Using Market Segmentation to Understand the Total Market in Paraguay

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Abt Associates leads the project in collaboration with
Banyan Global
Jhpiego
Marie Stopes International
Monitor Group
O'Hanlon Health Consulting

Background

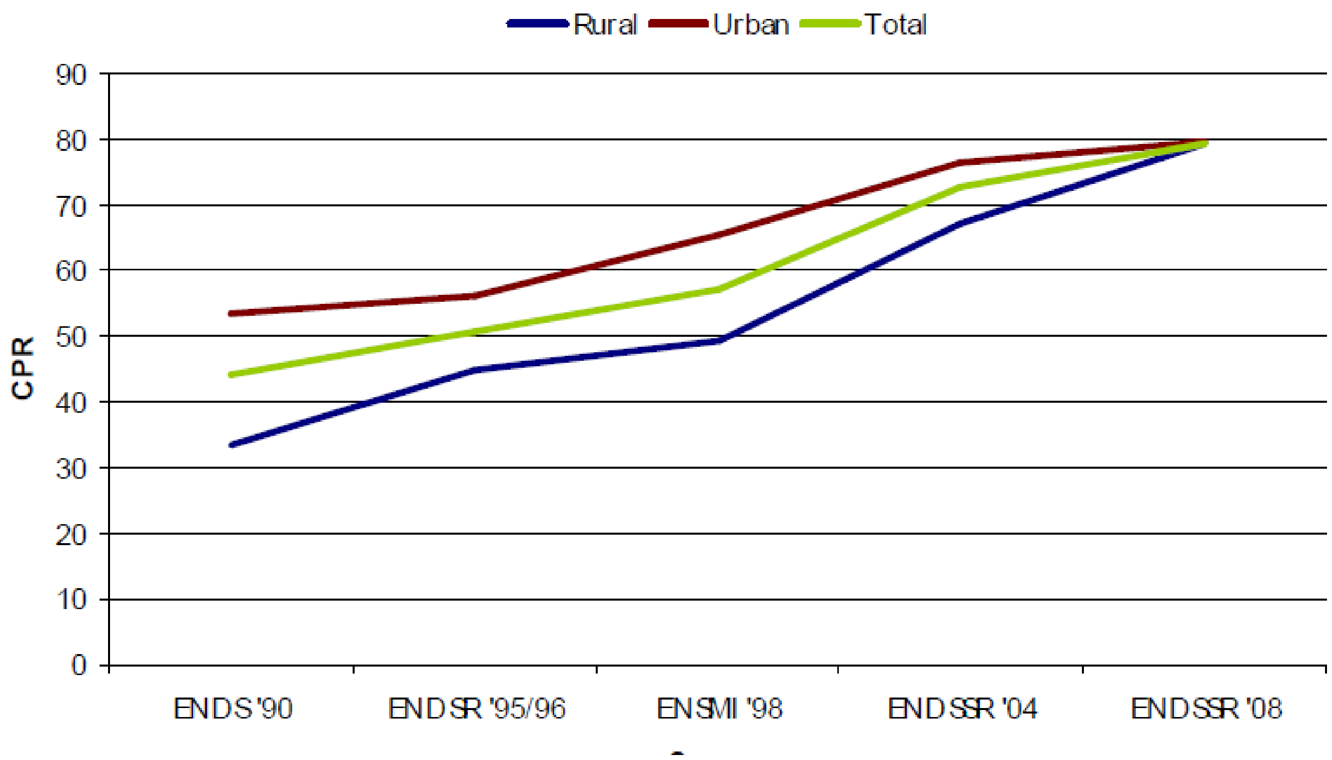
- In 2010, the USAID mission in Paraguay was preparing the phase-out of its 15-year family planning assistance program, and supporting efforts to achieve post-graduation contraceptive security
- The SHOPS project was asked to conduct an assessment of the FP market, including an analysis of the public/private mix

Market segmentation Methodology

- Secondary analysis of DHS data (1990-2008)
- Analysis of IMS Health and condom market data
- Interviews with key informants to understand results
- Analysis of implications for contraceptive security

Evolution of the CPR in Paraguay

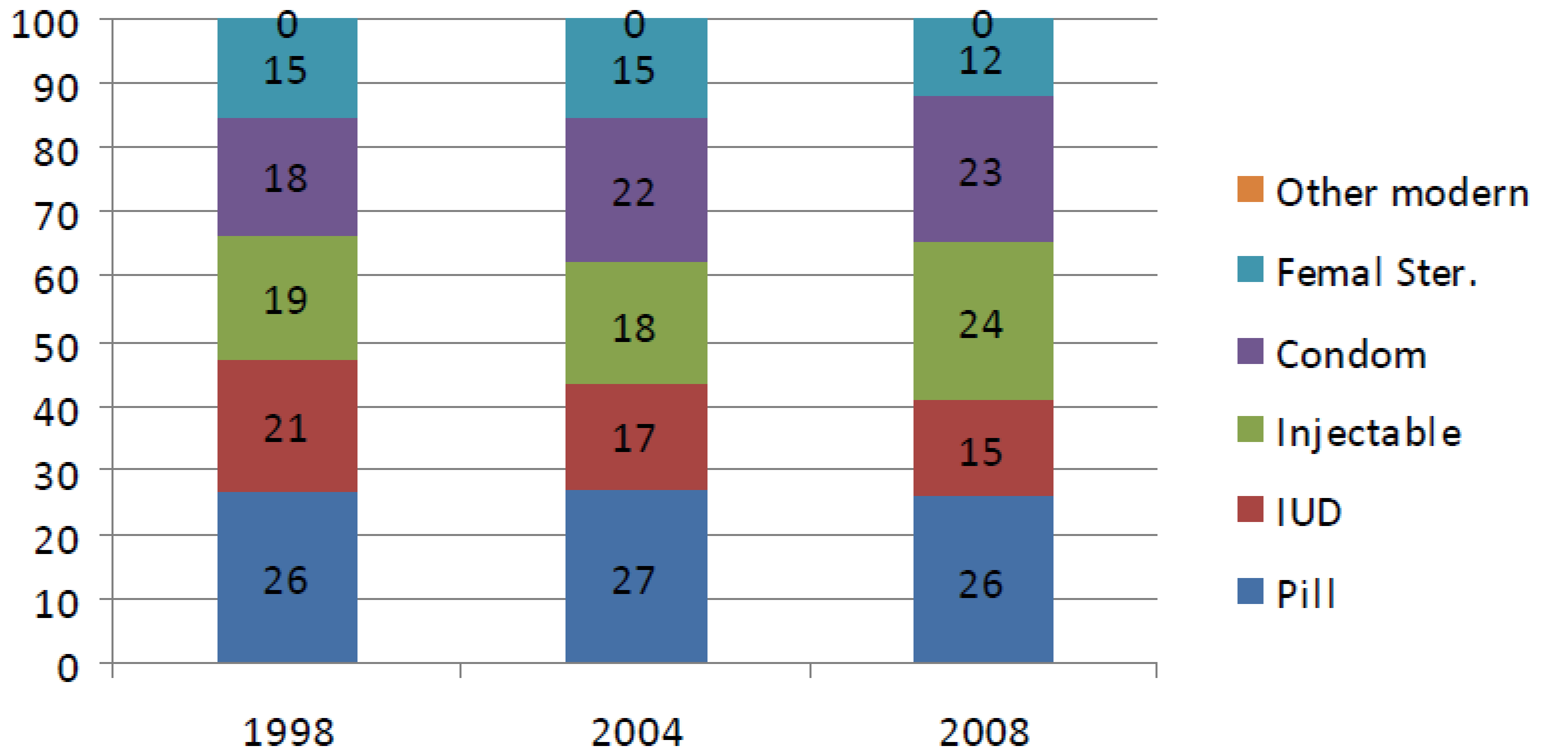
- Rapid growth between 2090-2008 resulted in a CPR comparable to those in developed countries (79.4%)



Source: Reproductive Health Surveys, Paraguay 1990, 1995/6, 1998, 2004 & 2008

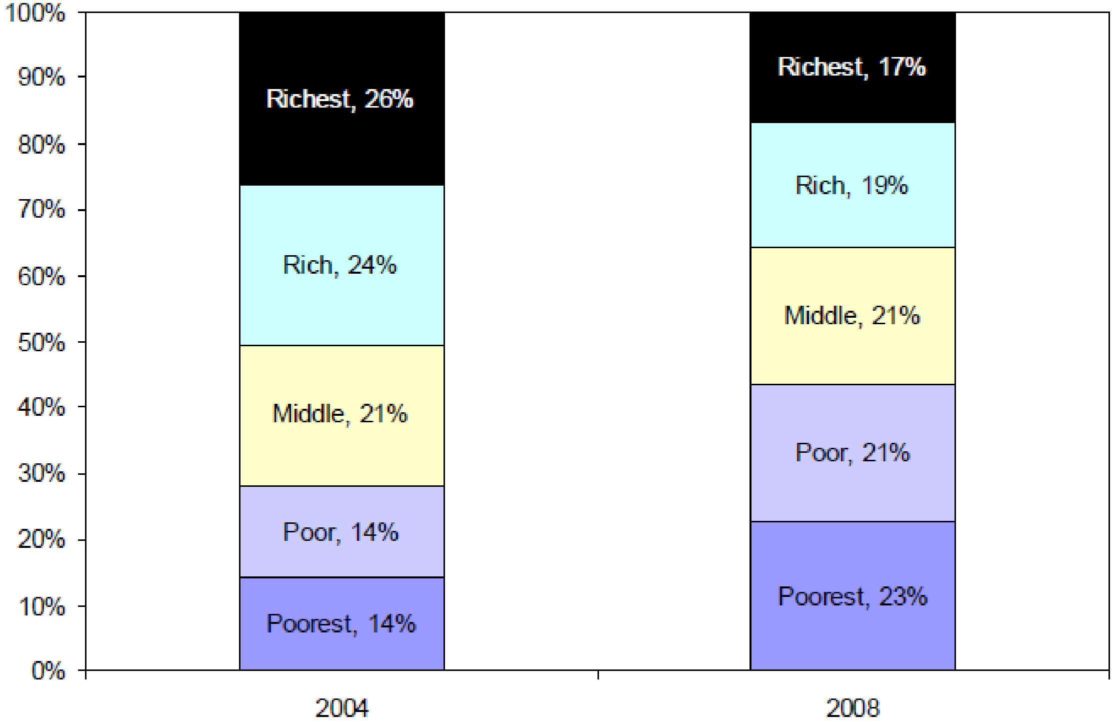
Evolution of the method mix

- Paraguay maintained a balance between methods rarely seen in other LAC countries



Evolution of FP user group

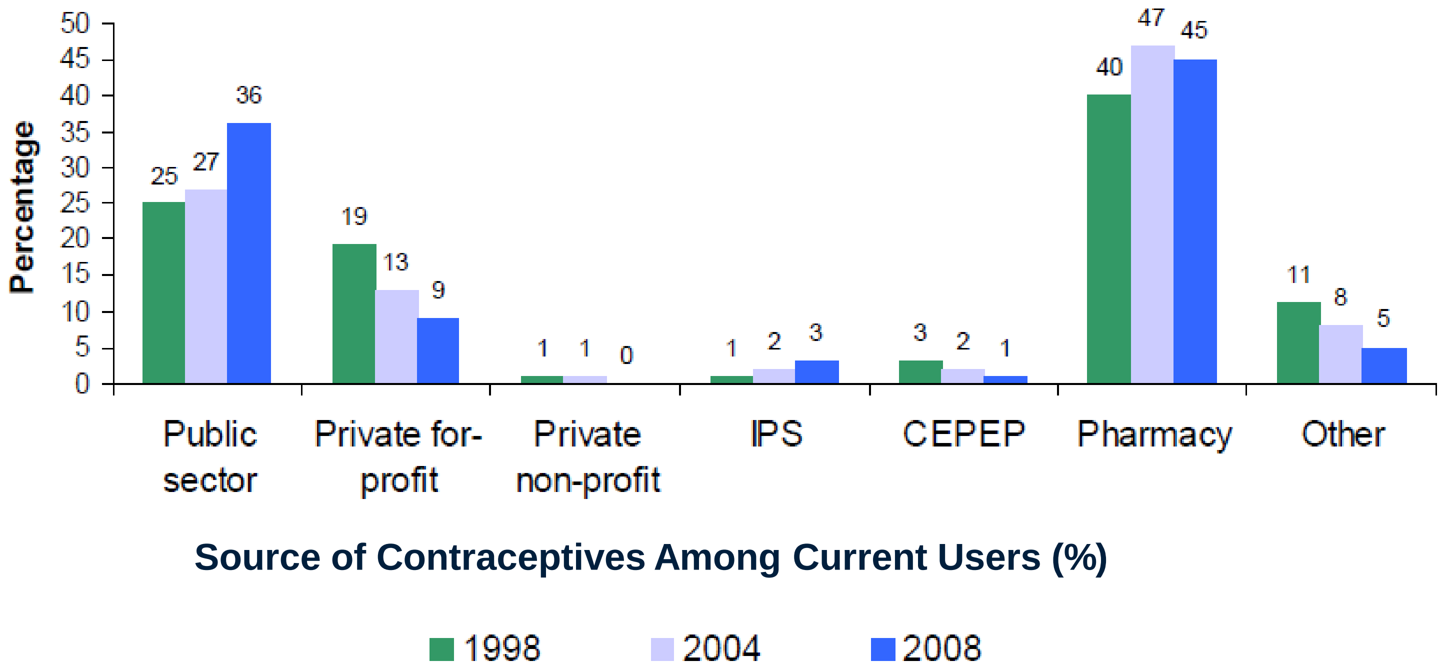
- New users increasingly came from the poorest quintiles



SES Characteristics Of Modern Method Users (All WRA)

Evolution of supplier market share

- The private sector remained a preferred source but the share of the public sector grew over time



Sourcing of FP services by wealth quintile

- Between 2004-2008, a larger proportion of poor users used public sector FP services while middle & upper quintiles increasingly used the private sector

Source of current method	Poorest		Poorer		Middle		Richer		Richest	
	2004	2008	2004	2008	2004	2008	2004	2008	2004	2008
Public	45	68	40	46	30	27	20	19	12	12
Private for-profit	6	6	8	6	7	8	14	10	24	17
IPS	0	0	1	2	3	2	3	4	3	5
CEPEP	0	0	1	0	2	1	2	1	2	2
Pharmacy	29	22	41	39	49	54	54	60	55	59
Other	19	3	10	7	8	7	6	5	4	6
Total	100	100	100	100	100	100	100	100	100	100

Source Of Top 5 Modern Contraceptives By Wealth Quintile

Sourcing of FP services: urban vs. rural

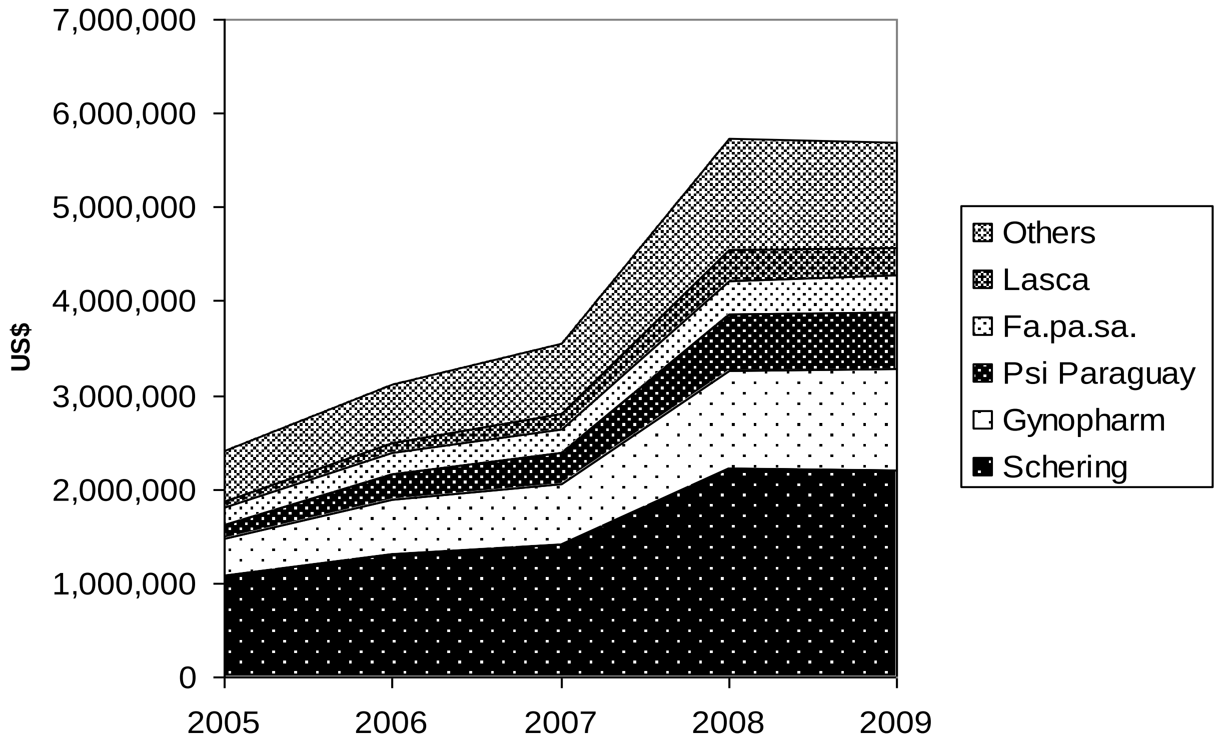
- Rural residents substantially increased obtained contraceptive services from the public sector

Source of modern methods	Urban			Rural			Total	
	1998	2004	2008	1998	2004	2008	2004	2008
Public sector	17.1	20.3	25.0	37.0	39.6	51.7	27	36
Private for-profit	19.5	16.3	9.8	13.6	5.8	7.9	13	9
Private non-profit	1.0	1.2	0.4	0.7	0.5	0.2	1	0
IPS	1.1	2.8	3.4	0.7	1.0	1.4	2	3
CEPEP	4.8	2.0	1.2	1.2	0.8	0.5	2	1
Pharmacy	48.9	53.2	54.9	27.2	36.0	32.5	47	45
Other	7.5	4.3	5.3	19.6	16.3	5.8	8	5
Total	100	100	100	100	100	100	100	100%

Source Of FP Methods Among Rural And Urban Residents

Supply side: Pharmacy sales in Paraguay

- Starting in 2007, market saw a proliferation of contraceptive brands



Pharmacy sector market share of top brands-hormonal Contraceptives (Source IMS Health)

Key findings of the segmentation analysis

- Between 1998-2008, most new users came from underserved populations (poor and rural) and used public sector services
- Though its overall market share decreased, the commercial sector captured most middle/upper income users, and new brands appeared on the market
- Market segmentation trends were found to be appropriate but the assessment concluded that the Institute of Social Protection (IPS) and CEPEP* should play a bigger role in ensuring contraceptive security

* Centro Paraguayo de Estudios de Población

How did this happen?

- The public sector improved its ability to serve Paraguayans, especially vulnerable groups:
  - Removed user fees
  - Decreased stock-outs from 82% (2005) to 48% (2008)
  - Protected line item in national budget
  - Passed regulation allowing rural clients to receive more contraceptives per visit
  - Committed to making FP commodities available at all MOH service delivery outlets

How did this happen?

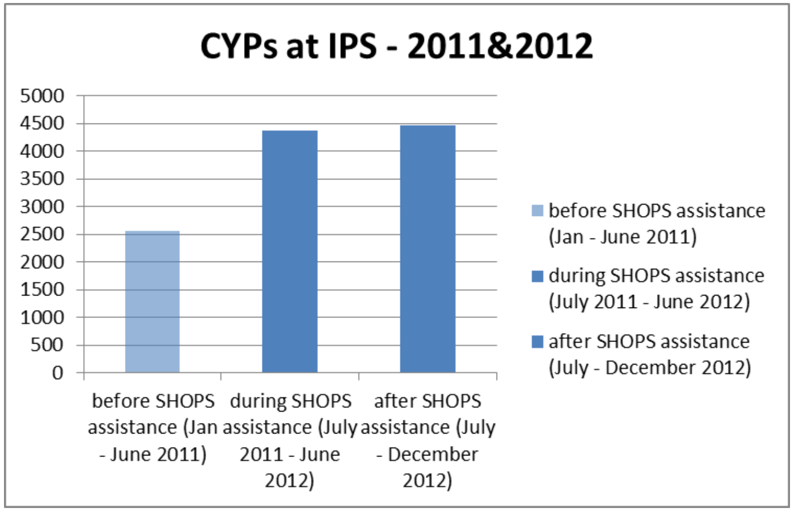
- With increasing CPR and reduced donor subsidies, the market for contraceptive became very attractive to the commercial sector
- Increased competition and the emergence of branded generic kept hormonal products affordable as demand grew

	Average Price in US$
Total Pharma	3.4
Schering - (8)	6.0
Gynopharm - (12)	5.2
Psi Paraguay - (2)	1.9
Fa.pa.sa. - (2)	3.8
Lasca - (1)	1.7
Galeno - (1)	2.1
Medical Farmac - (1)	1.5
Boehringer Ing - (1)	2.5
Silesia - (3)	4.1
Parafarma - (1)	1.6
Others (10)	3.8

Average prices of oral contraceptives offered in pharmacies (Source: IMS Health 2010)

What happened next…

- For the next two years, SHOPS worked with CEPEP, the Paraguayan Contraceptive Security Committee (DAIA), and the Social Security Institute to ensure continued access to affordable FP services after graduation.



Conclusions

- Market segmentation is most helpful when applied to multiple years (helps understand trends)
- The public/private mix typically evolves over time, influenced by CPR, public subsidies, and competition
- Even when graduation is around the corner, it is still possible to improve contraceptive security through targeted institutional strengthening
- Over time the public/private mix is likely to differ significantly by method (resupply vs. long-acting)

Thank you!

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