Solution Brief 4

EVOLVING SUSTAINABILITY OF CONDOM SOCIAL MARKETING PROGRAMS

In 2018 Mann Global Health drafted a report outlining "The current state of condom programming and recommendations for support needed to reach 'Fast Track' targets." This is one of four briefs that flesh out specific recommendations made in that report, serving as a resource for donors, governments and implementing partners to support the transition to sustainable condom social marketing programs.

Condom Social Marketing (CSM) programs have played an important role in increasing condom use across sub-Saharan Africa (SSA). Well-funded distribution and behavior change interventions have helped normalize condom use for much of the population, increased demand for and availability of condoms through a range of accessible outlets, and paved the way for the expansion of the commercial sector.

However, a number of overlapping factors now require CSM programs to evolve. Increased income levels in many countries and increased motivation to use condoms have led to a greater willingness to pay for condoms. A recent study by Abt Associates in five countries found a low risk of impact on condom use if the price of social marketing condoms were to increase.[1] Meanwhile, there has been a decline of funding support to CSM programs. USAID, DfID, and KfW are all phasing out funding for CSM programs, "graduating" brands and entire programs.

Social marketing organizations must now work with donors and governments to transition their condom brands to greater sustainability. Increases in condom pricing, in most cases to full cost-recovery, will make CSM programs less dependent on donor funding for sustainability, as will improved efficiencies in program management. With their condom distribution programs self-financed, CSM programs can shift to deploying public funds to implement demand creation activities that benefit the entire condom category.

Pricing adjustments in support of sustainable programs would:

- **Unlock subsidy,** shifting donor funding from procurement of CSM commodities to higher value interventions such as demand creation, collection and analysis of market intelligence, and targeted distribution to key and priority populations.
- **Ensure subsidy is not misallocated to higher wealth quintiles.** Data across countries show that people in middle to upper wealth quintiles are using free or subsidized condoms when they are able to pay full cost.[2]

TRANSITION TO SUSTAINABLE CSM

Recent experience in Kenya shows that CSM programs can indeed transition to greater sustainability, with valuable lessons gained in how to evolve condom programming.[3] Dkt is also expanding its presence throughout SSA, introducing cost-recoverable condom brands with modest funding from donors. Their model often relies on cross subsidization of lower priced, affordable brands by higher value brands, supported by 'lean and mean' teams.

This brief summarizes that experience.

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[1]Ganesan, Ramakrishnan, Jordan Tuchman, and Lauren Hartel. 2018. Willingness to Pay for Condoms in Five Countries: Kenya, Nigeria, South Africa, Zambia, and Zimbabwe. Arlington, VA: Strengthening High Impact Interventions for an AIDS-free Generation (AIDSFree) Project.

[2]Mann Global Health, The Condom Program Pathway, 2017

[3]Data informed by Kenya program data.

FIGURE 19. The Kenya experience

By 2016, mature social marketing programs in Kenya were approaching an inflection point. After decades of support, donors were requiring a transition to sustainable interventions through greater cost recovery from product sales. DfID's long running project supporting commodities for Population Services Kenya (PS Kenya) was coming to an end. The program took action.

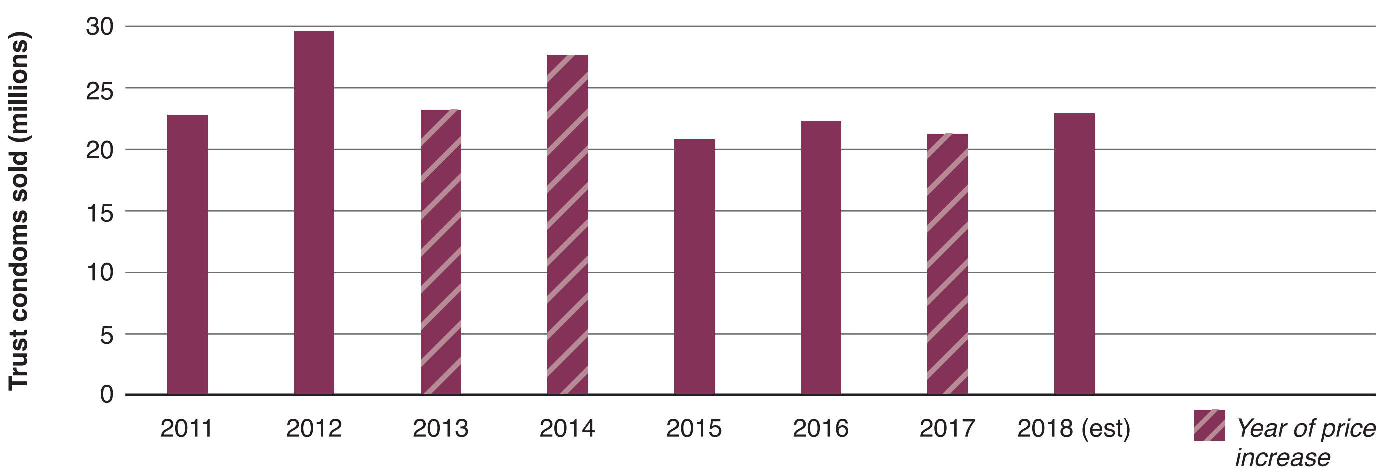
Actions	Impact
PS Kenya took a gradual approach to pricing adjustments, introducing price increases of 25% in 2013, 20% in 2014, and 33% in 2017. The price of a Trust 3-pack went from 20 KES in 2012 to 40 KES in 2018 (about $0.40 USD), supported by rebranding efforts.	• Sales generally rebounded within a year after every price adjustment; average sales declined to about 5% lower than the 5-year average. • 113% program cost recovery[4]

In West Africa dkt took a regional approach to introduce Kiss, a youth focused, attractive regional brand promising to shake up the market. In Cameroon, Kiss condoms were priced at 200 CFA ($0.35) for 'classic' and 250 CFA for three variants. Kiss is aiming for a gap in the 'quality' condom market. It is currently cost recoverable for commodity / packaging costs and some marketing costs. Dkt plans to launch Fiesta, an upscale brand, in an effort to cross-subsidize brands and programming.

LESSONS LEARNED

- **A well-planned transition matters.** PS Kenya's gradual transition of pricing toward full commodity cost recovery ensured consumers, and the trade (distributors, retailers) had time to react without adversely affecting use. The program invested in a well-coordinated approach to introduce price increases to the trade, consumers, and the government. Dkt's approach in Cameroon relied on introducing strategically priced brands with the aim of sustainability from the beginning of the project.

FIGURE 20. Steady practice adjustments: Trust condom sales in Kenya



- **Justify price increases.** PS Kenya invested in a brand refresh of Trust to justify the higher price charged to consumers. In-depth qualitative consumer research was used to segment the market and identify prioritized consumers. Trust was re-launched with new consumer-informed packaging, supported by marketing campaigns communicating changes of the brand to consumers.
- **Managing costs is as important as managing prices.** Efficiencies and cost management are as important for sustainability as price increases. Trust cost recovery benefited from cost effective and efficient changes to distribution and supply chain management. Dkt reliance on efficient, regionally based operations and marketing teams supports cost management.

[4]Per in-depth interview, cost recovery includes coverage of 'commodity, trade offers, distribution costs and portion of promotion costs.'

- **Introduce pending changes to trade partners,** such as distributors and retailers. PS Kenya documented that the trade was most interested in fair profit margins; if the product is priced appropriately, over-investment in relationships such as promotions targeting distributors or retailers (e.g., purchase-based incentives) is not necessary.
- **Coordinate transitions with the public sector offering,** thereby ensuring that options are available for those who are unable to pay for newly priced products, particularly in rural and underserved areas.
- **Resist introduction of lower priced products to fill market "gaps."** Experience demonstrates that price sensitive consumers will drop down to the lowest priced, quality brand. In this case, that would have meant that consumers would have left Trust for a cheaper, government-subsidized brand, thereby negating any effort to support a more sustainable market. Dkt's strategy of cross subsidization of attractive brands works as their lowest priced brand is still priced to support basic cost recovery
- **Get proactive in cost recovery efforts:** Waiting until the last year of a funding cycle to put in play enhanced cost-recovery efforts often means too little is happening, too late. That can put users of CSM brands at risk. PS Kenya has built in programmatic support to continue investments to responsibly transition brands to greater cost recovery without adversely affecting use.