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Strengthening Health Outcomes
through the Private Sector

Using Total Market Approaches in Condom Programs



PRIMER

Summary: This primer presents a framework for developing and implementing a total market strategy for condom programming. A total market strategy uses the comparative advantages of all sectors—public, nonprofit, and commercial—to strengthen programs that distribute condoms for the prevention of HIV. Such efforts can increase the number of condom users, reduce the need for subsidies, increase access to condoms, and reduce the financial burden of HIV prevention activities on the public sector. The primer discusses supply- and demand-side indicators for identifying the development stage of a country’s condom market, identifies total market interventions based on the market stage, and provides additional resources for forecasting condom needs.

Keywords: AIDS, condoms, Ethiopia, family planning, HIV, HIV counseling and testing, market segmentation, monitoring and evaluation, Nigeria, Paraguay, Peru, reproductive health, sexually transmitted infection, total market initiative

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Project Description: The Strengthening Health Outcomes through the Private Sector (SHOPS) project is USAID’s flagship initiative in private sector health. SHOPS focuses on increasing availability, improving quality, and expanding coverage of essential health products and services in family planning and reproductive health, maternal and child health, HIV and AIDS, and other health areas through the private sector. Abt Associates leads the SHOPS team, which includes five partners: Banyan Global, Jhpiego, Marie Stopes International, Monitor Group, and O’Hanlon Health Consulting.

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CONTENTS

Acknowledgments ii

1. Introduction 1

 The Condom Market 1

 Total Market Approaches 2

2. Developing a Total Market Strategy 3

 Key Principles 3

 Assessing the Condom Market 3

 Bringing Actors Together 7

3. Implementing a Total Market Approach 10

 Nascent Condom Markets 11

 Developing Condom Markets 13

 Mature Condom Markets 17

 The Role of Donors 21

4. Monitoring Implementation of the Total Market Plan 25

5. Conclusion 27

Annex A: Market Indicators 29

**Annex B: Tools for Situation Analysis and Strategic Planning
Using the Total Market Approach** 34

**Annex C: Suggested Elements of a National Condom Strategy
Based on the Total Market Approach** 41

Annex D: Guidance for Using the Primer in Country Programs 42

Annex E: Market Staging Indicator 44

References 46

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Using Total Market Approaches in Condom Programs



Jessica Scranton

INTRODUCTION

The U.S. Agency for International Development (USAID)-funded Strengthening Health Outcomes through the Private Sector (SHOPS) project provides technical support to program planners, governments, and implementers who seek to adopt private sector approaches for health. Building on existing broad theoretical principles, such as those provided in the project's *Total Market Initiatives for Reproductive Health* primer (Barnes et al., 2012), this primer provides guidance for funders, policymakers, and managers to apply total market approaches (TMAs) to condom programs.¹

The Condom Market

While there is still a strong public health need to encourage and increase the use of condoms for family planning and the prevention of HIV and other sexually transmitted infections (STIs), donors and development practitioners continue to debate the appropriate use of public subsidies and the role of non-state actors in procuring, promoting, and distributing condoms. Additionally, the stronger focus of the U.S. President's Emergency Plan for AIDS Relief II (PEPFAR II) on local ownership and sustainability has led to careful analysis of the use of donor funds and government resources in some countries.

Unlike many health products and services that have high intrinsic costs, high quality condoms can be manufactured for \$0.03 to \$0.04 per unit. This low cost makes high quality condoms affordable to all but the very poorest consumers, even allowing for a commercial supplier's marketing costs and profit margin. Countries with scarce HIV funds should examine the amount of donor money being spent on condoms and consider whether the commercial sector could take over part or all of these costs.

Most existing condom social marketing programs began in the 1980s and early 1990s. Generally, these programs have increased condom use; however, a heavy reliance on donor funding persists.

More than two decades of donor investments in demand-creation programs, brand promotion, and supply chains for condoms might have been expected to prime the market and create opportunities for commercial suppliers. There is a general consensus that market priming—which requires the creation of a large consumer base willing to pay unsubsidized prices—can take years to achieve. As populations adopt condom use in greater numbers, more consumers become willing to pay for different brands of condoms, which the commercial sector can supply at commercially viable prices.

Despite this expectation, few condom social marketing programs have graduated from donor funding or even significantly reduced their dependence on donor funding. The presence of subsidized social marketing products, paired with social marketing programs' high investments in brand promotion, can make it difficult for commercial suppliers to generate profit. Because people tend to gravitate toward subsidized brands, the resulting pressure on prices and volume typically results in market polarization; social marketing programs serve low- and middle-income groups, while commercial suppliers target high-income, urban consumers with high-margin brands. A TMA can help address this market segmentation to achieve a more sustainable condom supply.

¹ The Total Market Initiatives for Reproductive Health primer defined total market initiatives (TMI) as projects that orient funders and suppliers to different consumer segments through market segmentation analysis, stakeholder engagement, and TMI plan development. For the sake of simplicity, the authors of this guide define the single term "total market approach" as including the general approach and specific interventions to improve the total market.

Total Market Approaches

In the design of public health programs, TMAs consider all supply sources of health products and services from the public, nonprofit, and commercial sectors. These approaches include strategies to serve all consumer segments. Ideally, the government plays a leading role in orienting suppliers to consumer segments by leveraging the comparative advantages of each supply source. TMAs consider the entire health system and acknowledge the reality that most health products and services are available to consumers through multiple channels—and that their appeal depends on where they are sold, how much they cost, how they are promoted, and so on. This applies to condoms in most countries.

Although many programs have used TMAs for some time, there has been renewed interest in them because of approaches that have been too vertical or that have focused exclusively on public sector or NGO provision of products and services, while ignoring and unintentionally discouraging a role for commercial providers. In some cases, such as the mass distribution of long-lasting mosquito nets, the justification for this approach has been the prioritization of access over sustainability, efficiency, or market development. However, now that there is more emphasis on health systems approaches and value for money, TMAs are coming back into favor. TMAs help achieve one or more of the following objectives:

- Increase the size of the total market (both the number of users and the level of use) while increasing sustainability
- Reduce subsidies through more effective targeting
- Increase access for some underserved consumer segments
- Reduce the burden on the public sector by increasing the commercial sector's share of product or service provision

In practice, country stakeholders show the most interest in using TMAs when there are coordination issues between different suppliers, especially donor-funded suppliers. A total market strategy might be necessary when:

- Free and subsidized sources dominate supply, but funding to maintain the subsidy is insufficient or expected to decline.
- Subsidized or free distribution to consumers with the ability to pay discourages or crowds out investment from commercial supply sources.
- Multiple efforts to subsidize supply, products, or services and increased use lead to duplicated efforts and subsidies that are wasted on consumers who do not need them, while the poorest consumers remain underserved.

The implementation of true total market strategies is an emerging field. Relatively few cases transition from theory to practice for the following reasons:

- Donors and stakeholders have emphasized access to products and services over sustainability of supply.
- Data that might reveal poor segmentation and reduction in commercial market share often are not available or simply not analyzed.
- The time needed to develop, implement, and evaluate a total market strategy—which requires stakeholder buy-in, increased private investment, and consumer behavior change—can take several years.

In spite of these challenges—and in the right circumstances, with effective leadership—applications of TMAs described in this guide can contribute to the objectives above. The adoption of TMAs does not necessarily require creating a new program, but rather modifying existing programs to work differently and to work together more effectively.

DEVELOPING A TOTAL MARKET STRATEGY

Several organizations, including the SHOPS project (Barnes et al., 2012), PATH, and the Roll Back Malaria Partnership (Roll Back Malaria Partnership/ United Nations Development Programme, 2013) have outlined general frameworks for implementing total market principles. Depending on the country context, some actions might take place sooner than others or they might not occur at all. Generally, the actions are divided into three steps: collecting and analyzing appropriate evidence, engaging and convening organizations from across the health system, and developing a total market plan.

Key Principles

Implementing a total market strategy means acknowledging some general principles that make it possible for various actors to coordinate efforts while meeting respective goals:

- **Comparative advantage:** Suppliers (including ministries of health, NGOs, and commercial entities) have different strengths that ideally should complement each other to ensure that they serve all consumers and that they meet public health objectives.
- **Consumer choice:** Consumers should not be expected to accept a single supply source of health products and services. A TMA recognizes that consumers can and will choose suppliers that best meet their needs, tastes, preferences, and ability to pay.
- **Autonomy of suppliers:** Although governments are best positioned to oversee a national total market strategy, the various actors in the market have the freedom to buy into the strategy or not. Stakeholders are likely to adopt a well-designed TMA based on realistic assumptions, because such an approach serves their interests.
- **Value for money:** Program implementers should target donor funding for condom programs so it leads to a measurable health impact. A TMA can help invest donor funds in a way that supports sustainable markets and enables the private sector to meet an increasing share of the demand for condoms.

Assessing the Condom Market

A research firm that understands public and private supply chains and market dynamics should conduct a thorough market analysis prior to developing a total market strategy. The market analysis should include the steps listed below.

Data collection and analysis

The primer *Total Market Initiatives for Reproductive Health* uses four criteria to describe the ability of a commodities market to meet public health goals: market size, equity, accessibility, and sustainability. Annex A provides illustrative total market quantitative indicators organized around those four criteria. Depending on the availability of data, market analysis can be completed using two types of indicators:

Supply-side indicators, such as:

- Total number of condoms sold or distributed (market size)
- Percentage of surveyed condom outlets reporting a stockout in the past three to six months (availability)
- Percentage of brands on the market reported to be affordable to the poor (equity)
- Number of outlets selling condoms in a given geographical area (accessibility)
- Number of unsubsidized brands sold in the market (sustainability)

Supply-side data provide invaluable information about the market as well as insight into consumer preferences, demand, and access to condoms. Unfortunately, some sales and distribution data can be difficult to obtain, particularly in more mature markets. Commercial suppliers of condoms rarely make their sales data available to the public. In developing countries where condoms are often sold through multiple channels (pharmaceutical, mass market, and nontraditional), it is virtually impossible to find a single data source for annual condom sales. Sales data for donor-funded social marketing programs are easiest to obtain and can be used to track overall performance and identify trends in consumer preferences. NGOs that distribute

condoms for free often keep poor records of when and where they distribute condoms. Social marketing data, however, become less representative of the whole market as commercial producers introduce new brands and increase their market share. In middle-income countries with large pharmaceutical markets, national wholesale or retail-level condom sales data may be available for sale.

Sales and outlet-based data are also difficult to compare and aggregate with public sector or community-based condom distribution. The two sectors collect data at different times and levels, e.g., wholesale sales in the private sector versus commodities distribution data at the national, district, or facility level. Sales data more strongly represent actual demand for condoms, since people usually pay out of pocket for those products. In contrast, condoms distributed through the public sector may or may not reflect actual demand.

Demand-side indicators are often used in the absence of supply-side data. They include:

- The number or percentage of people who report condom use at last sex (market size)
- The percentage of people in various income quintiles who think that condoms are affordable (equity)
- The percentage of people in various geographic areas who know where to obtain condoms (accessibility)
- The percentage of users who are willing to pay commercially viable prices for condoms (sustainability)

Both demand- and supply-side indicators are useful because they mirror the market. Population-based surveys (such as the Demographic and Health Surveys, or DHS) provide demand-side data. Supply-side data (sales and distribution) can be difficult to collect but provide important market share information. Social marketing organizations (SMOs) often have detailed sales reports, and some conduct retail outlet surveys that show brands sold by area as well as through which channels and at what prices. Commercial suppliers of condoms can be tracked in some countries through commercial survey companies such as IMS Health or Nielsen, which operate in large markets. If these services do

not operate in a given country, the host government may be able to request the information directly from the importers and distributors. Commercial suppliers also may be willing to share their data if they receive something in return. If a project were to support a partnership with a commercial supplier for joint promotion, distribution, or research, a condition for a commercial partner could be that the partner must share its sales data.

Market staging

Table 1 illustrates the use of various indicators and data sources to estimate the stage of development of a condom market. Staging helps identify appropriate programs and investments that support a healthier market. Strategies that may be effective to grow a developing market, such as mass campaigns, can be disruptive or hurt sustainability in a mature market. It is important to choose strategies suited to the level of market development.

Developing this market staging analysis is not very difficult. The more market information is available to assess the Table 1 indicators, the easier it will be to implement the TMA. However, even estimated condom sales, condom prices, number of brands, and reported condom use are sufficient to determine the stage of the market.

Annex E further describes market staging indicators.

Table 1. Stages of Market Development Using Supply- and Demand-Side Indicators

Supply Indicators	Nascent	Developing	Mature	Potential source of information (country-specific)
Geographic accessibility	< 50% respondents who know where to purchase a condom	50–80% respondents who know where to purchase a condom	> 80% respondents who know where to purchase a condom	<ul style="list-style-type: none"> • DHS • Multiple Indicator Cluster Survey (MICS)
Physical availability: stockout	> 30% of retail outlets stocked out at the time of survey	10–30% of retail outlets stocked out at the time of survey	< 10% of retail outlets stocked out at the time of survey	Retail outlet survey
Level of market share of undifferentiated condom brands*	≥ 70%	30–70%	< 30%	<ul style="list-style-type: none"> • Retail outlet survey • Stakeholder interviews
Commercial condom supply/ market share	< 10% of total market share	10–30% of total market share; several brands and brand extensions available	> 30% of total market share	<ul style="list-style-type: none"> • Retail outlet survey • Stakeholder interviews
Market share of free distribution	> 50%	30–50%	< 10%	<ul style="list-style-type: none"> • Retail outlet survey • Stakeholder interviews
Percentage of pharmacies carrying five or more brands and five or more condom brands with features*	< 10%	10–35%	> 36%	<ul style="list-style-type: none"> • Stakeholder interviews • On-site assessment
Stigma: Percentage of retailers that refuse to sell condoms for religious or moral reasons	> 36%	10–35%	< 10%	<ul style="list-style-type: none"> • DHS
For the largest funded organization with condom programming (an NGO, social marketing organization, or a government entity): What is the percentage of donor or government funding that subsidizes the product?	> 41%	16–40%	< 15%	<ul style="list-style-type: none"> • Stakeholder interviews

*Features include colors, flavors, ribbing, and studs.

Demand Indicators	Nascent	Developing	Mature	Potential source of information (country-specific)
Percentage of adults who know that condoms protect against HIV, sexually transmitted infections, and unwanted pregnancies	< 70%	70–85%	> 85%	<ul style="list-style-type: none"> • DHS • MICS
Stigma for users	< 40% adult support of education on condom use for preventing HIV among young people	40–70% adult support of education on condom use for preventing HIV among young people	> 70% adult support of education on condom use for preventing HIV among young people	
Last use by males with a high-risk partner	< 30%	30–50%	> 50%	
Contraceptive prevalence rate for condoms	0–5%	6–10%	> 10%	

** Assessing this indicator requires a judgment on whether a condom lacks a clear brand identity and is not targeted at a specific consumer segment, but rather at the general population. Often, social marketing brands in an early or developing market fall into this category.*

Qualitative information

When quantitative data are difficult to obtain, in-depth interviews of commercial distributors, wholesalers, retailers, and consumers can provide valuable insight into the state of the market. Often, commercial companies refuse to share their own sales data but will provide their thoughts on the market, condom pricing structure, user patterns, and barriers to entry or growth. For example, retail store operators may not have the sales data to prove which condom is the top seller, but their perceptions of the top-selling brands usually provide a good approximation.

A solid understanding of the factors that influence demand and supply in the condom market supports an effective and realistic TMA. Analyzing market dynamics involves examining a large amount of data, such as condom use and sourcing patterns, consumer characteristics, brands, and prices. However, this work also requires understanding the way public and private financing influences the market. Because a market tends to evolve over time, the analysis also should be dynamic and not merely descriptive in order to build an understanding of what or who influences what or whom.

Qualitative data from consumers about their perceptions also can be critical in identifying barriers to use and emerging trends in consumer preferences, as well as other beliefs and attitudes in understanding market segments. Each target group of consumers will have different beliefs, attitudes, and knowledge that affect their behavior around condom purchase and use. Any supplier launching new condom brands with new features and attributes should base their product design on qualitative research such as focus groups or even consumer trials.

Bringing Actors Together

Coordinating the activities of key actors within the public and private sectors typically requires stakeholder engagement and efforts to build consensus around the best way to grow the overall market and meet the needs of various population groups. In most cases, the process will bring together stakeholders from across the health system to review market information and develop a cross-sectoral strategy to improve the financing and provision of condoms.

Whether a government entity (ministry of health, contraceptive security committee) or donor-funded program initiates a TMA, the approach is likely to include a stakeholder consultation and engagement process to attract broad support and collaboration, even if it does not guarantee those stakeholders' commitment to the strategy. Most organized TMA efforts involve the process outlined below.

Consultation of key actors

Interviewing stakeholders provides insight into market dynamics and helps build support for the TMA process. Interviewers should use the interview process to help identify key participants whom the government entity leading the TMA could invite to join coordinating bodies (Annex B provides a sample interview questionnaire for stakeholders).

The condom market includes a variety of actors whose actions and investments can influence the success or failure of a TMA:

- **Government institutions:** Ministries of health, including national AIDS committees, procurement and logistics departments, and district- and community-level management units, exercise their influence on the condom market through education programs and counseling, subsidies for commodities, the use of the public health supply chain, and regulation of the private-sector condom supply. Governments also have primary responsibility for regulating the importation and sale of condoms in the private sector as well as enforcing minimum quality standards.
- **Private, nonprofit organizations:** In many developing countries, a wide range of NGOs and civil society organizations (CSOs) participate in the promotion, delivery, and sale of condoms. Social marketing organizations market low-

priced condom brands in private distribution channels while building demand for condoms through behavior change communications (BCC) and brand promotion. In addition, family planning associations and health franchising organizations often market their own brand of condoms. Local CSOs such as most-at-risk-persons support groups implement programs and advocate for policies that encourage vulnerable populations to use condoms. Many of these groups also distribute free or subsidized condoms.

- **Commercial sector:** Commercial condom suppliers include manufacturers, distributors, wholesalers, and retailers. Most condom manufacturers are located in Asia and produce unbranded commodities for global consumer goods marketers, government or multilateral procurement agencies, and large SMOs. In developing markets, local distributors usually import condoms from other countries and sell them through a vast network of wholesalers and retailers. The commercial retail network for condoms typically includes thousands of individual outlets. For the purpose of a TMA, retailers (especially pharmacists) are best represented through associations or by a distributor with a large retailer network.

Stakeholder engagement

Every actor in the market (including commercial suppliers, government agencies, donors, and NGOs) contributes to the total market by deciding what its role should be relative to that of others. Governments, for example, can choose to give away free condoms to high-risk groups but let the private sector sell condoms to mainstream users. Commercial companies may pick the high end of the market and let NGOs and SMOs take care of the poor.

Achieving market growth with increased access, equity, and sustainability is more cost-effective and efficient if the sectors (through their representative bodies) coordinate their respective strategies. A multisector working group can facilitate this process, provided it is convened by a government body with a mandate to ensure coordination. In some countries, coordinating committees have been located within the ministry of health, though most have received some support from a donor or donor-

funded program. Contraceptive security committees have been established in many countries and may be able to perform this function. In HIV prevention, technical working groups may also serve this function. Coordinating committees typically include representatives of all the aforementioned key actors. Their goal is to develop a common approach to condom supply needs, optimal use of subsidies, information sharing, and joint planning. Choosing stakeholders for condom programming can be challenging because this work often requires bridging gap between the HIV prevention community (including people living with HIV and AIDS as well as vulnerable groups) and the contraceptive and family planning community. Priorities and key target groups will be different for these two communities, but it is important not to lose either perspective. Occasionally, the creation of a condom working group from a larger contraceptive security committee presents a compromise.

Presenting the data

A significant part of the TMA process consists of sharing what is known about the condom market, including user characteristics, willingness and ability to pay, number of brands on the market, prevailing prices, and market shares for each sector. To be useful, data should be analyzed prior to being presented. Other market-critical information should supplement the data and can include new government policies, funding issues, or even epidemiological data. The goal of data presentation should be to highlight issues such as overuse of free condoms by middle- and high-income groups; market gaps such as high condom prices in the private sector; and opportunities, such as a fast-growing demand for condoms, which can be addressed through a coordinated TMA. Data presentation also should clearly identify key consumer segments and different sources of supply that serve those market segments, since a key objective of the TMA plan is to orient various suppliers to different consumer segments based on comparative advantage. Ideally, distribution, pricing, and promotional strategies will be tailored to each market segment. Annex B includes some suggestions for presenting the data collected during the assessment.

Forecasting the need

One key area for developing a condom TMA plan is forecasting condom needs. Traditionally, government and donors have led this work and have been expected to supply more than 90 percent of the country's needs through funding or direct procurement. Frequently, forecasting has been based more on need than on realistic assessments of demand. In the absence of reliable data that show actual uptake of condoms at the retail level (for commercially supplied condoms) or at the clinic level (for free condoms), there has been a tendency to use the quantity of condoms men need for one couple year of protection (120) as an estimate of how many condoms men actually will use. Similarly, reported use of condoms in surveys tends to overestimate the number of condoms all sexually active men will use on average. This approach tends to overestimate the number of condoms that consumers will demand. If governments and donors use such numbers as a basis for procurement, this oversupply will crowd out commercial suppliers and will lead to wastage or leakage to other countries. Such methods can be useful in producing estimates, but they must be adjusted through comparisons with realistic estimates of the numbers of condoms actually consumed in a given period of time.

Another error in this stage is to use condoms supplied as a proxy for condoms used. In the absence of consumption data from the retail level, the total number of condoms supplied to the market in a given time period may need to serve as an estimate of use. However, corrections must be made to judge how much of a "pipeline" of condoms exists and whether that pipeline grows or shrinks with the supply of condoms. The pipeline represents the total of all stores from the arrival point of condoms until consumers purchase them or take them home. Government central stores and SMOs should have estimates of the number of condoms in their supply chain or pipeline. If the size of the pipeline increases over a year, then that increase should be deducted from the total supplied condoms in order to estimate the use of condoms. Alternatively, if the size of the pipeline decreases, then that decrease should be added to the total supplied condoms as an estimate of use.

Finally, traditional approaches to forecasting have tended either to ignore commercial sources of supply or to assume that commercial suppliers' current market share will be their market share in the future. A TMA to condom forecasting must be more dynamic and include different scenarios for increasing overall condom use and for increasing market share for commercial suppliers. For example, if commercial supply is currently only 5 percent, but the government plans to reduce free distribution in urban areas, then the forecast should estimate how many consumers in urban areas will likely shift to commercial condoms. This approach would help ensure that commercial suppliers increase the quantity of their condoms as demand grows. A good forecast will provide a range of possible outcomes that all suppliers can use to make flexible plans for procurement, distribution, and promotion. Forecasts that produce a single target number based on highly optimistic assumptions can mislead program implementers, waste donor resources, crowd out commercial suppliers, and create problems of oversupply.

A performance monitoring plan based on goals and objectives articulated in the strategy can support implementation of the strategy.

Total market plan development

Total market planning is not a new concept, but the development of coordinated plans across more than one sector is a relatively recent phenomenon. In the past, donors (through implementing organizations and contraceptive security initiatives) led efforts to analyze and segment the health market as a way to identify market gaps and optimize the use of donor resources. The stakeholder engagement process described above, together with the creation of a coordinating committee, increases the chance that the resulting strategy will be made into national policy and sustained over time.

The total market plan should reflect combined input and provide stakeholders with information, guidelines, and other resources needed to develop

their own condom strategy. For the public sector, the plan may lead to revised policies, adjusted commodities forecasting, new geographic priorities, or estimated resources needed for TMA implementation. The plan should be realistic about the ability of public health officials to achieve policy change in the short term and include long-term advocacy efforts that target influential authorities. The TMA plan may lead the nonprofit sector to focus donor resources more strongly on underserved populations or to introduce commercially viable condom brands. The commercial sector may not be inclined to develop or share a formal plan but is likely to increase its investment in the condom market as a result of increases in sales and perceived new opportunities, e.g., by launching new products, expanding distribution networks, or targeting new consumer segments with promotional campaigns.

A performance monitoring plan based on goals and objectives articulated in the strategy can support implementation of the strategy. The plan may include indicators of market growth, access, equity, and sustainability using

market and population-based data (see Annex E for market indicators). A local university or CSO may be contracted to develop this plan. Periodic evaluations or new rounds of market segmentation analysis can help identify significant barriers to implementation, in which case the coordinating committee should meet again to revisit the original plan and alter it as needed.

Existing, extensive guidelines to support the TMA process for family planning can be adapted for the condom market (Drake, 2011). The main difference will be in the selection of stakeholders, which should include civil society—especially groups representing key affected populations—donors and government agencies involved in HIV prevention and in population issues.

IMPLEMENTING A TOTAL MARKET APPROACH

This section provides suggestions for how donors, governments, SMOs, and commercial suppliers can implement their part of the TMA in ways that are appropriate for the country context and the three distinct development stages of its condom market. For each stage (nascent, developing, or mature), there are different strategies.

The development stage of the condom market in any given country (described in the earlier section, “Market Staging”) is highly relevant to the TMA development process. Optimal contributions from each sector in the market depend on that sector’s ability to respond to the needs of actual and potential condom users under prevailing market conditions. In addition, ensuring market growth, equity, access, and sustainability are likely to require different kinds of interventions in nascent, developing, or mature markets.

Table 2. Summary of Key Issues and Possible Strategies by Market Stage

Market stage	Key issues	Possible strategies
Nascent	<ul style="list-style-type: none"> • Stigma around buying and selling condoms • Restricted distribution and access • The need to recruit new users and to initiate trial 	<ul style="list-style-type: none"> • Market to the general population • Host campaign-style events • Subsidize distribution to expand channel penetration and to overcome seller stigma • Invest in social marketing brands • Push condoms mainstream as a consumer good • Use a subsidized social marketing price to increase affordability and put downward pressure on commercial prices
Developing	<ul style="list-style-type: none"> • The need to recruit new users, build the market size, and begin to serve the developing tastes of experienced users • The need for more focused messages to influence behavior of high-risk groups • An emerging need for the government to coordinate promotion and distribution activities • An emerging need to target subsidies to where they are most needed 	<ul style="list-style-type: none"> • Use more targeted messaging and communications • Reduce donor support for brands • Introduce condom brand extensions • Use subsidized distribution only in areas of highest need • Introduce mid-priced brands and cross subsidy schemes • Explore opportunities for commercial engagement
Mature	<ul style="list-style-type: none"> • A greater need for data collection to understand market evolution and to identify gaps in condom use and coverage • A need to transition from highly subsidized promotion, procurement, and distribution approaches to commercially sustainable ones • A need to tailor promotion and behavior change messages to the needs of key target groups 	<ul style="list-style-type: none"> • Government and donors actively engage commercial partners to grow market • All branded promotion is commercial or fully sustained from product revenues • Focus use of subsidies on distribution or promotion • Introduce new condom brands for which consumers are willing to pay more • Invest in retail outlet surveys and target group studies to inform TMA analysis

Nascent Condom Markets

Few countries today are nascent condom markets (some countries with both low HIV prevalence and low use of condoms for family planning fit some early stage market criteria, but they are not the focus of this paper). In the 1990s and early 2000s, many countries with concentrated and generalized HIV epidemics faced the considerable challenge of increasing condom use in a poorly developed market. The massive influx of funding for HIV prevention in those years focused on making condoms widely available and convincing people at risk of HIV to use them. Behavior change communication, condom promotion to reduce stigma and increase self-efficacy, free condom distribution through public health centers, and the leveraging of private sector supply chains through social marketing contributed to the creation of markets at a much faster rate than would have been possible without donor and government intervention.

Key issues

In a nascent market, condoms are both scarce in commercial outlets and expensive because the few consumers who use them are likely to be of a higher socioeconomic status. Demand is very low partly because condoms are expensive and hard to find (these factors are related) and partly because few people want to use them. One of the key challenges at this stage is to overcome stigma and embarrassment for buyers and sellers of condoms. Fueled by the HIV epidemic, the market for condoms would likely grow without any intervention, but this growth would be slow and probably fail to meet the needs of the poor and vulnerable. Speeding up this process while ensuring equity of access requires attention to demand and supply as well as using subsidies when and where they are needed. Early-stage condom programs have included a wide variety of interventions in the public and private sectors, including massive distribution of free and subsidized condoms, mass media campaigns, targeted BCC, and especially social marketing.

Government programs

In nascent markets, the easiest way for demand and supply to meet is at the point of service, which is why governments usually provide free condoms (and HIV counseling) through public health centers. This supply chain is convenient for distributing mass quantities of condoms using existing public sector infrastructure.

In most developing countries, condoms usually do not have to be registered as pharmaceutical products, and there is limited government scrutiny over the private sector condom supply. At any stage, a possible government intervention is to require commercial condom importers to show that their condoms are subject to lot testing that meets World Health Organization (WHO) standards as a condition for importation. Currently, standards are usually applied in the context of public sector procurement. However, a TMA for quality assurance is to ensure that the same standards of quality assurance apply to condoms that the government, NGOs, SMOs, and commercial suppliers procure.

Governments primarily focus on optimizing the use of public resources (facilities, staff, and funding), but to increase access to condoms in a nascent market, they must help define norms for the commercial market. They also should develop strategies for targeting programs and commodities to the most vulnerable and hard-to-reach groups, including through community-based and peer education networks. Finally, at this stage the government can provide leadership in promoting condoms and changing social norms surrounding their use.

Social marketing and NGOs

Nonprofit groups that promote and sell condoms, such as SMOs and family planning associations, play a critical role in the early stages of market development. When condoms are rarely used and stigmatized, they also are typically hard to find and sometimes unaffordable. Significant investments in both demand- and supply-side interventions are needed to stimulate condom use and grow the market. Donor-supported SMOs and family planning associations in early-stage markets have invested in brand development, packaging, price subsidies, mass distribution, sales incentives, and BCC to remove multiple barriers to condom use. Most countries with mature markets have achieved higher rates of condom use through aggressive social marketing and BCC campaigns that expanded distribution channels and changed social norms about condom purchase and use.

Early-stage markets show high levels of embarrassment associated with condom use. Social marketing programs should be credited with achieving remarkable improvements in perceptions of condoms in many developing countries today. In

large part, “lifestyle” condom advertising made this change possible because this approach promoted condoms as everyday consumer goods and built brands that were fun, trendy, and even glamorous, in contrast with early perceptions of condoms as public health commodities. At this stage of development, the condom market can benefit from extensive use of branded advertising and other social marketing techniques that destigmatize condoms.

Social marketing organizations and programs are able to leverage and supplement existing private distribution networks. NGOs and SMOs are well positioned to build demand and can help ensure equitable access to condoms. For example, they can use various sales techniques to convince a wide range of retailers to carry their brands.

International and local SMOs have the ability to attract public funding while generating revenue from condom sales. This combined financing enables them to support BCC and advertising campaigns, to subsidize condom brands below market prices, and to invest in transportation vehicles, warehouses, and sales forces. In early-stage condom markets, social marketing compensates for the absence of private financing and can deliver market growth, increased access, and equity.

Sustainability is not usually a priority at this stage of development, because the goal is to quickly grow demand for condoms and mainstream their use among all socioeconomic groups. However, program implementers can make decisions about the marketing mix (price setting, promotion, distribution, and product procurement), which will facilitate the long-term transition to more sustainable approaches. The following aspects of the marketing mix are especially important in building sustainability:

- **Distribution:** Social marketing programs have a tendency to rely heavily on project-funded sales staff when using commercial wholesalers. Distribution companies might be more cost-effective. As demand grows and incentivizes retailers to replenish their condom stock, it is important to build linkages between them and commercial distributors and wholesalers rather than continuing direct resupply. As the market moves from the developed to mature stage, dedicated sales staff should be reserved for nontraditional outlets and community events.

- **Pricing:** When setting condom prices in a developing market, the tendency is to set it as low as possible and never raise the price. Even if a highly subsidized price is justified at the outset, consumer willingness to pay is likely to increase over time; thus, condom suppliers should review and increase prices periodically (see, O’Sullivan et al., 2007).

Commercial sector

Leveraging the commercial sector can be difficult in an early-stage market. Global condom brand owners invest first in markets with the highest volume, revenue, and brand segmentation potential. When demand begins to be satisfied in mature markets, they turn their attention to the next most developed markets, such as those in middle-income countries. Actively marketed global brands also tend to be comparatively expensive and target consumers with a high ability to pay. In early-stage markets, these brands typically hold a tiny share of the market and do not receive much promotional support. In developing countries and small commercial markets, manufacturers typically do not have a presence, and the only representatives of the commercial brands are importers or distributors for whom condoms are one of hundreds of products they handle and probably one that generates very little profit. In nascent markets, local distributors have little motivation to import large quantities of condoms or to invest in the distribution or promotion of these products. Their activity is essentially opportunistic, a conservative approach that is mindful of potential returns on investment. For this reason, it may be difficult for condom program implementers to engage commercial distributors at this stage and even more difficult to negotiate any contribution to condom marketing that is not justified by the potential return on investment. To be successful in negotiating financial contributions to demand creation or increased investments in sales and distribution, program implementers will have to make a good case that sales volume can increase as a result of those investments. Better yet, increased targeting of donor investments to low-income groups can free up market share for the commercial sector, which will trigger increased investments in the market.

However, in some early-stage markets, commercial distributors have been key implementing partners in social marketing programs that USAID funded under

the Social Marketing for Change II and III projects. Those programs were expected to prime the market for commercial distributors rather than create a permanent donor-funded structure or an NGO that would compete with the commercial sector while benefitting from donor subsidies. In many cases this approach was successful—particularly in middle-income countries—and the total market has grown sustainably through these and other commercial condom suppliers.

Developing Condom Markets

Key issues

As the market for condoms develops, it is important to sustain investments in demand-side activities, particularly those targeting high-risk groups. There is also a continued need to expand the availability of condoms, which may still be confined to traditional outlets such as pharmacies. Willingness to pay is likely to increase among all but the poorest segments, which is a result of intensive social marketing efforts. As demand grows, commercial condoms begin to appear, for the most part catering to higher-income users. If subsidies do not properly target the most vulnerable or hard-to-reach population groups, commercial suppliers may not feel motivated to import mid- and low-priced condoms. A TMA for developing markets should examine the allocation of government and donor subsidies, encourage donor recipient organizations to develop five-year sustainability strategies, and incentivize the private commercial sector to serve a larger segment of the consumer population.

Government programs

At this stage, the government should have a clear policy for allocating donated commodities and funding for condom programming. The public sector should work to improve access to condoms for people living in low-income areas—particularly urban slums, where the risk of exposure to HIV may be very high. Women and girls who come to health centers for HIV testing and counseling or antenatal care should continue to receive free condoms if they test positive and are at particularly high risk or if they have limited access to other supply sources. The national HIV and AIDS committee within the ministry of health should coordinate efforts with donors and the nonprofit sector to ensure that the combined public sector, social marketing, and community-based support group programs meet the needs of all

low-income population groups.

Government can always help support demand-creation campaigns financially and technically. Ideally, in a developing market there should be a significant pool of users and non-users to enable good researchers to determine which attitudes or knowledge drive condom use and which attitudes pose barriers to condom use. With such information, government can produce and disseminate focused BCC campaigns to increase use of all condoms supplied to the market.²

On the other hand, government promotion of specific brands or government branding of condoms is unlikely to lead to an increase in use. Branding is a commercial tool that helps distinguish similar products from each other and premium products from commodities, usually to justify a higher price. However, public sector programs generally do not charge a price; they are essentially in the commodity business. True construction of a brand involves the creation of positive consumer perceptions—a feat that requires focused, consistent, and expensive investments in mass media. If the public sector successfully creates a brand with positive perceptions, it will be more likely that the branded condoms will leak into commercial channels, where retailers will charge a price for them and create unfair competition with commercial brands. Ensuring that the public sector maintains a commodity approach to condom supply is important in facilitating segmentation strategies in distribution and communication.

“We don’t get people to try our product by convincing them to love our brand; we get them to love our brand by convincing them to try our product.”

**– Bob Hoffman,
*The Ad Contrarian blog*³**

² There are many approaches to market segmentation and targeting. One useful reference is the *Market Segmentation Primer* (Private Sector Partnerships-One Project, 2009).

³ Hoffman, B. The Ad Contrarian. Blog. <http://adcontrarian.blogspot.com>.

Finally, there is very little evidence that strong brand perception increases use. Even when studies show a correlation between brand preferences and high levels of use, the most logical explanation is that high use drives brand preferences, not the reverse. There are strategies to increase use and recruit new users, such as changing social norms, increasing physical availability, increasing affordability, and increasing self-efficacy around negotiation and use. However, typically brands only contribute to use insofar as they support these other strategies.

Social marketing and NGOs

In a developing market, most social marketing programs should continue to prime the market by building overall demand for condoms through a combination of BCC as well as branded promotion that normalizes condoms as a product and increases the commercial sector's acceptance of condoms. Even while the market may not be commercially viable, social marketing programs should begin to engage with commercial suppliers to share the costs and benefits of donor-supported promotion

Introducing a Mid-Priced Brand in Nigeria

Informed by a retail outlet survey in 2004 that showed inconsistent market presence of mid-priced brands, SFH Nigeria explored opportunities to introduce a mid-priced brand that it could distribute widely. Rather than launch its own brand, SFH sought a partnership with an existing condom brand already established in the market. With that objective, SFH and its partner, PSI, brokered a deal with the Ansell Company for SFH to be the sole distributor of Lifestyle condoms in Nigeria. With minimal support (\$150,000) from its donor, the U.K. Department for International Development, SFH could not pay up front for the condoms and could not advertise the Lifestyle brand. With PSI acting as a guarantor, Ansell provided the condoms on credit, and SFH began distributing them in November 2006. Sales of Lifestyle increased over what Ansell had been selling previously, but Ansell did not provide expected promotional support. SFH continues to sell Lifestyle condoms on a sustainable basis, but feels that the brand needs promotional investment to grow its market share.

and distribution. For example, one social marketing program might already have a subsidized sales force and a vehicle fleet that directly sells condoms to retailers and expands the number of outlets that carry condoms. This program could offer to sell commercial brands to retailers so that retailers and consumers have a wider choice of condoms. In exchange, the distributor of the commercial brand of condoms should contribute to the distribution costs.

This intervention is most appropriate when a “mid-priced gap” emerges in a growing market in which overall condom consumption is increasing, but commercially available condoms are often priced at several multiples of the price of the social marketing brand that dominates the market share. In developing markets, experienced consumers often want to “graduate” to a higher quality brand; however, if the price jump is too great, they are not likely to trade up to a better brand. In Nigeria, Society for Family Health (SFH) negotiated such an arrangement with the Ansell Company for its Lifestyle brand of condoms (see text box).

When the SMO invests in consumer research or distribution studies, they should share this information with commercial suppliers and others involved in condom promotion or distribution. In some cases, it may be possible to coordinate market research investments so that the SMO can design a study that serves the interests of multiple players in the condom market and leverages contributions from each supplier. Once the SMO has established its own brand as being commercially viable, it should shift its focus to generic communications that address key barriers to condom use rather than simply promote the social marketing condom brand. One example of such an effort is the Yahi Hai Sahi program (see text box on the following page).

By adopting such approaches, the SMO contributes to the immediate needs of its program and also helps build a viable commercial market in the long term. The two approaches need not be mutually exclusive. Indeed, responsible SMOs should minimize direct competition with the commercial sector. Ideally, SMOs “crowd in” commercial players by building demand and demonstrating the profit potential, while leaving certain consumer segments for commercial suppliers.

Growing the Condom Market in Northern India

With support from the USAID-funded Private Sector Partnerships-*One* project (2004–2007), ICICI Bank in northern India partnered with the three largest private sector condom manufacturers/marketers in India to grow the condom market (in terms of volume and monetary value) in 10 states in northern India. The Yahi Hai Sahi program provided technical assistance to the local partners (both manufacturers and distribution outlets) and market research. ICICI Bank provided financial management and arranged all of the memoranda of understanding. The three manufacturers agreed to increase availability and visibility at new distribution points and to provide sales data on a regular basis. The Private Sector Partnerships-*One* project used the market research to design a “category campaign” that addressed issues of embarrassment and stigma associated with condoms, which negatively impacted sales of all condoms. During the first two years, the downward trend in condom use stopped and began to reverse itself in Year 3 as SMOs, partner commercial brands, and other commercial brands grew.

Social marketers also can enhance the demonstration effect for commercial suppliers by selling condoms at a commercially viable price. As willingness to pay increases in a developing market, social marketers should institute small, regular price increases to improve cost recovery. This approach will show commercial distributors that they may achieve higher volumes by reducing prices, while still earning an adequate margin on each sold condom. However, a delicate balance must be sought when social marketers enter more commercial spaces; they must encourage rather than discourage commercial investment. Donors in the developing stage need to be aware that the development objectives of a program to build the total market may not align with the interests of an SMO with a financial interest in maintaining a large market share and revenues from condom sales. There is a risk that donors will underwrite an SMO's unfair competition with the commercial sector.

As the pool of consumers grows and use increases, consumers begin to show preferences that create opportunities for commercial companies or SMOs to launch new brands or brand extensions (new products within an existing brand). Consumer research can help identify these preferences as well as consumers' willingness to pay for such brands. SMOs, both international and local, are well-versed in developing brand extensions and

By adopting such approaches, the SMO contributes to the immediate needs of its program and also helps build a viable commercial market in the long term. The two approaches need not be mutually exclusive. Indeed, responsible SMOs should minimize direct competition with the commercial sector. Ideally, SMOs “crowd in” commercial players by building demand and demonstrating the profit potential, while leaving certain consumer segments for commercial suppliers.



An advertisement for socially marketed condoms in Benin.

Photo credit

taking advantage of condom technology that makes it possible to produce condoms in different textures, sizes, colors, and flavors. SMOs use brand extensions to increase consumer fidelity and market share (by meeting consumer preferences) as well as to generate additional income that contributes to cost recovery and supports program expenses.

The introduction of second brands and brand extensions also creates opportunities for cross subsidization, which can increase equity and cost-effectiveness of social marketing programs. In South Africa, SFH used a share of its profits to subsidize the costs of distributing the government's free condoms to youth in low-income townships. DKT International uses profits from its country programs that sell condoms above a cost recovery price to support programs where subsidies are still needed. In Ethiopia, DKT has three brands in a cross-subsidy scheme (see text box).

Cross-Subsidizing Condom Programs in Ethiopia

In 1990, DKT began its social marketing program in Ethiopia with Hiwot Trust, a subsidized condom brand, in which the sale price covers about one-fourth of the procurement price of the condom, depending on exchange rates. Hiwot Trust soon achieved wide market share and recognition throughout the country. In 1998, as sales and income grew in Ethiopia, DKT launched a second brand, Sensation. The price of Sensation increased gradually and now nearly covers the full cost of the condom, if not the distribution and promotional costs as well. Selling a second brand allowed DKT to spread storage and distribution costs across more condom brands and increase efficiency, reducing costs to donors and government. In 2012, DKT introduced an upmarket brand, Members Only, which generates about \$0.20 more than the purchase price for each condom sold. These profits cover all operational expenses that benefit all condom brands and behavior change activities.



Jeffrey Barnes

A billboard in Ethiopia advertises a condom brand, Sensation, which was launched by DKT (see previous text box).

It is important to note, however, that brand extensions are primarily used in the private sector to retain current users and attract new ones, with the goal of growing a company's market share. Introducing brand extensions also helps convince retailers to dedicate more shelf space to one's brand. When donors support brand extensions with commodities or funding for packaging and brand advertising, they risk allowing a social marketing program to dominate the market while discouraging other suppliers from competing in the market. If preserving fair market conditions is important under a TMA, then SMOs should be encouraged by their donors to finance brand extensions through their own revenue rather than additional donor support. The organization may also consider partnering with a commercial company to introduce a new brand or brand extension into the market. This approach increases market sustainability but may not leverage as much new investment if the manufacturer relies on the social marketing program to promote its brand and invests little beyond production and manufacturing costs.

Commercial sector

Even in developing condom markets, acquiring meaningful commercial sector input for a national total market strategy can be difficult. Unless the country has a large population and few commercial players, the profit potential for any one commercial actor may still be very small. In most developing markets, the sector will be fragmented, and key players will not want to share information that competitors could use and will not have enough profit potential to justify long-term investments in building the market.

Industry groups and associations that represent manufacturers, wholesalers, and retailers can contribute to a better understanding of the commercial stakeholder landscape. However, identifying a role for the commercial sector through stakeholder engagement is not sufficient for TMA viability. This sector is inherently reactive, and suppliers will likely wait for tangible market opportunities before changing their business model.

In developing countries, local importer-distributors have the most to gain from investing in the market. They respond to increased demand by improving distribution of their products, running promotions for retailers, and incentivizing their sales force. Distributors, however, are still likely to adopt an opportunistic “wait-and-see” attitude in a developing market. Condom brands benefit from distributor investments in warehousing, transportation, and salaries; however, because these costs are usually spread over many other products that the distributor carries, the actual investment is only a small portion of the final (retail) price. Increased investments in this sector will only occur if changes in government policies and donor support result in the following:

- Improved targeting of free condoms
- Reduced competition from organizations selling subsidized brands in commercial outlets
- Interventions and partnerships that increase market size or reduce the risk of doing business

Because of this condition and to improve sustainability, it is important to follow up on TMA consultation and engagement activities with timely policy and programmatic actions that free up market share for the commercial sector.

Expanding Access to Family Planning Commodities in Paraguay

In the early 2000s, the government of Paraguay invested in expanding access to family planning commodities in rural areas of the country. This investment led to a large increase in the contraceptive prevalence rate, from 42 percent in 1990 to 79 percent in 2008. By 2008, these investments had helped close the gap in the contraceptive prevalence rate between urban and rural areas, as public sector market share grew by 8 percent and the private sector’s share shrunk by 10 percent. These changes resulted primarily from poor and rural populations’ increased use (these groups largely accessed family planning commodities at public facilities). Among the three highest income groups, private sector market share actually increased, suggesting that the market was becoming more rational and that other sectors did not crowd out the private sector.

Mature Condom Markets

Key issues

In mature condom markets people are less likely to stigmatize condom use, and a wide variety of outlets provide condoms. Donor-funded programs strengthen their targeting efforts to reach high-risk groups or people with limited access to health products and services. There are several commercial brands at different price points in the market, and mainstream users’ willingness to pay for condoms is higher than at any other market stage. Commercial importers and distributors have high interest in this market, which is ripe for private sector investment.

In this market context, donors can phase out some activities or make them more sustainable. Key aspects of the TMA for mature markets are to focus free and subsidized commodities on the neediest consumers and to encourage commercial suppliers to invest in marketing their brands.

Government programs

In a mature market, the government should take on more of a stewardship role and seek to modify policies and programs that stifle private sector investment in the condom market. Several publications have demonstrated the impact of government policies on the use of private sector products and services (Gribble et al., 2007). A 2012 assessment of the Paraguay family planning market in particular revealed that a better public-private mix may occur when the public sector improves its ability to serve population groups in lower wealth quintiles and rural areas (SHOPS Project, 2012).

As markets mature, commercial distributors have a strong incentive to import new products, including very low-cost brands that may not meet minimum standards in highly regulated markets. To avoid the dumping of sub-standard products through commercial outlets, governments can institute minimum standards, such as lot testing according to WHO standards as a condition for distribution. Even if the country does not have the capacity to test according to WHO standards, governments can require lot testing from a WHO-certified lab (Songkhla, 1993). A TMA that aims to increase the

availability of commercial sector brands should include an assessment of the capacity of the public sector to fulfill this important stewardship function.

Even as the market share of commercial and social marketing suppliers grows, the government may still wish to procure and distribute free condoms to key populations (sex workers, men who have sex with men, and injecting drug users), or through its facilities, or to support community-based programs serving lower-income communities. Public sector family planning programs also should continue to offer unbranded condoms, particularly for youth or married women who may not be comfortable obtaining condoms from a commercial outlet. The justification for this approach is often based on a desire to protect vulnerable groups or on the basis of evidence that some high-risk groups will lower their use of condoms if they aren't free and their risks in transmitting HIV are too high. However, making condoms free to vulnerable groups might not reduce their vulnerability; usually the biggest drivers of vulnerability are the inability to negotiate condom use with partners or unequal power relationships that have nothing to do with the price of a condom.



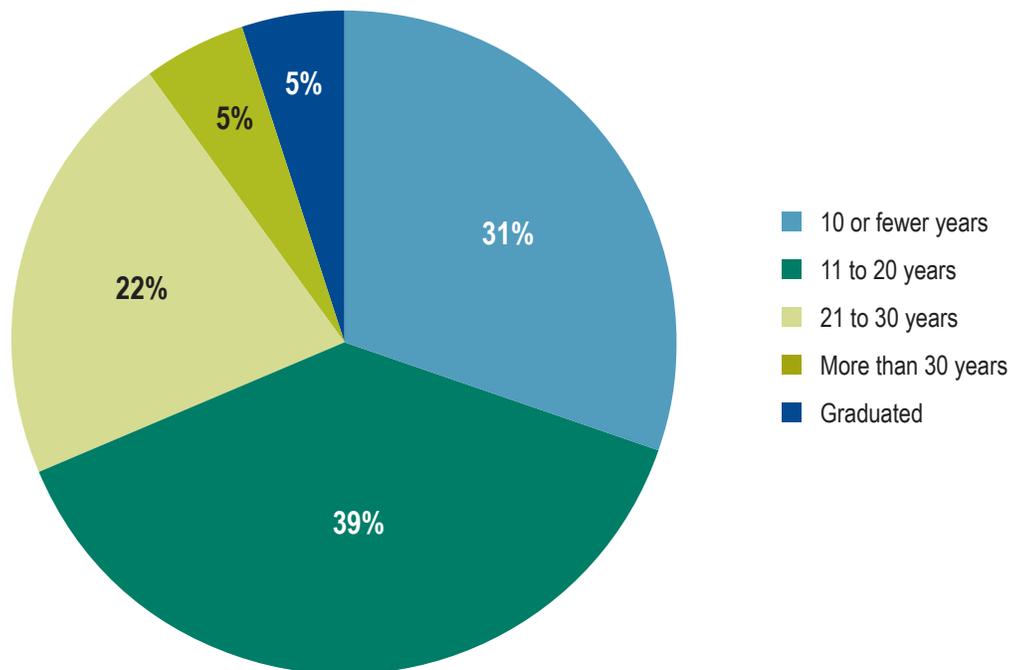
Mature markets offer a greater variety of condom brands.

Social marketing and NGOs

In a mature condom market, SMOs should have reduced donor subsidies on the condom product and in most cases should be able to cover all product and distribution costs through sales revenues. It is unlikely that condom sales will generate sufficient profit to finance in-depth consumer research or BCC. Therefore, in countries where there is a continued need to conduct consumer research and targeted BCC, government or donor subsidies are still appropriate. In some cases, SMOs can earn revenue by increasing prices or launching more profitable brands that cross-subsidize their programs. Profits from sales of condoms to urban consumers with a higher willingness to pay can help subsidize targeted free distribution aimed at lower-income groups or high-risk groups with poor access to condoms. In South Africa, for example, profits from the Lovers Plus brand of condoms supported the staffing and logistical costs for SFH to distribute free government condoms to township youth.

In many donor-recipient countries, the focus of condom programming has been to maintain and maximize access and affordability to the exclusion of sustainability considerations. In those countries, SMOs sought to build economies of scale by introducing new products to leverage their investment in warehouses, sales teams, vehicles, and marketing capacity. However, this strategy often has been executed in lieu of a graduation strategy. This kind of program expansion tends to increase donor dependence and creates social monopolies that crowd out commercial suppliers who could operate in the same markets.

Length of Donor Support for Social Marketing Programs



Improving the Sustainability of a Social Marketing Organization in Peru

As part of its planned graduation in Peru, the USAID mission focused on providing technical assistance to improve the sustainability of *Apoyo a Programas de Población* (APROPO), a Peruvian social marketing NGO. APROPO's leading product was Piel, a socially marketed condom brand that accounted for approximately one-third of the condom market in Peru. With USAID support, APROPO has launched new condom and family planning products, including a second condom brand marketed at teenagers. The revenue from the sale of these products has helped improve the organization's sustainability.

In some social marketing programs, local NGOs have taken over the role that international NGOs used to play in this effort, including in Bangladesh, Côte d'Ivoire, Nigeria, Uganda. Nevertheless, the issue of continued donor dependence and the risk of crowding out the commercial sector still exists, whether the NGO is international or local.

Even if donors and national stakeholders want an indigenous SMO to play a permanent role in the health system, there are many strategies for increasing sustainability in NGO model social marketing programs as markets develop (O'Sullivan et al., 2007). This approach does not require that the local SMO maintain all products it has ever socially marketed. In fact, well-known products that have benefitted from many years of promotion and that are affordable to the vast majority of users probably should "graduate" to the commercial sector. To make this change, the SMO can sell or license condom brands with a strong consumer base to a commercial operator. This shift could raise new funds for other social activities and for new products that require more health promotion and distribution support, thus saving scarce donor resources needed to sell products that the commercial sector could sell just as well on a sustainable basis.

Of all products that have been socially marketed, condoms have the greatest potential for graduation. Their production cost is very low relative to

consumers' demonstrated willingness to pay, they can be sold over the counter, they do not require a trained provider to prescribe them or to demonstrate use, and they have a relatively long shelf life that ensures commercial viability. At this stage, if SMOs do not graduate their condom business, they should at least compete with the commercial sector on an even basis, without donor support and subject to the same regulatory requirements.

Commercial sector

For commercial suppliers, mature markets represent high sales volumes and increased willingness to pay, which results from rising incomes and decades of condom-use promotion. The owners of brands such as Trojan (Church & Dwight) or Durex (Reckitt Benckiser) have the most resources to invest, and they typically do so in mature markets. Instead of being risky, investing in condoms in this context is also likely to help local distributors generate revenue that helps them to cover operating costs. At this stage, commercial marketers are likely to seek access to consumer research that can help them take advantage of segmentation opportunities.

Although the commercial sector is highly interested in this market, social marketing programs' use of the same distribution and promotion channels as the commercial sector can dissuade potential entrants even as they prime the market. This dissuasion happens because SMOs often receive donor support for a wide range of functions normally performed by commercial intermediaries (packaging, brand development, warehousing, transportation, sales, advertising and promotion, and so on). This donor support enables SMOs and NGOs that use commercial channels—both mainstream and nontraditional—to market attractive brands at below-market prices.

It is virtually impossible for manufacturers and distributors who own and distribute unsubsidized commercial products to compete with these brands, because they have to absorb costs and pass them on entirely to consumers. For this reason, commercial suppliers often are accused of selling only high-priced products to "skim" the market. In reality, this approach is often the only way that commercial suppliers can capture market share when they cannot compete on the basis of price.

Distributors sometimes introduce very low-priced products; however, the quality of those products can be dubious, and they receive little to no investment aside from sharing warehousing space with other more profitable and actively marketed products. This polarization of commercial supply at both ends of the consumer market can last as long as donor-supported brands occupy the middle market. In this case, the most effective way to increase commercial participation in the market may be to reduce the amount or allocation of donor funding to donor-supported brands.

The Role of Donors

Even when donors support a TMA activity, there is no easy way to ensure timely implementation of the agreed-upon strategy. Getting government to own and lead the TMA plan may require lengthy advocacy and capacity building. Exit strategies may be difficult to implement and companies might decide to focus on different business priorities. Regardless of the time and effort that goes into the planning process, market actors will either adapt their own strategy to be consistent with the TMA or continue business as usual if they lack the incentives to make changes. Donors play a significant role in supporting the implementation of a TMA beyond the planning process through their investments in the market. Providing funding to develop commercial partnerships for distribution and promotion can help increase sustainability in the market and grow the total market. Conversely, funding untargeted, free, or highly subsidized distribution can undermine a TMA plan.

Capacity to fund and implement appropriately targeted programs—as well as to regulate the condom market—may be lacking within the public health sector. For this reason, investments in strengthening public sector supply chains and the government's oversight role may be necessary to ensure the success of a TMA. The USAID DELIVER PROJECT has many tools and methodologies for building ministry of health capacity to develop a contraceptive security plan, and improve supply chain management and forecasting.⁴ The project's website links to relevant resources that support the public sector's role in a TMA.

Reduced support for brand promotion

When subsidized brands receive extensive support for advertising and promotion, they end up with a very large market share, because commercial suppliers cannot match this level of marketing support. A TMA that seeks to increase the commercial sector's share should reconsider the use of donor funds to promote social marketing brands. If donors engage in partnerships with commercial suppliers, they also should expect these companies to invest in their own brands.

Alternatively, if the donor feels that brand promotion is critical for expanding distribution or for changing social norms around condoms, then different brands in the market should receive donor support on a fair basis. One strategy for achieving this goal is matching programs, in which the different brand owners must make a one-to-one match with donor funds in support of their condom. The N-MARC project in Nepal had success with this approach (see text box on the following page).

⁴ <http://deliver.jsi.com/dhome>

Targeting High-Risk Groups in Nepal

In 2008, the USAID Nepal Social Marketing and Franchise Project (N-MARC) worked to address a concentrated HIV epidemic by focusing on key affected groups. Free and subsidized social marketing brands dominated the market. Although the commercial sector had 25 brands and about a 38 percent share of the total market, commercial sales had been flat for the last four years. To improve sustainability and stimulate growth in a mature condom market, N-MARC launched a program to match all commercial investment in condom promotion and distribution on a one-to-one basis. The program was announced through an expression of interest and was open to any commercial condom provider. Ultimately, N-MARC established partnerships with three condom distributors, and matching funds went to partners' brands for targeted distribution to high-risk groups, increasing stock levels, and point-of-purchase promotion. In the end, the commercial partners provided four times as much funding as N-MARC, and the number of commercially sold condoms in the market increased from 17 million to 21 million units in two years. The commercial sector also expanded distribution; commercial partners increased the number of outlets they served directly from 33 percent to 147 percent.

Strategic investments in demand- and supply-side programs

Donors can fund demand-creation efforts that support a TMA. Generic BCC and condom promotion allow new users to obtain condoms from their preferred outlets. In addition, commercial suppliers may respond to increases in overall demand by increasing their investment in the market. Depending on the goals of the TMA, donors also can direct resources toward new or underperforming supply chains. For example, in many countries, USAID has supported efforts to channel condoms through nontraditional outlets, such as guesthouses, hotels, bars, and entertainment establishments. As a result, commercial suppliers can now build on these efforts in places where consumers will pay for their brands.

Commercial distributors' willingness to use these new channels of distribution is a good test of the long-term viability of nontraditional outlets. Donors should be cautious about overinvesting in supply chains that are not commercially viable. Although these outlets do not compete with commercial brands on their own turf, they amount to siphoning consumers away from traditional commercial outlets. However, in areas where key affected populations have indicated that this type of outlet is their preferred source of condoms, subsidized distribution may be necessary to provide protection for high-risk sex acts. In this case, the public health benefit may justify the need for a long-term subsidy.

Direct partnerships with the commercial sector

Many markets are fragmented, with many small wholesalers who distribute to small areas and retailers who travel to large towns to resupply. Wholesalers, distributors, and retailers often lack access to capital to achieve the scale necessary for efficient distribution that minimizes stockouts and ensures competition, which keeps prices low. In such markets, there may be an opportunity for donors to work with distributors to improve their capacity, enhance distribution coverage, and reduce stockouts.

Once condom program implementers have identified key commercial entities, they should be actively consulted to identify potential barriers to entry or investment in the condom market. If opportunities exist, a continuous working relationship or formal public-private partnership can maximize the contributions of these entities to the condom market. The following key principles have been proven in working with commercial companies.

Program implementers should engage company representatives in face-to-face meetings.

Recognizing that their time is precious and that selling condoms probably will not make or break their business is an important aspect of engaging commercial manufacturers and distributors. Program implementers should engage these companies at their offices or factories, rather than ask them to travel to a government or project office. A willingness to listen to the needs and interests of commercial suppliers is necessary to reach common ground.

The commercial sector responds to concrete business opportunities. One of the most effective ways to encourage more commercial investment in the condom market is to free up market share to which the commercial sector can respond. The extent to which subsidized programs act as a disincentive to this sector is not well understood. Sometimes effort is invested in public-private partnerships that do not have a market share to respond to because they contain too many subsidized products.

Partnerships with commercial companies require a business mindset. A common mistake in engaging the commercial sector is attempting to “sell” a preexisting program in hopes that a company will cost share it (if the program already receives public funding, there is little chance that a company will agree to sponsor it). Another common mistake is to issue a request for proposals for what is meant to be a mutual commitment to funding an activity, e.g., increasing the availability of condoms in non-traditional outlets. To ensure broad dissemination and transparency, an expression of interest for partnering under Global Development Alliance-type groups can be published in the local paper. Simply posting the expression of interest on a donor or project website is not enough, because commercial companies do not typically visit those sites.

Timely follow-up is critical. Contracts and other mutually binding agreements govern many commercial relationships that require limited face-to-face engagement. By contrast, business relationships that are not subject to a formal agreement require a lot of follow-up. Private companies put limited faith in nonbinding agreements such as memoranda of understanding; they expect prompt action and regular communication in order to continue honoring their commitments to a program.

Even if a partnership is not possible, TMA planning and implementation should take into account commercial sector interests. In many condom markets, the size of the market and the market share of the commercial players may simply be too small to attract commercial investment or to warrant commercial sector support. The lack of a formal partnership should not be a reason to ignore commercial sector interests or to adopt strategies that will reduce their market share. The total market strategy should still endeavor to reduce barriers to commercial investment and activities that crowd out commercial suppliers.



A condom demonstration in Addis Ababa, Ethiopia.

DKT Ethiopia

MONITORING IMPLEMENTATION OF THE TOTAL MARKET PLAN

From the initial situation analysis, the research agency or CSO will analyze and present the data according to the main criteria of the total market strategy, with different criteria receiving more or less emphasis depending on national priorities. That initial data analysis should provide baseline values for the implementation plan. Alternatively, it should reveal data gaps that need to be filled in order to monitor TMA plan implementation progress. Annex A provides a table of suggested indicators for each dimension of the TMA plan as well as guidance on how to collect and use these indicators.

Ideally, one would track a selection of these indicators over time, as it may be too expensive to track all of them. Moreover, one should allow a fairly long period of time to show measurable changes that represent true market shifts. Some indicators, such as condom availability and market share, may fluctuate in a relatively short period of time, and these changes might not indicate structural market changes. However, significant changes in use rates, willingness to pay, and consumer perception of access take longer to change, so it may only make sense to measure these indicators every two or three years.



Gates Foundation

Condom market in Ghana.

Conclusion



A billboard advertisement for Salama condoms. The background is yellow with the word "Salama" repeated in a pattern. On the left, a man and a woman are shown in a close embrace, wrapped in a blue blanket. The text on the right reads "Kama kweli unampenda, utamlinda." In the bottom right corner, there is a circular logo for "SALAMA KONDOM KINGA MADHUBUTI" with a small image of the product packaging.

Kama kweli unampenda, utamlinda.

SALAMA KONDOM KINGA MADHUBUTI

Tan Advert
DESIGN & MEDIA ADVERTISING

CONCLUSION

This guide provides specific strategic suggestions and general principles for stakeholders who wish to adopt a TMA for condoms. A true TMA does not lend itself to a single set of steps or activities that one could follow in the same way in every country. Adaptation and flexibility are critical, because there is so much variance from one country to another in data availability, in the number and capacity of stakeholders, and in market dynamics. The following list summarizes the key points regarding data, stakeholders, and markets for TMA plans.

- **Data:** TMA design, implementation, monitoring, and adjustments should be data-driven processes. However, in many countries, important data do not exist in the public domain, and special efforts may be required to obtain these data elsewhere. These efforts might include retail outlet surveys, panel studies, or qualitative research on key affected populations about their sexual habits, condom preferences, and purchasing behavior. In many cases, TMA implementation will have to occur with incomplete data and best guesses. Even then, as long as the government entity leading the TMA is monitoring the data, some best guesses can be tested as hypotheses and corrected if evidence shows that assumptions were wrong.
- **Stakeholders:** Effective development and implementation of a condom TMA plan requires wide consultation with stakeholders who are likely to be very diverse. Government stewardship of the TMA plan is ideal. However, in many cases, NGOs or donors may be needed to facilitate and help drive the process. This requirement will depend on the capacity of the government. The relative importance of the stakeholders will also vary considerably. SMOs with more than an 80 percent market share will be critical partners in some countries, while the government will be the main player in other countries where free distribution is predominant. The commercial sector is marginal and fragmented in some countries, but important and growing in others. Key target groups will be important stakeholders where the HIV epidemic is concentrated, but less critical in a generalized epidemic. Finally, one cannot force a TMA plan onto independent players in the condom

market; persuasion and incentives are essential to ensure a critical mass of engagement and support for the TMA.

- **Markets:** Markets are very dynamic, and regular monitoring should inform adjustments to TMA strategies. In general, TMA strategies should change according to the stage of market development. The roles of government, donors, SMOs, NGOs, CSOs, and commercial suppliers will have to change when the markets do. Similarly, consumer preferences change over time. The more consumers use a product, the more they are likely to develop brand preferences. TMA strategies must include actions to monitor and adapt to these changing preferences. For each consumer segment, different suppliers should develop new strategies for distribution, promotion, pricing, and product features.

Though the TMA plan must be flexible, Annex B provides some suggestions for analytical tools that can be used as is, adapted, or reworked in keeping with the needs of the market, the availability of data, and the interests of stakeholders. Ultimately, successful adoption of a TMA depends more on following the principles outlined in this guide than on adhering to a rigid process.

ANNEX A. MARKET INDICATORS

Indicator	Collection	Interpretation
Market Size		
<p>Total condoms supplied</p>	<p>For public sector or donor-supported condoms, these data are available from public records for procurement. Individual donors, partner governments, or Internet resources—such as the Reproductive Health Interchange, which pools information on condoms (and other products) from multiple donors—can provide this information.</p> <p>Social marketing organizations and other NGOs that import and distribute condoms also make their procurement data available publicly; however, SMOs are more likely to report sales. Typically, sales are recorded when the SMO transfers a title to the condoms to a commercial distributor. One has to be careful not to double count sales, since some of the condoms that a donor procures and delivers may go to SMOs or other NGOs that also will report sales or distribution figures.</p> <p>Commercial data on condoms imported into the market each year usually are not available publicly, as this market intelligence can be used competitively. Obtaining this information from condom distributors/importers may require negotiating a special agreement with the distributors or using the influence of the ministry of health to compel them to report the data annually.</p>	<p>Tracking condoms supplied is a rough way of approximating condoms consumed in a given time period, usually a year. However, to make even a rough estimate, the condoms supplied must be adjusted for changes in the total stock of condoms in the national pipeline(s) at the beginning and end of the time period. If some share of the total condoms supplied went to increasing the national pipeline, then the amount of the pipeline increase should be deducted from the total condoms supplied as an estimate of condoms used.</p>

Table continues on the following page.

Indicator	Collection	Interpretation
Market Size		
<p>Total condoms sold or distributed</p>	<p>As noted earlier, sales in the market differ from condoms supplied into the market. In some cases, commercial market research agencies such as Neilsen or IMS Health record sales at the retail level, so they provide a fairly good picture of increases in consumer demand.</p> <p>Social marketing organizations record a sale when they transfer condoms to a distributor who may then sell the condoms to wholesalers, sub-wholesalers, and retailers before consumers actually purchase the condoms.</p> <p>Since most public sector programs do not sell condoms, data will have to be collected on numbers of condoms distributed. Ideally, one would want to find data on condoms distributed to consumers at the clinic level; however, in most cases it is more likely that there will only be data on condoms distributed from central stores to regional or district substocks.</p> <p>Condoms consumed at the retail level can be estimated using retail outlet surveys. Typically, these involve taking a sample of different outlet types and establishing a panel of retail outlets that will agree to record condom sales over a specified time period. From these samples, projections can be made about the monthly sales rate or “sales velocity” for all outlets of a similar type. The panel study could include retail outlets at public sector, NGO, or commercial dispensing outlets.</p>	<p>As with the condoms supplied data, if the condoms sold or distributed data come from sales and distributions at the beginning of the pipeline, some adjustment to the numbers will be necessary based on the increase or decrease in the number of condoms in the pipeline.</p> <p>The essential principle when pulling data from the public, NGO, and commercial sectors is to aggregate comparable data. One should not add upstream data to downstream consumption.</p> <p>Sampling of retail outlets can be problematic. In most countries, knowing the universe of retail outlets is impossible. While the universe of registered pharmacies may be known, the total number of outlets selling condoms (from a cigarette stand to a grocery store) is usually impossible to know. Therefore, establishing a representative sample can be problematic.</p> <p>Sampling retail outlets on a geographic basis can also be done using lot quality assurance sample methods to measure access.</p>
<p>Total market value</p>	<p>In many cases, commercial data on the size of a market are measured in terms of overall monetary value rather than in terms of units sold. These data provide an index for the level of purchasing power in the market. To provide a picture of the total market using this metric, public sector- and NGO-sector contributions should be valued at the purchase price of the condoms.</p>	<p>The total value of the market is an important indicator for commercial players deciding whether to invest in the market. From this perspective, one could argue that free condoms should have no value in the estimate of total market value. However, if one wants to consider the total amount invested in the market, then valuing condoms at their purchase price is reasonable.</p>
<p>Rate of condom use</p>	<p>The DHS and other population-based survey groups that target key affected populations conduct periodic surveys on rates of use with different types of partners for various consumer segments.</p>	<p>Analysis of condom use data and examinations of the drivers of high and low rates of use are invaluable in assessing how demand-creation efforts are progressing and which consumer segments require the most focus in behavior change activities. This work is critical to the TMA, since market segmentation is a core activity.</p> <p>The rate of condom use also can provide a more evidence-based approach to forecasting than estimations based on needs. Applying documented rates of use to estimates of numbers of users can provide a different picture of likely levels of demand. These estimates should be triangulated with other estimates based on historical consumption and expected growth.</p>

Indicator	Collection	Interpretation
Market Size		
Number of condom users	One can estimate numbers of condom users by examining demographic data. The DHS can provide numbers on reported use.	Aside from knowing the overall number of users to enable better forecasts, knowing the number of condom users in each consumer segment is also critical for marketing investment decisions. Population surveys may help marketers identify a promising consumer segment in terms of their willingness to pay and their propensity to use condoms. However, if the absolute number of users in the segment is small, it may not make financial sense to invest in a mass media campaign.
Market Equity		
Equity of affordability		
Differences in the percentage of each wealth quintile who report that condoms are affordable or that price is not a barrier to use	Population-based surveys such as DHS collect data on whether condoms are affordable. Alternatively, they ask non-users if price is a reason for their nonuse. One should break down these data by wealth quintile.	Small differences between the highest quintile and the lower wealth quintiles in their perception of affordability suggest there is equity of affordability in the market. Even when consumers from different quintiles buy different types of condoms at various prices, if their perception is that price is not a barrier to use, then one can say that there is equity in affordability. The objective in achieving this equity is for all consumers to be able to find condoms they perceive to be affordable—not for all condoms to be sold at a price that all (or the vast majority of) consumers find affordable.
Number of condom brands sold in the market at a price deemed to be affordable to the lowest wealth quintile or to low-paid workers	If recent DHS data are not available to assess perceived affordability, one can obtain the indicator through a rapid or rigorous assessment of retail outlets. Determining which prices are affordable may require a rule-of-thumb standard that is based on evidence.	One must make an assessment of the availability of low-priced condoms to judge whether those condoms are available to lower-income consumers. Defining absolute affordability according to a standard may be more difficult and requires some judgment of how much consumers “should” have to pay for a condom to be considered affordable. WHO measures affordability in terms of the number of one day’s wages of the lowest-paid government worker. One would have to decide that a minimum-wage worker should not have to pay more than a given percent of a day’s wage for each condom purchased. All condoms that are sold at that price or below would then be deemed affordable.
Differences in the wealth quintiles in sourcing free or subsidized condoms	In DHS or other population-based surveys that ask about sources of supply, it is possible to determine what share of consumers uses condoms from free or subsidized sources. One must break down these data by wealth quintile.	One would expect lower-wealth quintiles to rely more heavily on condoms from free or subsidized sources than higher wealth quintiles do. If a large percentage of high-wealth quintile consumers are obtaining free or subsidized condoms, it is likely that condom subsidies are being wasted on consumers who can afford to pay. Such a situation calls for improved targeting of subsidized condoms.

Indicator	Collection	Interpretation
Market Equity		
Equity of Use		
Differences in wealth quintiles in terms of condom use	DHS that ask about use and collect wealth data can show whether use is equal across income levels.	Comparing use across wealth quintiles must control for the many factors that drive use in addition to wealth and access to condoms. One must compare like with like both in terms of the user's risk profile and in terms of the circumstances of use. One cannot expect the level of use of a low-income farmer from a rural area with his regular partner to be comparable to that of a low-income truck driver apprentice with multiple nonregular partners.
Equity of Access		
Differences in the wealth quintile of consumers who report that condoms are physically available or that distance to a retail point is not a barrier to use	DHS typically ask consumers if they know where to obtain a condom. They ask non-users whether physical availability or distance to a retail point is a barrier to use. One can disaggregate these data by wealth quintile to assess whether poorer consumers have equal access to condoms.	This analysis will provide some insight about whether physical distance is a barrier to use. However, it will not address other elements of access such as psychological barriers like stigma or embarrassment associated with condom purchases.
Differences in the physical proximity to retail outlets selling condoms in one geographical area compared to another	<p>In countries where there are good data about the location of pharmacies and drug shops as well as good demographic data, one can calculate the number of condom outlets per province or state or for a given number of inhabitants.</p> <p>If retail outlet surveys are possible, then using a lot quality assurance sampling method to measure different geographical areas against a common coverage standard would also allow one to compare equity of access in different areas.</p>	<p>Comparing the numbers of outlets per state or province assumes that the share of outlets selling condoms is approximately the same from one state to another. It also assumes that the areas of different states are roughly equal. If these assumptions do not hold true, then such comparisons are not valid.</p> <p>Measuring coverage against a standard may or may not reflect its impact on use. Coverage standards are somewhat arbitrary and may not correspond to what consumers perceive as accessible.</p>
Market Accessibility		
Percentage of consumers who report knowing where to obtain a condom or that distance to a retail outlet is not a barrier to use	This is the same measure of access noted above, which can be obtained from DHS and similar population-based surveys. In this case, one measures overall accessibility in the market.	As a top-line indicator of accessibility, one can say that total market performance improves as accessibility increases overall. However, for more operational guidance, one has to look at equity of access from both the wealth perspective and the geographical perspective. If sample sizes are large enough, marketers should also examine the perception of access of key affected groups such as youth, sex workers, and migrants. If their perception of access differs from that of the general population, then it is likely that other elements of access (such as stigma) are more important than physical availability.

Indicator	Collection	Interpretation
Market Equity		
Market Accessibility		
Percentage of retail outlets with stockouts during the past three to six months	One can track and report on stockouts in many ways. If retail outlets are used, a survey can record stockouts at the time of the survey or within a recent period of time. Alternatively, if one visits a panel of retail outlets regularly and checks stock levels, then he or she can establish a trend for stockouts. If records are used, then some definition of the duration of the stockout is needed, or one should factor the length of the stock into the measure of access.	Whether stockouts at retail level can be used as a proxy for overall market access depends on how representative the sample of outlets is. Ideally, representative samples of public sector, commercial sector, and nonprofit delivery points would be the basis for access measures.
The number of retail outlets selling condoms in a defined geographical area	Where there are good data on the location of pharmacies and drug shops as well as good demographic data, one can calculate the number of condom outlets per province or state or for a given number of inhabitants. If registration data are not available, a mapping survey can determine the number of outlets selling condoms, particularly for non-traditional outlets. If retail outlet surveys are possible, then an lot quality assurance sampling method to measure different geographical areas against a common coverage standard would allow one to assess how many areas in the market meet the coverage standard.	Knowing the number of public sector outlets and pharmacies is fairly common. However, reliable data on the number of drug shops or non-traditional outlets are unusual and would be difficult to estimate. A census of such outlets is possible but would be extremely expensive. Lot quality assurance sampling will provide a more cost-effective measure of physical availability. However, it may not correlate to consumer perceptions of access unless the coverage standard was established by a correlating perception of access in an area to a given level of coverage.
Market Sustainability		
Market share of nonsubsidized sources of condoms	One can calculate market share by estimating the total quantity of condoms sold from each source of supply during a defined time period. One can measure this number on the basis of total condoms supplied to the market during a time period (adjusting for pipeline changes) or by sales at the retail level.	For a market to be considered sustainable, most of the condoms supplied should come from nonsubsidized sources. Free or subsidized condoms may still play a role in a sustainable market, but their share should be lower than that of sustainable sources. Among subsidized sources of supply, condoms that donor agencies supply or fund should be considered less sustainable than condoms that the local government procures with local tax revenues and through routine procurement processes.
Number of sources of supply serving the market	One can determine the number of sources of supply and whether they are sustainable using relatively simple assessments, such as visiting retail outlets, finding out which importer distributes different condoms, and contacting NGOs and SMOs that import and distribute condoms.	As a principle of risk diversification, having multiple sources of supply makes a market more sustainable than a market with fewer sources of supply—even if some of those sources are subsidized. Having multiple unsubsidized sources of supply also increases the sustainability of the market.
Representative sample of consumers' willingness to pay for condoms	“Willingness to pay” data are typically not included in standard DHS, but some population-based surveys could establish the price that a sample of consumers is willing to pay for condoms.	A positive factor contributing to market sustainability would be when the majority of a representative sample of consumers is willing to pay a commercially viable price for condoms.

ANNEX B. TOOLS FOR SITUATION ANALYSIS AND STRATEGIC PLANNING USING THE TOTAL MARKET APPROACH

Sample International Organization Questionnaire

Interviewee:

Interview Date:

Contact (phone number/email):

Background

[Name of organization] is conducting a situation analysis of the condom market. This activity will lead to a condom programming exercise including the public, commercial, and NGO sectors.

I have a few questions to ask you, but the overall interview should be relatively short.

There will be a workshop with the most important stakeholders at the end of this study, and [name of organization] would like to invite you to attend.

(Notes at the end of the questions are cues to be provided to the interviewee in case the person does not respond easily.)

Questions

1. Who does [organization] target specifically? (For example, men who have sex with men, sex workers, truck drivers.)
2. What are your distribution strategies and channels?
3. Who are the main beneficiaries of the condoms you provide?
4. What percentage of the condoms you provide is distributed for free in the country?
5. Are some of the condoms you provide sold in the country? If so, at what price?
6. Is funding for condoms likely to stay the same in the upcoming years? If not, how is that funding likely to evolve?

Please help us fill in the table below:

	2010	2011	2012	2013	2014	2015	2016	2017
How many condoms have been imported?								
How many will be imported in the coming years?								
How much funding has been and will be dedicated to purchasing condoms?								
How many condoms have been distributed per year?								
What are your distribution plans for the coming years?								
How much money is dedicated to condom promotion and HIV prevention?								
How many condoms do you currently have in stock?								

Condoms Supplied

Supplier	2012	2013	2014	Three-year average
Public sector				
Donor				
Social marketing organization				
United Nations Population Fund				
Family planning association				
Commercial importers				
Other suppliers				
Total				

Condoms Distributed

Distributor	2012	2013	2014	Three-year average
Public sector				
Family planning association				
Social marketing organization				
NGO 1				
NGO 2				
Commercial distributors – pharmaceutical sector				
Commercial distributors – fast-moving consumer goods (FMCG) sector				
Leaked condoms and unofficial imports				
Total				

Market Share Analysis (Using Distribution Figures Converted to Percentages)

Distributor	2012	2013	2014	Three-year average
Public sector				
Family planning association				
Social marketing organization				
NGO 1				
NGO 2				
Commercial distributors – pharmaceutical sector				
Commercial distributors – FMCG sector				
Leaked condoms and unofficial imports				
Total	100%	100%	100%	100%

Market Share Analysis (Using Distribution Figures, but Grouped by Category)

Distributor	2012	2013	2014	Three-year average
Free distribution				
Subsidized distribution				
Commercial or unsubsidized distribution				
Total	100%	100%	100%	100%

National Pipeline Estimate

Distributor	Stock end of 2012	Stock end of 2013	Stock end of 2014	Three-year average
Public sector stores (national and regional)				
Family planning association				
Social marketing organization				
Total				
NGO 1				
Commercial distributors – pharmaceutical sector				
Commercial distributors – FMCG sector				
Total				
Increase or decrease from previous year				
Number of months' supply *				

*Convert the annual distribution total by 12 and divide that number into the total held in storage at the end of the year.

Condom Brands

Brand	Features/variants (colored, flavored, ribbed etc.)	Pack size	Retail price per pack	Distribution channel (public sector clinic, pharmaceutical, FMCG, community-based)
Public sector				
Social marketing brand				
UNFPA or other donated brand				
Commercial brand 1				
Commercial brand 2				
Commercial brand 3				
Unofficial import brands				
Leaked condom brand				
NGO brand				

Flexible Forecasting Models

Demographic Estimate

	A. Estimated number of men, 15–60 age group	B. Coital frequency	C. Total number of acts	D. Estimated share of acts	E. Condom use rate	Demand for condoms
Demand for risky act	Number from census estimates	Estimates: between 100 and 140	A x B	Percentage of men with multiple partners and estimated share of their acts that are risky	Condom use rate from DHS: last use in a risky act	C x D x E
Demand for unrisky acts	Number from census estimates	Estimates: between 100 and 140	A x B	Percentage of men without multiple partners and share of risky men's unrisky acts	Condom use rate from DHS: general condom use rate for family planning	C x D x E
Total						Total of top two rows

Difference between demographic estimate of demand and condoms distributed:

- Adjustment to condoms distributed: estimate of unaccounted-for distribution
- Adjustment to demographic estimate: change of assumptions to produce most realistic total
- Most likely estimate of current demand: reconciliation of two methods for consensus estimate
- Most optimistic estimate of current demand: increase of most likely estimate based on consensus margin of error
- Most pessimistic estimate of current demand: decrease of most likely estimate based on consensus margin of error)

Flexible Three-Year Forecast

Factors Influencing Future Demand

	High-influence scenario	Medium-influence scenario	Low-influence scenario
Factors Increasing Demand	X%	X%	X%
BCC to increase condom use			
Population increase			
Increased access to condoms			
Increase in risky sex			
Other factors			
Factors Decreasing Demand			
Increased use of contraceptive substitutes			
Increased abstinence of delayed debut			
Reduction in risk perception			
Other factors			
Total net projected increase	X%	X%	X%

Note: For each factor, select a consensus percentage estimate with a high, medium, and low estimate.

Projections for Future Demand

	2015	2016	2017
Optimistic scenario	Current level of demand x net percentage increase from high-influence scenario	Previous year x net projected increase from high-influence scenario	Previous year x net projected increase from high-influence scenario
Realistic scenario	Current level of demand x net projected increase from medium-influence scenario	Previous year x net projected increase from medium-influence scenario	Previous year x net projected increase from medium-influence scenario
Pessimistic scenario	Current level of demand x net projected increase from low-influence scenario	Previous year x net projected increase from low-influence scenario	Previous year x net projected increase from low-influence scenario

Summary Table of Organizations and Target Groups

Name of Organization	Target group for condom promotion/distribution (youth, sex workers, men who have sex with men, truckers, etc.)	Areas of activity (geo-graphic regions, urban vs. rural, etc.)	Nature of activities (mass media, distribution, peer education, etc.)	If involved in distribution, which channels or areas? (pharmaceutical, FMCG, community-based)	Estimated number in target group reached by activities
Social marketing organization					
Family planning association					
NGO 1					
NGO 2					
Public sector					
Commercial distributor 1					
Commercial distributor 2					

ANNEX C. SUGGESTED ELEMENTS OF A NATIONAL CONDOM STRATEGY BASED ON THE TOTAL MARKET APPROACH

1. Situation analysis
 - a. Need for condoms
 - b. Condom distribution
 - c. Identification and description of key target groups
 - d. Forecast of condom needs
 - e. Identification of coverage and gaps
2. Objectives of strategic plan
 - a. Market growth
 - b. Increasing access and use by target group
 - c. Targeting subsidies
3. Identification of key stakeholders, including roles and responsibilities
 - a. Leading government organization owning the strategy
 - b. Implementing organizations
 - c. Facilitating organization(s)
4. Areas for coordination and strategic approaches
 - a. Procurement
 - b. Promotion and behavior change communications
 - c. Distribution
 - d. Pricing and use of subsidies
 - e. Quality assurance
 - f. Monitoring and evaluation
5. Performance monitoring plan
 - a. Indicators, milestones by objective
 - b. Monitoring mechanism
 - c. Procedures for working group and coordination mechanisms
6. Budget and financial plan
 - a. Resources needed
 - b. Resources available or expected
 - c. Resource gaps

ANNEX D. GUIDANCE FOR USING THE PRIMER IN COUNTRY PROGRAMS

This primer provides general guidance for national programs to adopt TMAs to condom programming. It focuses on how to conduct a situation analysis and develop a national condom strategy workshop. Based on a pretest of this guide and participation in similar exercises, the authors recommend the following tactics to support national condom strategy development:

Leverage local interest and processes. The primer can only be useful if there is national interest in adopting TMAs or reviewing the national strategy for condom procurement, promotion, and distribution. In many cases, the catalyst for the strategic exercise may be a perceived need to improve coordination of public, NGO, and commercial sector condom distribution and sales. Many countries suffer from an oversupply of condoms in urban areas and from competition between donor-funded programs trying to serve the same target groups. An explicit desire to adopt TMAs may not be part of this felt need and is not a requirement for using the primer.

As with many policy processes, reviewing the national condom strategy requires both an institutional “home” and an organizational driver. Because TMAs necessarily involve government stewardship, the institutional home of the process should be a government agency with an appropriate mandate of oversight and coordination in reproductive health or HIV and AIDS prevention. In many countries, there are established contraceptive security committees that the ministry of health mandates to coordinate forecasting and procurement of contraceptives, including condoms. Such committees are an appropriate institutional home for a national condom strategy, but a TMA goes beyond the usual mandate of these committees. A TMA must consider condoms for HIV programs, and a true TMA looks at targeting, promotion, and pricing—not just commodity supply for contraceptive purposes. These issues should be raised with local stakeholders in planning the national strategy workshop and to ensure that the government entity leading the process invites the appropriate stakeholders to the workshop.

The government organization may also be the organizational driver of the national strategy exercises if that group has adequate resources. However, an independent organization with the staff and organizational and administrative capacity often can better facilitate the collection of data, the dissemination of information, and the organization of workshops and meetings necessary to complete the strategic process in a reasonable time frame. A large project or a contracted local organization may play this supporting role. In either case, it is useful to designate an institutional driver responsible for moving the process forward.

Allow adequate time for data collection and analysis. Condom distribution data are generally available in most countries, but often they are incomplete. Going beyond the topline figures is necessary to understand how the total market functions; one must make special requests for sales and distribution data that may not be in the public domain. Commercial importers of condoms may be willing to share their data with a government agency that has made a formal request, but this approach involves convincing the ministry of health to make a request to importers and then allowing three to four weeks for responses to arrive. Even for government-donated condoms, official reports are likely to include totals distributed without breaking down quantities distributed by organization, by time period, or by region. Donors’ and local organizations’ internal reports are likely to have these details, but one would have to make a special request to obtain them. Additional time and analysis are also required to sort out whether reported quantities refer to condoms imported, condoms distributed to other organizations within the countries, or condoms that consumers purchased or obtained. In all, six to eight weeks should be allotted for data collection even when basic distribution data are already available.

Do not assume a common understanding of the private sector or TMAs. In all likelihood, the participants in the strategic process will have different backgrounds and expectations about what a national health policy should involve. Some may feel the public sector should deliver all health care and may have no interest in identifying an appropriate role for the private nonprofit and commercial sectors. Others may have some knowledge of a TMA but

may understand it to mean only an increase in the role of the private commercial sector. To help participants accept a common understanding of a TMA, it may be useful to provide some background reading on TMAs and market segmentation—including country case studies—so that participants can better understand the range of interventions that might be a part of a TMA. Even after this effort, it will be useful to facilitate a discussion on the principles and applications of the approach, particularly to ensure that participants understand the possible TMA objectives that are appropriate for the national strategy. A TMA does not seek to achieve a single objective of increasing sustainability or efficiency; it also could focus on improving equity or access. An important message to convey when orienting participants to TMA concepts is that the approach should suit the consensus objectives of the country.

Ensure that the total market strategy includes clear monitoring plans and resources to conduct monitoring. The likely output of the strategic process will be a written document identifying key target groups; different suppliers suited to reach those target groups; and guidance on procurement, distribution, pricing, and promotion, which different suppliers should follow in their programs. However, such a strategy provides only rough guidance. Consistently tracking key indicators identified as part of the plan is the only way to assess whether all involved parties are following the guidance and whether the strategy is achieving its objectives. One can collect some of the data easily by identifying an appropriate organization to collect procurement and distribution information from all suppliers. Other data, such as retail outlet surveys or behavioral surveys of key target groups, will require periodic investment. The government should work with its programs and donors to identify resources to ensure that the responsible parties collect such information and use periodic data reviews to measure progress and the potential need for corrective actions. The plan should specify all of these measures to ensure that they actually take place during the three-to-five-year time frame needed to assess market changes.



ANNEX E. MARKET STAGING INDICATORS

Demand indicator	What it means	Why it matters	Potential source of information (country-specific)
Percentage of adults who know that condoms protect against HIV, STIs, and unwanted pregnancies	Number of adults who know that condoms protect against HIV, STIs, and unwanted pregnancies out of the total number of adults	Greater knowledge of condom use increases actual use.	<ul style="list-style-type: none"> • DHS • Multiple Indicator Cluster Survey
Stigma for users	Percentage of adult population that supports education on condom use for prevention of HIV among young people	Higher support for condom education is a proxy for lower stigma among users.	
Last use by males with a high-risk partner (%)	Percentage of men who report having used a condom during their most recent high-risk sex act	Use of a condom per sex act is not a systematically measured indicator. "Last use by males with a high-risk partner" is a proxy for condom use.	
Contraceptive prevalence rate for condoms	Use of condoms for family planning purposes (as a percentage of methods)	While condoms might not be used solely for family planning purposes, condom use is a family planning method and is commonly reported as such.	

Supply indicator	What it means	Why it matters	Potential source of information (country-specific)
Geographic accessibility	Percentage of respondents who know where to purchase a condom	This indicator is a proxy for ease of access.	<ul style="list-style-type: none"> DHS Multiple Indicator Cluster Survey
Physical availability: stockout	Percentage of retail outlets stocked out at the time of survey	This indicator shows the importance of condoms for retailers. The more mature the market, the less likely there will be stockouts.	Retail outlet survey
Targeting: Are “undifferentiated” ⁵ condoms on the market?	Presence of generic or branded condoms sold on the market that does not target any specific population	As markets mature, consumer tastes become more selective, and different brands typically target consumers according to taste, preference, social standing, and willingness to pay. Condoms brands with a “one approach fits all” strategy reflect an immature market.	Retail outlet survey
Level of market share of that particular condom	Relative importance of generic condoms on the market	A market is more likely to be mature if there is a small percentage of undifferentiated condoms.	<ul style="list-style-type: none"> Retail outlet survey Stakeholder interviews
Commercial condom supply and market share	Share of the total market that commercial providers fill	A mature market will attract commercial providers.	<ul style="list-style-type: none"> Retail outlet survey Stakeholder interviews
Market share of free distribution	Share of the total market that is distributed for free	In a nascent market, condoms are more likely to be distributed for free.	<ul style="list-style-type: none"> Retail outlet survey Stakeholder interviews
Percentage of pharmacies carrying five or more brands and five or more condoms with features	Percentage of pharmacies offering a diverse range of condoms	A mature market will offer the opportunity for a larger variety of products.	<ul style="list-style-type: none"> Stakeholder interviews On-site assessment
Stigma: Percentage of all retailers refusing to sell condoms for religious or moral reasons	Percentage of retailers refusing to sell condoms	A nascent market will show higher levels of stigma from the retailers.	DHS
For the largest funded organization with condom programming (NGO, SMO, or even a government entity): What is the percentage of donor or government funding that subsidizes the product?	Part of the donor or government funding that subsidizes the products of the largest condom provider organization in country	In a nascent market, donor organizations are more likely to heavily subsidize the products and mass distribution and promotion rather than targeted promotion or distribution.	Stakeholder interviews

⁵ Assessing this indicator requires a judgment about whether a condom lacks a clear brand identity and is not targeted at a specific consumer segment, but rather at the general population. Social marketing brands in an early or developing market often fall into this category.

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