



Commercial Approaches for Reaching the Unreached

**Lessons from the Market-based Partnerships for Health
Project**

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Market-based Partnerships for Health Project: Overview



- USAID-funded project implemented by Abt Associates
- Implemented between October 2008- May 2012
- To forge commercially sustainable partnerships with the private sector on a range of public health issues
 - Reproductive Health, Maternal and Child Survival, Tuberculosis, Water and Hygiene
- Models developed under MBPH address challenges of access, information and affordability in hard to reach markets

Market-based Partnerships for Health

Project: Context



- Access is a barrier to use, especially in rural areas*
 - 85% of rural women are aware of OCPs but use is only 14%
- Correct information about the product is also a factor for use#
 - A study among low income, urban married women in India showed that though there was high awareness about contraceptives lack of proper knowledge about contraceptives led to low use
- Affordability barriers are often cash-flow issues
 - Consumers associate priced products with “quality”** - there is willingness to pay
 - Marketers such as Colgate and Unilever have adapted to this market and now have lower-priced smaller packs

* *Contraceptive use among low-income urban married women in India, Jr. of Sexual Medicine, 2011*

National Family Health Survey -3, 2005- 06

** *The effect of delivery mechanisms on the uptake of bednet re-impregnation in Kilifi district, Kenya., Health Policy and Planning.*

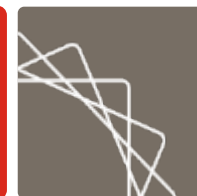
Snapshot of some of the MBPH models



Programs	Description
Advanced Cook Stoves Initiative	A model to increase awareness of and access to ACS in rural areas through commercial partnerships
ITC e-Choupal	A commercially viable rural distribution and demand generation model to increase access to health products
Saathiya Youth Friendly Network	A private health provider network to addressing family planning and reproductive health needs of young, married couples in urban areas
Shakti H@BoP	A sustainable distribution model to increase access to ORS in rural areas



Profile of the unreached in India



- The unreached includes the following sub-groups
 - Over 700 m people in **rural** India encompassing a range of income and economic profiles
 - Over 80 m **urban poor**
- Public health indicators are lower among the unreached:

Indicator	Urban poor	Rural (all)	Urban non-poor
Total Unmet Need for FP (%)*	14.1	14.6	10.0
Current use of any modern method (%)*	48.7	45.3	58.0
Children with diarrhea in the last 2 weeks who received ORS (%)	24.9	23.8	36.3
Home deliveries (%)	56.0	71.1	21.5

* Currently married women, age 15-49

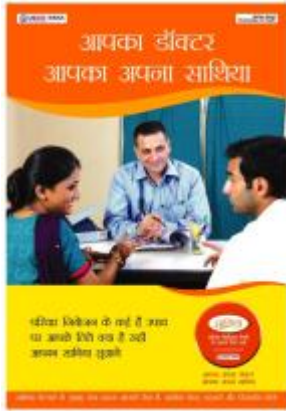
Reference: National Family Health Survey -3 (2005-2006), Census of India 2001

Reaching the unreached: Key challenges



- Fragmented demand due to low population density
- High cost of reaching the market
 - Lack of adequate infrastructure especially in rural markets
- Lack of qualified medical personnel
 - Fewer opportunities to sell restricted or regulated products
- Lower ability to pay
 - Limited /seasonal cash flow
- Limited mass media reach
 - Need for alternative modes of creating demand

Key Lessons from MBPH



1. Build cross-sectoral partnerships



- Build cross-sectoral partnerships that leverage core competencies of each partner
 - The Shakti H@BoP model is a partnership between a small-scale ORS manufacturer and the rural retail network of Unilever, a Fast Moving Consumer Goods (FMCG) company
 - The ORS manufacturer caters to the peri-urban market and hence needs to go down only one level to reach the rural market
 - In-depth retailer information provided by Unilever reduces discovery costs and enhances targeting efficiency of the ORS manufacturer
- Partnerships enable risk-share and allow the commercial sector to explore new and difficult markets

2. Minimize modifications to existing structures



- Reaching a new market involves modifications to existing structures and / or operations
- However, institutionalizing modifications is difficult hence aim to minimize changes to ease scale-up
 - The Shakti H@BoP model utilizes excess sales capacity available with the ORS medical representatives to have them take on an additional function of distribution to rural retailers
 - This a minor change that does not affect the core business of the ORS manufacturer
- Every change to the partner system will need to be funded by the new set of (public health-oriented) activities

3. Leverage distribution platforms to aggregate demand



- Investing in the creation of a rural distribution network is unviable for pharmaceutical companies
 - The product basket for rural retailers is limited only to Over-the-Counter (OTC) products
- Many non-health companies have created robust distribution platforms for the rural market
 - Platform owners often aim to get quicker returns on their investment by providing fee-based access to their network
- A distribution platform provides a cost effective option for aggregating fragmented demand
 - The ITC e-Choupal Health model is a partnership between ITC, a rural distribution and procurement platform and OCP and condom manufacturers such as Pfizer and JK Ansell

4. Create a new class of retailers



- Public health initiatives require the creation of a new class of retailers who can operate as dual service points:
 - The last-mile retailers bring health products to the unreached
 - They also drive below-the-line interpersonal campaigns for products like contraceptives that require behavior change
 - Traditional distribution or communication channels do not reach the last mile, necessitating reintegrating demand and supply
- Last-mile retailers require careful selection, training and support to succeed
 - The Saathiya model provisioned FP services through medical practitioners trained in the Indian systems of medicine
 - The private providers underwent extensive training on contraceptive options
- Incentivize both demand and supply functions
 - Village level entrepreneurs in the ACS model are compensated for product demonstrations from the pool of product margins offered to them

5. Optimize basket of products



- Public health products alone cannot provide a sustainable income to the last mile entrepreneur/retailer
- The product mix should include a secondary basket of easy to sell, high margin products that can contribute to the profitability of the entrepreneur
 - The Shakti H@BoP model leverages existing retailers selling personal care products to also sell and promote ORS
 - The ITC e-Choupal model has created health entrepreneurs who sell reading glasses and vitamins along with OCPs, condoms and sanitary napkins
- Incentives need to be designed to ensure focus on primary public health products

In conclusion..



- Sustainable distribution is never just about distribution but about every element of the marketing mix
- Addition of a high-margin durable in the mix can ensure viability of the last mile retailer and the sustainability of the low-margin FP distribution model
- Non-health distribution platforms and partnerships can be leveraged to cater to unmet need
- Minimize addition of external elements to partner structures / operations to ensure scale

