

FINANCING SOCIAL MARKETING MANAGEMENT

Apoyo a Programas de Población
APROPO
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General Information

- Location: Peru
- NGO: APROPO
- Technical and Financial Assistance: USAID
- Launching of Piel condom: July 1994 to present
- Business Model: Social Marketing

Social Marketing Management (SMM)

Contributes to increasing access to information, products and services in sexual and reproductive health:

- Sexual orientation service
- Sexual educational entertainment programs
- Access to low-price products
- Social distribution coverage

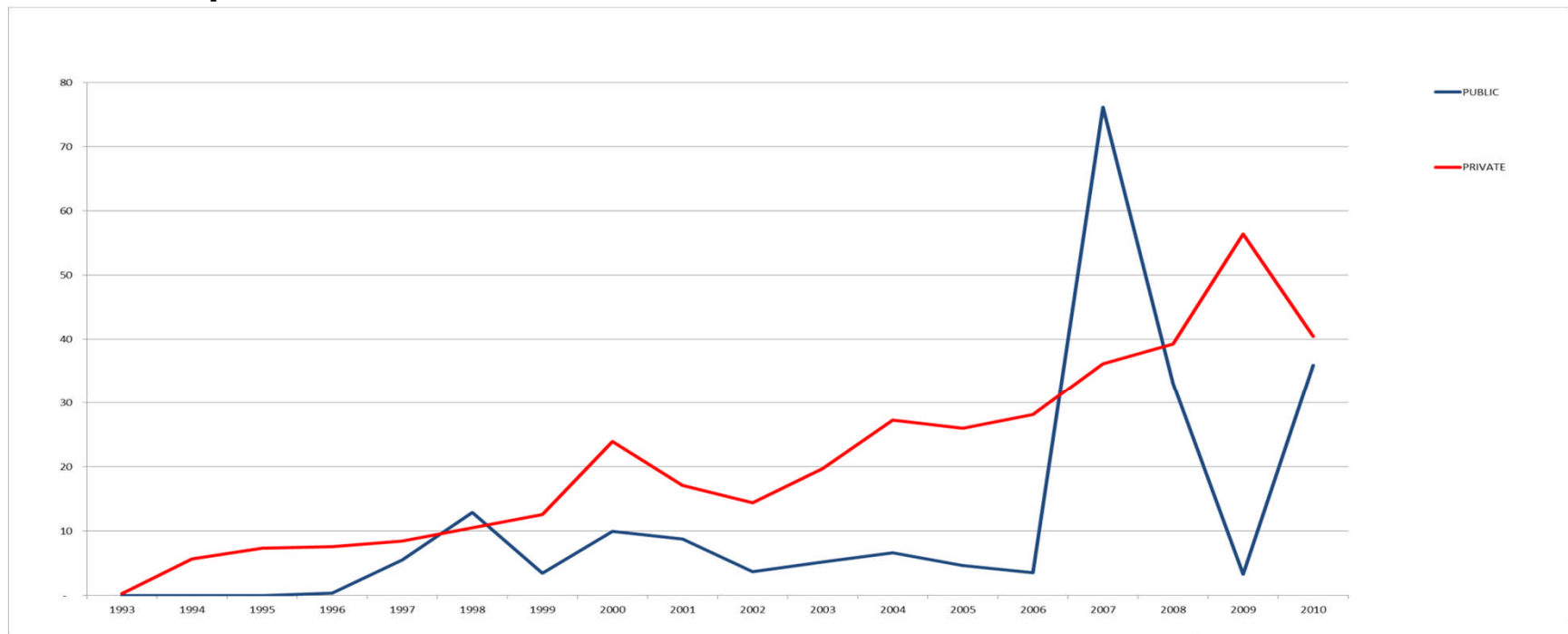
Social Marketing Management (SMM)

The virtuous circle of SMM:

- Expand the demand of our products by changing people's sexual behavior
- Greater market will increase our income
- More resources to educate people and generate demand

Peru: Condom imports

The presence of Piel has stimulated growth of the condom market's private sector (red line) and has since contributed to added value in preventive sexual and reproductive health care



Pillars of Sustainable Business

A healthy business is built on:

- Sales of Piel condoms
- Portfolio diversification
- Commercial policies
- Combined distribution system
- Sexual and Reproductive Health commitments
- USAID support

Financial Milestones

- Equity
 - USAID
 - ✓ Working capital grant of US\$ 300,000 in condoms
 - ✓ Additional capital grants: US\$ 300,000
 - Retained earnings from commercial execution
- Bank system access
 - Bills of exchange discounting from two banks

Challenges

- Securing start-up working capital
- Nonprofit social organization status
- Limited access to the banking system due to:
 - Loan restrictions
 - No important fixed assets
 - No property
- US\$ 100,000 sales lost from a single client

Facing the Challenges

- Great commercial performance:
 - Sustainably increasing sales → increasing gross margin → greater working capital
- Price and discount policy that ensures cash availability
- Extending payment deadlines to suppliers
- Alliances with distribution companies

What Next?

- Alternative support and guarantee mechanism:
 - Adequate working capital ➡ compete better and grow
- Special financing import lines ➡ lower interest rates
- Shortening the financial cycle:
 - Less turnaround + larger / more frequent purchases

Goals Forward

- Align activities to APROPO's strategy in order to:
 - Build trust with stakeholders
 - Increase market share
 - Build trust with banking system
 - Strengthen customer loyalty
 - Maintain feedback from monitoring and evaluation systems

Lessons learned

- Order, discipline, focus and concentration is essential in SMM implementation
- Committed staff create synergies in SMM
- Allies (like USAID) help improve process efficiency and impact