CARISMA II *Caribbean Social Marketing Programme*

CARISMA II

Best Practice Series

Models of Condom Distribution Across the Caribbean

Christopher Brady – Team Leader
Joanne Hemmings – Research Manager

KfW Entwicklungsbank · Pan Caribbean Partnership Against HIV/AIDS · Options effective solutions in health

CARISMA II

CARISMA, now in its second phase, is a regional social marketing programme designed to improve sexual and reproductive health in selected countries[1] of the Caribbean. The programme promotes preventative behaviours among at-risk individuals through social marketing, and works to improve the availability of contraceptives, including condoms. CARISMA II is a development programme of the Caribbean Community (CARICOM) which is financed by the Federal Republic of Germany through the German Development Bank (KfW). See www.carisma-pancap.org for more information.

The *Best Practices in Social Marketing* series aims to disseminate learning from CARISMA's partners to other regional and international social marketing organisations and their governmental and non-governmental partners.

Introduction

This publication describes different product distribution systems developed by CARISMA's partner Social Marketing Organisations (SMOs). It discusses how three SMOs have adapted social marketing (SM) principles to their own context. Within any given SM programme, product distribution plays a critical role. Designing the right approach to distribution for any given country or region is critical to successfully meeting the programme's SM objectives. However, the factors determining which approaches work in different contexts deserve closer inspection.

This discussion is particularly relevant in the Caribbean region, as SMOs operate in a variety of contexts, differing in terms of their economies, condom markets, and political systems. This range of experiences provides a unique opportunity to compare and contrast the structures, strengths, and challenges faced by different distribution approaches. On the basis of the analyses in this report, the optimum conditions for different SM models are suggested. These insights will help implementing organizations and donors to assess which SM model to base programmes on, according to the local context.

Although this publication focuses on condom distribution, many of the lessons can be applied to other SM products, such as contraceptives or other health-related fast moving consumer goods.

Defining Social Marketing

Social marketing takes commercial marketing tools, concepts and resources, and uses them to promote healthier behaviours, particularly among low income and high-risk groups who are not adequately served by existing health systems. Commodities and services are promoted to target populations through various channels (from mass media to face-to-face communication), typically in conjunction with health education messages. Products are often sold at subsidized prices in pharmacies, shops, and clinics; and by market traders and community promoters.

Social marketing thus promotes both *access to* and *demand for* products and services, and combines health education with the power of commercial brand marketing. In essence, **SM enables people to act on the information they receive**. This principle is central to all SM programmes, though implementation varies.

Some SMOs promote and distribute their own branded product(s) in-house: the so-called **NGO model**. Other SMOs support commercial distributors to promote private sector brands: the **manufacturer's model**. More recently, others have begun to operate hybrid approaches, combining aspects of both models. Across the world, SMOs are diversifying - partnering with different types of organization, and using novel approaches to reach their objectives.

Even if they are promoting their own condom brands, all CARISMA SMOs share the objective of growing the **Total Condom Market**; that is, increasing the total number of condoms sold/distributed by the public,

[1] Eastern Caribbean region (Antigua/Barbuda, Barbados, Dominica, Grenada, St. Vincent and the Grenadines, St. Lucia, St. Kitts/Nevis, St. Maarten, Trinidad and Tobago), Jamaica, Suriname, Dominican Republic, Haiti, Belize.

private and SM sectors together. To this end, they work to bring the commercial and public sectors together in a variety of ways, such as sharing market research, and working with governments to target the distribution of free condoms so that they reach groups with the highest level of need.

NGO Model vs. Manufacturer's Model

Although it is useful to distinguish between two broad models of condom social marketing (CSM), the majority of programmes around the world do not follow a rigid model, but adapt their approach to the local context.

The **NGO,** or **'own brand'** model can be described as follows:

- It is often driven by a health-oriented NGO or SMO who imports, packages and promotes its own CSM brand(s) and has full control over the product marketing mix (see box below)
- The SMO may receive unbranded condoms from international or national donors, or may directly procure condoms from manufacturers. They then develop their own brand(s) and packaging
- They may establish an in-country sales force and management structure, frequently involving one or more local partner organizations (including commercial distributors and wholesalers)
- In addition to working through traditional sales networks, the SMO promotes product availability in non-traditional and/or rural outlets, often through NGOs and other non-medical retail businesses

What is the Marketing Mix?

These examples relate to condom marketing:

- Product: attributes, e.g. size, texture, strength, colour and packaging
- Price: wholesale and retail price
- Place/distribution: where it is stocked and how it gets there
- Promotion/advertising: campaigns, branding, positioning & market segmentation

- Activities are supported by a variety of sources, including sales revenues, bi-lateral and multi-lateral donors, private foundations and host country governments
- Retail prices are often lower than manufacturer's model prices, as affordability to low-income consumers takes precedence over cost recovery and profit objectives

The **manufacturer's model** is characterized by the following features:

- Governments or donors often contract the commercial firm directly, or use an international SM agency as an intermediary
- An SMO helps to promote one or more existing manufacturers' (or importers') brands
- Commercial firms take principal responsibility for distribution through their existing network and collaborate with an SMO to implement the other marketing mix elements
- Typically, the retail price recovers the cost of distribution and goods sold, and returns at least a small profit to the commercial firm
- Investment costs, such as advertising, promotion, and training are subsidized by donor funds
- The international company or SMO liaises with donors and host governments; conducts research; assists with advertising; may provide technical assistance; and advocates for condoms (at policy level and also with category campaigns[2]); thus providing extra impetus for commercial companies to invest in condom promotion

The NGO and manufacturer's models are not mutually exclusive. On the contrary, they can provide complimentary strategies focused on meeting the needs of different groups. For example, NGOs in Latin America, Asia, and parts of Africa have developed direct partnerships with commercial manufacturers, and at least one manufacturer has invested in its own SM programme. In several instances pharmaceutical companies such as Schering and Wyeth have leveraged their resources to increase the market for oral contraceptives by teaming up with SM firms.

[2] A category campaign concentrates on the benefits of a product category (in this case, condoms), rather than on a specific brand.

Increasingly, SMOs have tried to enhance their sustainability by developing their own income-generating or high cost-recovery activities, blurring the line between the non-profit and commercial worlds.[3]

Pros and Cons of Different Models

1. NGO Model

Pros

- Likely to focus on health impact and serving the poor and most at-risk where they live and work (such as adolescents, Commercial Sex Workers (CSWs) and rural populations), as they do not need to secure minimum profit levels
- Have greater control over the full marketing mix, because they create and manage their own brands
- Can target entirely new populations, as they have the most flexibility in their branding, pricing, and distribution

Cons

- Depends on sustained donor funding to maintain a distribution system targeted at harder-to-reach populations, and finance behaviour change communication (BCC) components to generate demand
- Possible cannibalization of the commercial condom distributors' market share (this is known as *crowding out*)
- Potentially subsidizes the product for those people who have the ability to pay full cost

2. Manufacturer's Model

Pros

- Expectation that SM will transfer some of the cost of condoms from public funds to middle-income users, via pre-existing commercial structures
- Built-in product sustainability: helps ensure continued availability when/if donor funding is withdrawn
- Stimulates the private sector

Cons

- Limited in its ability to target and meet the needs of low-income and/or harder-to-reach groups, as maintaining profitability takes precedence
- Demand creation and other BCC activities targeting most at-risk groups will still need funding from external sources
- External funding and technical assistance are often limited to only one commercial entity, therefore interfering with the free market (providing special subsidies to only one player is inequitable)

The two models are characterized by quite different aims, outcomes and indicators of performance and effectiveness. The choice of an SM approach should therefore reflect country, donor, and project goals. For instance, if the priority is increased product access, which requires a high degree of control over the marketing mix, an NGO model may be more appropriate. However, countries in which affordable commercial brands and adequate distribution infrastructure exist may call for the manufacturer's model. This is particularly true if sustainability of the condom market is a priority (for instance, if donor funding is likely to decrease in the future).

Programmes based on either model can make substantial contributions to a sustainable and equitable condom market. The NGO model can encourage people to buy low priced brands rather than sourcing free products from the public sector, relieving pressure on public sector commodities. The manufacturer's model helps build long-term value for commercial products among users willing to pay unsubsidized prices.

Regardless of the initial model or design, SM programmes should be willing to evolve. Changes in factors such as people's willingness to pay or corporate interest in adding new product attributes may create new partnership opportunities. Consequently, the ability of an SMO to tailor its approach to changing conditions may be more important than its allegiance to a particular model.

Social Marketing in CARISMA

In the first phase of CARISMA (2005 - 2008), different distribution models were developed by SMOs across the Caribbean. Two examples discussed in this

[3] In Columbia the SM programme has been operating profitably for some time and several CSM programmes in Central America cover their own costs. Profits generated by DKT International's programme in Brazil are used to subsidize programmes in poorer DKT countries.

publication were variations on the NGO model (Haiti and the Dominican Republic), while one was based on the manufacturer's model (Eastern Caribbean).

The primary objective of SMOs in CARISMA has been to increase product access to the most at-risk target groups in the most cost-efficient manner. In the Eastern Caribbean, it was determined that the preconditions for a successful manufacturer's model already existed. In the DR and Haiti, commercial condom markets were less developed, and the NGO model was chosen as the best vehicle to maximize health impact for the most at-risk groups.

Comparing and Contrasting SM Models

The following case studies describe variations on the NGO and Manufacturer's models in the Caribbean.

Model 1: Haiti: Pantè Condoms Distributed by a Single SMO

Pantè advert in small outlet in Port-au-Prince, Haiti

Key Elements

PSI has marketed Pantè condoms in Haiti for 20 years. In 1996 the female condom Reyalite was launched, mainly targeting CSWs. Sales are largely made through a dedicated sales force to retail outlets and NGOs/commercial wholesalers. Their condom SM network stretches across the country through traditional outlets such as pharmacies and health centres, as well as non-traditional sales outlets such as kiosks, markets, street vendors, and community based organisations. Contextual factors influencing PSI's approach include:

- Extremely challenging economic conditions and weak commercial infrastructure
- Small formal commercial market for condoms and slightly larger informal (contraband) market of 'suitcase traders'
- Large numbers of free condoms distributed via the public and NGO sectors, with little targeting
- Generalized HIV epidemic (prevalence rate for adults of 2.2%[4])
- Ample donor funding available for the health sector
- Condom availability in rural areas is disproportionately low[5]

Achievements (2006 – 2008):

- Average annual sales of Pantè was 4.7 million and Reyalite 106,800 during CARISMA I
- Consistent male condom use by clients of CSWs increased from 85% to 94%
- Proportion of CSWs in hot zones[6] who are within a five minute walk of an outlet selling any condoms increased from 60% to 68%

Resources Required

- Consistent flow of donor funds
- Large and disciplined sales staff
- Warehousing and means of transportation
- Significant marketing and research budgets
- Strong relationship with local government

Strengths

- Control over every aspect of the marketing mix means that PSI can focus on increasing demand and access to key target groups (such as CSWs, youth and men who have sex with men)
- PSI was able to experiment with innovative edutainment approaches such as cinemobiles, *Soiree Pantè* events in high risk venues and

---

[4] UNAIDS reference a 2.2% adult prevalence rate (15 – 10). Source: Epidemiological forecast on HIV and AIDS, 2008.
[5] Urban coverage of Pantè in 2008 was 97%, compared with 50% in rural areas.
[6] A "hotzone" is an area where a concentration of groups at higher risk of contracting HIV /STI's congregate. Includes places where female sex workers and their clients meet (e.g. bars, night clubs, hotels/motels, beaches and brothels).

interpersonal behaviour change outreach activities with target groups

- Able to experiment with different distribution strategies such as entering into contracts with select NGOs located in key areas

Limitations

Before 2006, PSI's distribution policy for Pantè included a wide range of NGO partners. Many of the condoms sold to NGOs were intended to be distributed for free or for a discounted price to specific target groups. Instead, after being distributed for free by NGOs, many condoms ended up reappearing in the private sector thereby undercutting Pantè's commercial sales network. Pantè sales are now restricted to NGOs that do not provide condoms to the public for free.

Why the NGO Model was chosen:

- Lack of infrastructure to distribute condoms to rural and hard to reach areas, and little prospect of profit-making firms entering the market, as it is currently unprofitable for them to operate in these areas
- No other viable options for target population (lack of affordable/accessible commercial or public sector products)
- Dedicated SM sales team poised to exploit the large informal market who are comfortable with the small margins related to fast-moving consumer goods such as condoms
- Significant long-term funding is likely to be maintained or increased in the future

Model 2: Dominican Republic: Branded Condom Distributed by multiple local NGOs

Key Elements

PSI formally launched Pantè condoms in September 2003. Prior to this, large numbers of Pantè condoms crossed the border from Haiti. PSI subsidizes approximately 40% of the cost and sales are via 12 local NGOs working with youth, CSWs and residents of bateyes[7]. PSI also sells Pantè lubricant. The following contextual factors are relevant to PSI's chosen approach:

- The economy is relatively strong, but serious pockets of poverty (e.g. in the bateyes) and high levels of risk behaviour exist
- The HIV epidemic is thought to be concentrated in bateyes and among CSWs[8]
- Strong, well established commercial condom sector, although prices are high
- Favourable climate for condom distribution, such as the law requiring they be present in all types of lodging in the country
- A local NGO, Profamilia, markets two brands of condoms on a full cost recovery basis
- Securing consistent donor funding for health-related activities is a challenge

Pantè Advert produced by PSI/DR

Achievements (2006 – 2008)

- Average annual sales of Pantè was 13.8 million and Pantè lubricant 700 tubes/500 sachets during CARISMA I
- Increased condom coverage in bateyes: condoms were found in 95% of sampled bateyes in 2008, an increase from 79% in 2006
- Increased condom coverage in high risk zones: from 55% in 2006 to 81% in 2008
- Condom use by CSWs with non-paying partners increased from 58% to 84%

[7] Bateyes are communities originally established by private and state-owned sugar plantations populated primarily by Haitian immigrants and their descendents, and currently characterized by high rates of poverty and poor living conditions.

[8] ENDESA y DIGECITTS Vigilancia Centinela/ USAID/CONECTA 2006 estimated HIV prevalence rates in Bateyes to be 3.2% compared to 11% among commercial sex workers.

- Number of direct Pantè sales points in commercial sex establishments doubled
- Condom access within 15 minutes for batey residents increased from 70% to 90%

Resources Required

- Specialized staff to contract and provide technical and administrative assistance to NGOs as well as to develop targeted BCC interventions
- Availability of financial resources to procure, store, and distribute condoms to NGOs
- Research capacity to conduct market and behavioural research for evidence based decision-making and impact evaluations
- Collaborative relationships with the government

Strengths

- Ability to increase access to key target groups by subsidizing delivery
- Increased availability of quality condoms at an affordable price
- Strengthening local NGOs through technical assistance and increased sustainability (profit margin from condom sales provides an additional income stream for the NGO)
- Partnership with government supports better targeting of condoms distributed for free through the public sector

Limitations

- Condom importation bottlenecks negatively affected Pantè's position in the market (stock outs occurred on several occasions)
- Uneven NGO capacity was a challenge. Several local NGOs ignored set geographical sales boundaries and lacked adequate financial and administrative controls

Why the NGO model was chosen:

- Working exclusively with NGOs utilizes their distribution infrastructure and contacts with specific target groups, while at the same time avoiding direct conflict with the commercial condom market
- Unmet demand for a cheaper condom brand existed (demonstrated by the fact that SM condoms from Haiti had been leaking across the border before PSI initiated operations)

Model 3: Eastern Caribbean - Support to commercial condom distributors and NGOs

Got It? Get It. ***Logo, developed as part of the approach to support commercial condom distributors and NGOs.***

Key elements:

Prior to PSI's arrival in 2005 a variety of well positioned, high quality commercial condom brands were available and deemed affordable for key target groups. Key elements of PSI's approach to working in this context are as follows:

- Collaborating with various regional and local commercial condom distributors
- Providing them with direct financial support for marketing and sales
- Assigning trained Condom Sales Promotion Agents (CSPAs) to distributors to identify and sell into new condom outlets in high risk areas
- Supporting local NGOs, such as local IPPF affiliates, with BCC activities and condom sales
- Providing training to staff in outlets to sensitize them to reduce judgment of condom purchasers, particularly youth[9]
- Developing category condom promotion campaigns (such as *Got it? Get it*.) and peer education networks

Resources required

- Business oriented marketing staff familiar with the interests of commercial distributors
- 'Carrots' (incentives) such as current market research to encourage active participation by the private sector
- Ongoing monitoring of the evolution of the market and consumer behaviour

9 These outlets were recognized by the *Got It? Get It* sticker.

Achievements (2006 -2008)

- Established over 197 sales outlets selling condoms in high risk areas
- CSPAs opened 3,138 non-traditional outlets
- 8,067 retailers across the region educated and sensitized to be youth-friendly
- Use of condoms by CSWs at last sex increased from 68% to 95%

Strengths

- Less dependent on donor support for continuity as donors only finance overhead and technical support
- Utilizes existing market-driven distribution networks
- PSI was able to play a key brokering role between the government, private sector and other sexual and reproductive health NGOs
- As PSI did not introduce a socially marketed condom, this made it easier to engage in constructive dialogue and relationship building with distributors, as they were not seen as competitors
- The project's close relationship to commercial condom distributors facilitated the collection of data showing the evolution of the Total Condom Market

Limitations

- Despite the relationships brokered by PSI, certain commercial sector distributors refused to restock non-traditional outlets opened by PSI due to lack of profitability and/or the risky locations of many of these outlets. This is an ongoing challenge, as these outlets are not seen as a priority by the private sector
- Level of collaboration with commercial distributors varied significantly and not all commercial condom distributors benefited equally from external inputs
- Managing the NGO partners and CSPAs was challenging, especially those who are scattered over many islands
- Lack of control over the condom pricing meant certain target groups continued to rely on free public sector offerings

Why the Manufacturer's Model was chosen:

- Pre-project research indicated that current prices for commercial condoms were affordable to most at-risk groups
- Wide range of commercial condom suppliers already active in the market
- Too expensive to launch a regional social condom brand and donors reluctant to invest given the high GDP of the region

Conclusions

The findings from this comparative study suggest broad guidelines for implementers and donors who may be considering the appropriate SM approach for given country or region.

Programmes based on the manufacturer's model need certain favourable conditions for commercial investment. These programmes will do best in the following context:

- Commercial condom suppliers and brands are already well established in the market
- The potential for market growth in condoms is substantial if non-users are effectively targeted
- Local and/or international manufacturers express genuine interest in establishing a partnership
- Large quantities of free and highly subsidized condoms are either not available or are highly targeted (e.g. to the poor) and not readily accessible to members of the public who are willing to pay for products
- The legal environment is conducive to commercial investment (e.g. low/no import tariffs)
- The target group can effectively be reached through commercial distribution and communication channels
- The target group is willing to pay the lowest possible commercial price

If these conditions are favourable, the manufacturer's model is the most sustainable option. This is particularly true if long-term funding for SM is unlikely, or if existing NGOs are facing a donor phase-out.

The following conditions create an unfavourable environment or limited potential for commercial

suppliers, and may call for a subsidized, NGO-based intervention:

- Product use is low, and commercial presence is limited
- Sustained health impact among low-income or underserved groups, and/or increasing product access in non-traditional or hard-to-reach areas (e.g. rural communities) are primary objectives
- There is a need for intensive demand creation communication campaigns
- Donor funding is sufficient, or other sources of funding can be found
- Local commercial infrastructure is weak or does not reach the target group
- Willingness and ability to pay are low among target users

Maintaining realistic expectations when designing a SM programme is an important determinant of success. While the commercial sector offers greater potential for sustainability, conditions must be right for private investments to be maintained, particularly after donor phase-out. NGOs, on the other hand, cannot easily turn a profit while adequately serving the neediest users. It is important to remember that there will always be trade-offs, and no SM approach can do it all — namely, make products accessible to all socio-economic groups, ensure sustained supply and communication activities indefinitely, build institutional sustainability while avoiding crowding out commercial brands, while also allowing for quick graduation from donor funding.

Certain combinations of market conditions and the existence of qualified SMOs might call for a hybrid approach combining elements of the NGO and manufacturer's model. For example, a country with good commercial presence and infrastructure but insufficient market potential for a manufacturer-based programme might be well served by a combined NGO/manufacturer approach. This approach was used in CARISMA in Belize where the condom marketing environment required using multiple distribution channels. In this case, PSI provided technical and logistical support to commercial distributors along with marketing own brand (Vive condoms themselves (via dedicated SMO sales agents and local NGOs).

Finally, it is critical that programmes based on either model are responsive, flexible and creative in their strategies, rather than adhering to a single, rigid, approach.

Illustrative list of key reference documents:

Hovig, D. 2001. *The Conflict Between Profits and Public Health: A Comparison of Contraceptive Social Marketing Models*. Working Paper 43. Population Services International.

Harvey, P. 1999. *Let Every Child Be Wanted: How Social Marketing Is Revolutionizing Contraceptive Use Around the World*. Auburn House.

Foreit, K. 2002. *Broadening Commercial-Sector Participation in Reproductive Health: The Role of Public-Sector Prices on Markets for Oral Contraceptives*. CMS Technical Paper Series No. 3. Washington DC: USAID/Commercial Market Strategies Project.

Allman, P. 1998. “Marketing Social Marketing to Commercial Partners: What's in It for Them?” *Social Marketing Quarterly*

Disclaimer: The views expressed in this report represent those of the authors, and not necessarily those of the various organizations that supported the work.

This work is licensed under the Creative Commons Attribution Non-Commercial Share Alike 3.0 License. To view a copy of this licence, visit: http://creativecommons.org/licenses/by-ncsa/3.0/

Contacts

Chris Brady - Team Leader

c.brady@options.co.uk

Joanne Hemmings – Research Manager

j.hemmings@options.co.uk

Kate Gray – Programme Manager

k.gray@options.co.uk

kfw ENTWICKLUNGSBANK

Options effective solutions in health