities to expand the role of NGOs and to educate commercial partners to their value.

- ***Knowing what partners need will enable SOMARC to implement negotiations that ask for cost sharing or some other type of investment from partners.*** The incremental goals of sustainability can also be relevant to the business objectives of partners. For example, SOMARC has the potential to work more closely with commercial partners by designing, analyzing and applying market research to commercial marketing decisions. Many executives are interested in brand studies, market share studies and retail audits. One commercial market partner indicated that they were in dire need of a geographic information system (GIS) that would allow them to save time and costs by geographically targeting doctors and pharmacies. Additionally, when SOMARC assistance (e.g., quality customer service training or GIS design) is applicable to more than just the contraceptive product line, more opportunity to “hook” the commercial partner exists. Regardless of the type of assistance that SOMARC determines is most relevant, negotiations should encourage the partner to invest in the relationship.

**The Role of the Provider in Family Planning
& Reproductive Health Services Marketing**

September 1998

Executive Summary

**THE ROLE OF THE PROVIDER IN
FAMILY PLANNING & REPRODUCTIVE HEALTH SERVICES
MARKETING**

EXECUTIVE SUMMARY

SOMARC's approach to private sector family planning/reproductive health services marketing focuses on encouraging health providers to offer a wide range of family planning and reproductive health services in their private practices, thereby expanding their client base and increasing their service volume. Among commercial providers, SOMARC technical assistance focuses on promoting family planning services. In the NGO sector, SOMARC technical assistance focuses on encouraging family planning associations to promote other reproductive and/or child health services.

This paper describes lessons learned from independent commercial health care providers in Istanbul, Turkey, a health maintenance organization in Salvador, Brazil, and an NGO family planning association in Lima, Peru. Despite differences in country and services settings, the lessons learned are remarkably consistent with one another, and can be summarized in three main points:

Lesson Learned

- Traditional advertising-based outreach promotion has little direct impact on client volume, referrals, or types of services provided.
- Increasing client interest in or awareness of the availability of family planning services, without changing provider behavior, does not necessarily translate into increasing family planning services delivery.
- Changing provider behavior by applying explicit, standardized screening tools or focused inreach promotion can increase service volume.

Providers are typically seen as a target for technical training, mainly for the purpose of quality assurance. SOMARC experience shows that providers also need to be appreciated as a critical element in a marketing mix to attract and hold clients, and to increase those clients' utilization of available services. Services marketing is an effective and viable way to increase commercial and not-for-profit involvement in family planning and reproductive health. To reap the benefits of this approach, providers and their staffs need assistance in changing their own behavior to become more proactive with their clients.

**Getting from Awareness to Use:
Lessons Learned from SOMARC III about
Marketing Hormonal Contraceptives**

September 1998

Executive Summary

Getting from Awareness to Use: Lessons Learned from SOMARC III about Marketing Hormonal Contraceptives

EXECUTIVE SUMMARY

The Social Marketing for Change (SOMARC) project has worked in a wide range of developing countries not only to improve awareness of oral and injectable contraceptives, but more importantly to translate awareness into increased use. In conducting consumer research, SOMARC has identified several consumer concerns that can serve as barriers to trial and continued use of hormonal methods. These include: 1) the possibility of side effects and/or health effects; 2) access, both physical and financial availability; and 3) lack of knowledge about effectiveness, compliance and how the method works.

To address these concerns, SOMARC has applied a variety of communication techniques, ranging from large-scale mass media advertising to smaller-scale interpersonal counseling, and has adapted these techniques to the specific needs and capabilities of each country. This paper presents the key lessons learned from SOMARC's experience in using various communication approaches to overcome consumer concerns about hormonals and highlights the extent to which removing these concerns actually moves women from awareness to use. The paper relies on case studies of social marketing campaigns in Kazakhstan, Turkey and Uganda. Key lessons are presented below.

Lessons Learned

- Mass media messages can be highly effective in alleviating non-health-related concerns about oral contraceptives. Moreover, messages about project products in general can have positive spill-over effects on women's views about oral contraceptives in particular.
- By contrast, mass media messages that directly address the health-related concerns held by many women about oral contraceptives appear to have little effect on those concerns.
- Even substantial reductions in non-health-related concerns about oral contraceptives (e.g., convenience, availability and price) do not necessarily translate into increased use of this method. Nevertheless, they can play a role in shifting pill consumers away from public sector sources toward private sector sources.
- Information hotlines, which have the "wide reach" of mass media and the "high-touch" of interpersonal counseling, offer a promising approach to improve both consumer and provider knowledge about new methods on the market.

- Community-based, interpersonal “demand-creation talks” can reach large numbers of women of reproductive age.
- The interpersonal communication approach, with its ability to respond immediately to key questions and concerns about hormonal methods, has a direct impact in motivating behavior change, especially when conducted within areas with reasonable access to trained providers and clinics.

35

**Getting from Awareness to Use:
Lessons Learned from SOMARC III about
Marketing Condoms**

September 1998

Executive Summary

Getting from Awareness to Use: Lessons Learned from SOMARC III about Marketing Condoms

EXECUTIVE SUMMARY

Although condom use has increased in numerous developing countries around the world over the last decade, a significant proportion of married and unmarried couples continue to engage in unprotected sex that may result in an unintended pregnancy or the spread of sexually transmitted infections (STI). Through its consumer research, the Social Marketing for Change (SOMARC) project has identified numerous factors that serve as obstacles to the increased use of this method: concerns about reduced sexual pleasure; problems of discarding used condoms; concerns about quality; difficulty in obtaining condoms when needed; images of condoms as being appropriate only for extramarital or "illicit" sexual relations; and uncertainty about how to use a condom correctly. Another barrier to increased condom use is the fact that many distributors and retailers are reluctant to carry condoms because of the relatively small profit margins that they provide.

This paper presents key lessons learned from SOMARC III about overcoming many of the above obstacles to increased condom use. The paper relies on case studies of SOMARC programs in Ghana, Malawi, Uganda, Indonesia and Ukraine.

Lessons Learned

- Mass media messages can be highly effective at reducing the belief that condoms are appropriate only for extramarital relations. Moreover, the reduction in this belief appears to translate directly to increased condom use within marriage and decreased use of condoms with CSWs only.
- Condom campaigns that stress the disease-prevention aspect of condoms can be highly effective at increasing condom use among high-risk individuals. On the other hand, they can also cause a drop in use among couples who use condoms primarily as a pregnancy-prevention method within marriage because of an increased perception that condoms are for people at risk of contracting STIs and AIDS rather than for monogamous married couples.
- Increasing the number of condom brands can increase overall condom use as long as the brands appeal to different market niches and appear to address the different needs and preferences of those niches.
- Product positioning can have a strong influence on the benefits that consumers perceive a particular condom brand to have (e.g., quality versus strength versus thinness). In Ghana, the same exact condom is packaged and positioned in three different ways to three different market segments, and consumers perceive the benefits of each brand to be different.

- Innovative promotional approaches such as condom lotteries can be highly effective at bringing consumers quickly “in the door” and thereby reducing the reluctance of retailers to carry condoms.
- The perception that condoms are not appropriate for use with “those we love” is particularly strong among commercial sex workers (CSWs). As a result, it is easier to increase the use of condoms among CSWs with their clients than it is to increase the use of condoms among CSWs with their husbands or boyfriends.
- The creation of a specialized (and subsidized) distribution network for rural, non-traditional points of sale can significantly increase the availability of condoms nationwide and lead directly to increased condom use. However, in subsidized markets, there is little incentive for private sector distributors to take over this type of high-intensity distribution network. Consequently, unless donors are prepared to fund this type of distribution system over the long run, it is a short-term solution to problems of access in “hard-to-reach” settings.

**Getting from Awareness to Use:
Lessons Learned from SOMARC III about
Marketing Vaginal Foaming Tablets in
Ghana**

September 1998

Executive Summary

**Getting from Awareness to Use: Lessons Learned from SOMARC III
about Marketing Vaginal Foaming Tablets in Ghana**

EXECUTIVE SUMMARY

Since 1987, vaginal foaming tablets (VFTs) have been sold in Ghana as part of its contraceptive social marketing program. Initially called the Ghana Contraceptives Supply Project (CSP), then the Ghana Family Planning and Health Project (FPHP), the current program is called the Ghana Population and AIDS Project (GHANAPA), and is in effect until the year 2000.

VFTs have enjoyed an extraordinary and unique success in Ghana. In 1988, one percent of married women in Ghana used VFTs as a contraceptive. Because of the low contraceptive prevalence rate (CPR) at this time, this figure means that VFTs accounted for 20 percent of all modern contraceptive use by married women. Since 1990, VFTs have accounted for an average of 22 percent of couple years of protection (CYPs) distributed by the Ghana Social Marketing Foundation (GSMF), the principal partner of the Social Marketing for Change (SOMARC) project in Ghana.

There are many advantages to VFTs: ease of use; no prescription necessary; freedom from systemic side effects; can be used intermittently, as needed; helps protect against sexually transmitted infections (STIs), possibly including HIV/AIDS; is female-controlled; and serves as a lubricant. In addition to these benefits, certain cultural characteristics of Ghana may increase the perceived benefits of VFTs. For example, VFTs can be used during lactation, which is a distinct advantage in Ghana given that breastfeeding is quite prevalent. Although the low efficacy of this method should be a major concern, the perceived benefits appear to outweigh this cost for users at this time.

The Kamal VFT, which is marketed by GSMF, is priced very competitively. The current price for a package of 12 tablets is 400 cedis, while the retail price for the major competitor, Neosampoon, is 1000 cedis for 20 tablets, on average. The Kamal VFT is also competitively priced in comparison with other contraceptive method choices.

Currently in Ghana, almost all VFTs sold by GSMF are sold through pharmacies and chemist shops, all of which are commercial outlets. Pharmacies are concentrated mainly in urban areas, and pharmacists are trained to dispense contraceptives and advise potential users. Chemist shops are important particularly in rural areas, where hospitals, clinics, pharmacies or family planning centers are not available. GSMF has been very successful in persuading consumers to utilize the commercial marketing outlets; between 1993 and 1995, the percentage of customers using commercial outlets to buy VFTs, condoms or pills rose from 50 percent to 72 percent of users.

A very small fraction of VFTs from GSMF are distributed by the Ghana Registered Midwives Association. Between 1990 and 1992, another innovative distribution outlet accounted for as much as 40 percent of VFT sales for GSMF—the market women program. Under this program, stalls in various market centers were staffed by women selling VFTs and condoms on a consignment basis.

GSMF has been extremely active in advertising VFTs, and is the only organization that advertises VFTs to any degree. Promotional interventions include advertising, public relations activities, point-of-sale materials, contests and coupons. Both urban and rural areas are covered, although more advertising takes place in urban areas.

In implementing the VFT program in Ghana, GSMF and SOMARC have learned several valuable lessons.

Lessons Learned

- ***In countries where modern contraceptive prevalence is low, VFTs may serve as a hook into modern contraceptive use.*** In a country where the modern contraceptive prevalence rate is very low, as in Ghana, a method such as the VFT can attract first-time users who are concerned about possible side effects of other, more effective methods.
- ***Broadening the method mix by allowing VFTs as a choice, along with continued support by the government, contributes to its success.*** Many governments are not interested in pursuing the VFT as one of the methods to be offered in the set of contraceptive choices, primarily due to its relatively high failure rate. One of the possible reasons for the success of VFTs in Ghana is simply that the government allowed and supported the tablet as a contraceptive method.
- ***The gap between awareness and use in Ghana does not appear to be due to price issues. Ghanaian consumers are willing to pay current prices for their contraceptives, including VFTs.*** The gap between knowledge and use of contraceptives in Ghana is well-documented. However, in none of the surveys was cost given as the reason for not using a contraceptive or for discontinuation of use.
- ***The advantages of VFTs may outweigh their main disadvantage (low efficacy) in countries with low modern contraceptive prevalence and high levels of distrust of modern methods.*** In addition to its general effect in increasing the number of contraceptive choices, it may be that it is important to offer VFTs in particular as one of the contraceptive choices. As discussed above, there are certain advantages to using VFTs in general, and in Ghana in particular. VFTs can be used during lactation (breastfeeding is widespread in Ghana) and can serve as an alternative family planning method for the many

Ghanaian women who are concerned about negative side effects associated with hormonal methods.

**Getting from Awareness to Use:
Lessons Learned from SOMARC III about
Marketing Vasectomy Services in Jamaica**

September 1998

Executive Summary

**Getting from Awareness to Use: Lessons Learned from SOMARC III
about Marketing Vasectomy Services in Jamaica**

EXECUTIVE SUMMARY

In 1994, the Personal Choice Programme was established to assist Jamaica's National Family Planning Board (NFPB) in achieving its goal of switching to private sources of contraceptive supply. The program, implemented by the Social Marketing for Change (SOMARC) project, offers two low-dose oral contraceptives, an injectable, two brands of condoms, and vasectomies. The strategy behind including vasectomies in the program was to include a long-term method, given that long-term methods are appropriate for some Jamaican couples and that donor support for contraceptive commodities was being phased out.

The marketing of long-term methods in Jamaica has proven quite challenging. Concerns exist about the safety of these methods, both by users and providers; there is a lack of access to long-term methods, partially related to a lack of provider training; there is weak patient counseling about these methods; and there are cultural factors such as unstable unions and concerns about male virility. There is, in particular, a huge bias against vasectomies in Jamaica as a permanent contraceptive method.

In response to these challenges, SOMARC developed a comprehensive social marketing program to promote the no-scalpel vasectomy (NSV), a relatively simple procedure that does not involve surgery and has a higher efficacy rate than the tubal ligation. As part of the program, SOMARC has facilitated training for clinicians (mostly in urban areas) interested in offering the NSV to their clients. For consumers who have completed childbearing, the advantages of the procedure, in addition to high efficacy, are convenience, lack of long-term complications and relative cost-effectiveness. The disadvantages include the lack of reversibility and the fact that, as a method, it does not protect against sexually transmitted infections, including HIV/AIDS transmission.

Establishing an "affordable" price has been essential in expanding use of NSV. Under the Personal Choice Programme, SOMARC established a target range of JA\$3,000-JA\$5,000 for NSV procedures offered by affiliated providers. The lower-end price of JA\$3,000 translates to a monthly cost of JA\$25, which is well under 2 percent of the monthly minimum government wage. The higher price of JA\$5,000 is still far below the fully commercial price of approximately JA\$30,000. Credit constraints experienced by consumers may have more of an effect for vasectomies, since it must be paid for in full at the time of the procedure. The tubal ligation is generally less expensive than the NSV in Jamaica, which is in stark contrast to the price relationship in the United States, where vasectomies are usually one-quarter the price of tubal ligations. Clearly, incorrect price signals are being sent.

Promotion has been another important part of the NSV program, although the advertising budget for this method has been limited (approximately 10 percent of the initial Personal Choice advertising budget was spent on vasectomies; the percentage is now about 20 percent). Early public relations activities included talk shows and radio call-in programs, where participants were men who had undergone the NSV procedure. Training was provided for speakers in a "Speakers' Bureau," used to address the media and small groups. Other public relations activities included buying into a locally produced television soap opera, one of two on the island. SOMARC also used non-paid media, such as coverage by newspapers, magazines, and radio and television programs, to provide general information about NSV.

During the course of the NSV program, SOMARC learned valuable lessons about marketing vasectomy services.

Lessons Learned

- ***Biases against vasectomy within the local government can substantially slow the progress of vasectomy promotion and acceptance.*** The Jamaican Ministry of Health delayed the launch of the NSV portion of the Personal Choice Programme, and the NFPB further hindered its operation because of initial distrust of and biases against the vasectomy procedure.
- ***Male-only clinics or male-only hours at clinics are necessary.*** Research and field experience suggest that an all-male atmosphere is important when trying to reach male clients. Even male-only hours at clinics would be a positive step to encourage vasectomy procedures.
- ***The price needs to be appropriate relative to other contraceptive alternatives.*** In clinics affiliated with the International Planned Parenthood Federation, the price of the socially marketed NSV is twice as expensive as a tubal ligation. As mentioned above, in the United States a vasectomy is one-quarter the price of a tubal ligation. Thus, the relative price of a vasectomy to a tubal ligation in Jamaica is eight times higher than in the United States, even though the NSV procedure is simpler than the tubal ligation operation.
- ***Mass media promotion is not enough; one-to-one counseling is crucial.*** Mass media activity is not sufficient to motivate men to have a permanent and sensitive procedure like a vasectomy. SOMARC has involved men who have undergone the NSV procedure in its media campaigns to make mass media messages personal and meaningful to the target audience. While these campaigns were successful at raising awareness of vasectomies as a viable contraceptive option, they did not translate to increased use of vasectomy services. Current research suggests that face-to-face communication with men satisfied with the NSV procedure is likely to be more effective at moving a potential candidate from awareness to use.