



Analysis of Indonesian Condom Market

Christopher H. Purdy

January 2002

23

1,829

1,61

● Executive Summary

As the HIV/AIDS epidemic in Indonesia gains momentum, the issue of condom use will become increasingly critical. Condoms are widely recognized as an effective method for preventing HIV/AIDS (along with Abstinence and Mutual Monogamy). The condom market in Indonesia has enjoyed a period of growth (both in volumes and value) over the last 5 years, with the commercial markets expanding significantly. Social Marketing has been a critical and significant factor in this growth. Similarly, the condom market has become increasingly vibrant and responsive to consumer needs, with a greater number and variety of brands and enhanced efforts at promotion. Condom use, while on the rise, remains lower than required in order to head off increasing HIV transmission and unwanted pregnancy.

● Introduction

The HIV epidemic in Indonesia is classified as “concentrated prevalence” with HIV infections numbering between 80,000 – 120,000. Indonesia, with a population of 210 million people, harbors serious risk factors which may allow an explosion of HIV transmission: mobile populations, an established commercial sex industry, high rates of sexually transmitted infections (STI), and very low condom use.

As condoms have become increasingly recognized as a key prevention method, HIV prevention programs have paid increasing attention to condom availability, promotion, and use. Condom market growth is therefore a key indication of increased condom use and, in turn, of increased levels of behavior which are more healthy and safe.

This Research Brief will document the growth and vibrancy of the Indonesian condom market, both in terms of volumes and value. This paper will further demonstrate that this growth has been principally led by Social Marketing Programs and the Commercial Sector while government sponsored condom programming has declined. In addition, the condom market has grown despite a period of economic recession and crisis Indonesia. Finally, this Research Brief will explain a continued critical need for further growth in the condom market in order to prevent increasing levels of HIV transmission.

● Background of Indonesian Condom Market

Although condoms have been available for many years in Indonesia, the total condom market has grown slowly. With the advent of Indonesia's successful family planning program in the 1970s, condoms became better known but were not well accepted as family planning methods. Condoms have been highly stigmatized as a product used for non-family planning activities (such as commercial sex, pre-marital sex, and adultery).

During the 1970s, both the government and private sector distributed condoms. However, the total market remained relatively flat, with no concerted marketing campaigns or sales efforts made on a national scale. In the mid 1980s, the Government's successful “Blue Circle” campaign for family planning (including condoms) was initiated, raising the profile of condoms and boosting the condom market.

Since HIV/AIDS appeared in Indonesia in the late 1980s, condom availability, use, and education have become increasingly important. In the 1990s, the private sector, Social Marketing Programs, and the Indonesian government have been the primary forces responding to this increased need.

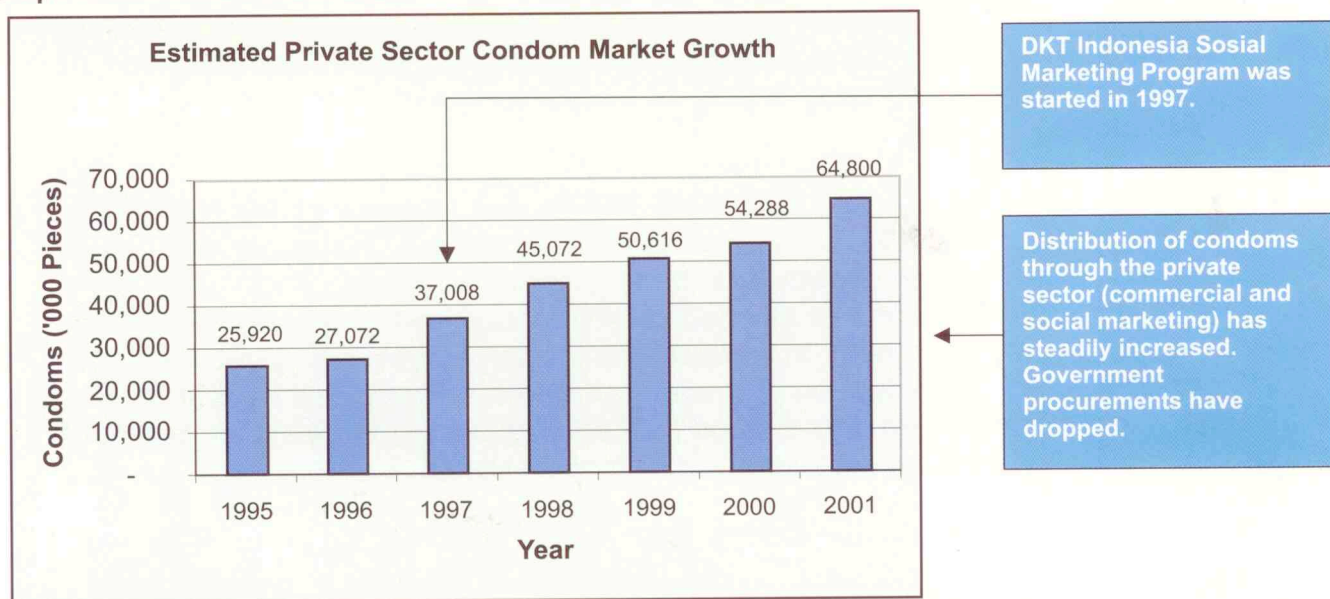
The private sector has primarily focused efforts on sale of for-profit condoms through the commercial sector. Social Marketing Programs (including one implemented by DKT Indonesia) have emphasized changing behavior and increased condom use through distribution of more affordably priced condoms. The Indonesian government has continued distribution of free condoms through the public sector, although such distribution has been severely curtailed during Indonesia's economic crisis.

● Overall Condom Market Growth

This section will outline the volume growth of the total condom market during the last 5 years.

As shown in Graph 1 below, the private sector condom market has expanded from 25.9 million pieces in 1995 to approximately 65 million pieces in 2001.

Graph 1: Estimated Private Sector Condom Market Growth (Volumes)



Source: Government of Indonesia, DKT Indonesia; Futures Group, AC Nielsen, Commercial Sector

At the same time, due to decisions taken during the economic crisis, condom purchases by the Indonesian government declined from 24.9 million pieces in 1995 to no condom purchases in 1999 (see Table 1). It is probable that purchases made from 1995 through 1998 continued to be distributed from 1999-2001 making an accurate portrait of total combined market difficult.

During this period, Social Marketing Programs and the commercial sector stepped in to meet demand among segments of the population that may have been receiving free condoms previously.

The DKT Indonesia Social Marketing Program was initiated in 1996 as part of this effort to increase condom distribution and use, focusing on shifting behavior and distribution of subsidized condoms. Several commercial companies, supported by the donor funded HIV/AIDS Prevention Program (HAPP), stepped up their marketing and promotional activities. In this way, Social Marketing and the commercial sector have assisted in alleviating the financial burden of the government to provide such commodities by transferring costs of commodities to a range of consumers able and willing to pay for them.

Table 1: Estimated Condom Market in Indonesia 1995-2001 (in '000 pieces)

	Private Sector *	Government **	Combined Total
1995	25,920	24,912	50,832
1996	27,072	20,304	47,376
1997	37,008	6,768	43,776
1998	45,072	3,888	48,960
1999	50,616	0	50,616
2000	54,288	0	54,288
2001	64,800	0	64,800
Total	304,776	55,872	360,648

Source: Government of Indonesia, DKT Indonesia, Futures Group, AC Nielsen

* Includes Commercial Sector and Social Marketing Programs

** Government figures represent condom procurement only. Distribution data is not available.

Other examinations of the Indonesian condom market suggest growth in the condom market. A September 2000 report from Family Health International states "the overall condom market is showing very encouraging growth" (HAPP Completion Report, September 29, 2000).

● Market Growth in 12 Major Cities

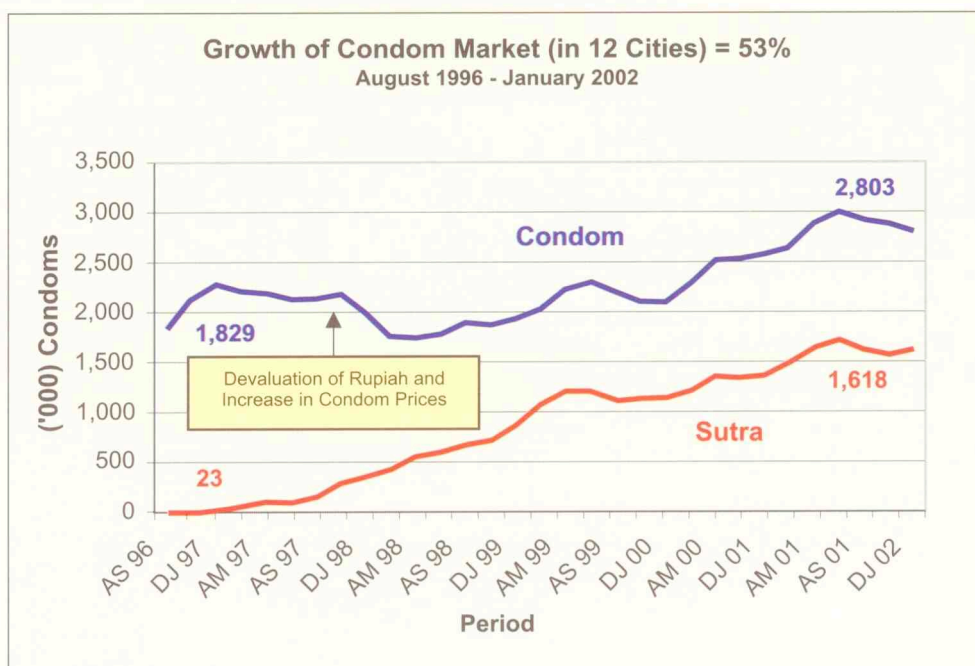
In addition to overall growth in the national condom market, there has been documented expansion in 12 major cities both in volume and value terms.

DKT commissioned AC Nielsen, an international marketing research company, to conduct a retail audit among traditional outlets (such as pharmacies, supermarkets, drugstores, provisional shops, and semi-permanent shops) in 12 cities to determine market growth over time. The retail audit tracks actual movement of market volumes and values on a 2-month basis. The 12 cities are considered to be a representative sample of the urban Indonesian population and include Jakarta, Botabek (Bogor, Tangerang, Bekasi), Surabaya, Bandung, Semarang, Yogyakarta, Solo, Medan, Palembang, Padang, Ujung Pandang, and Denpasar.

The survey calculates retail sales to consumers ("sell-out") in a representative sample of these outlets and reports extrapolated findings on a period basis every 2 months.

The survey indicates that during the period covered thus far (August 1996 through January 2002), the condom market in these 12 cities has grown from 1,829,000 pieces to 2,803,000 pieces per period, representing growth of 53%. Also demonstrated by the graph is the fact that the socially marketed Sutra condoms have been the primary mover of the market, with dips and rises of the total market strongly correlated to Sutra movement.

Graph 2: Volume Growth of Condom Market in 12 Cities



Source: AC Nielsen

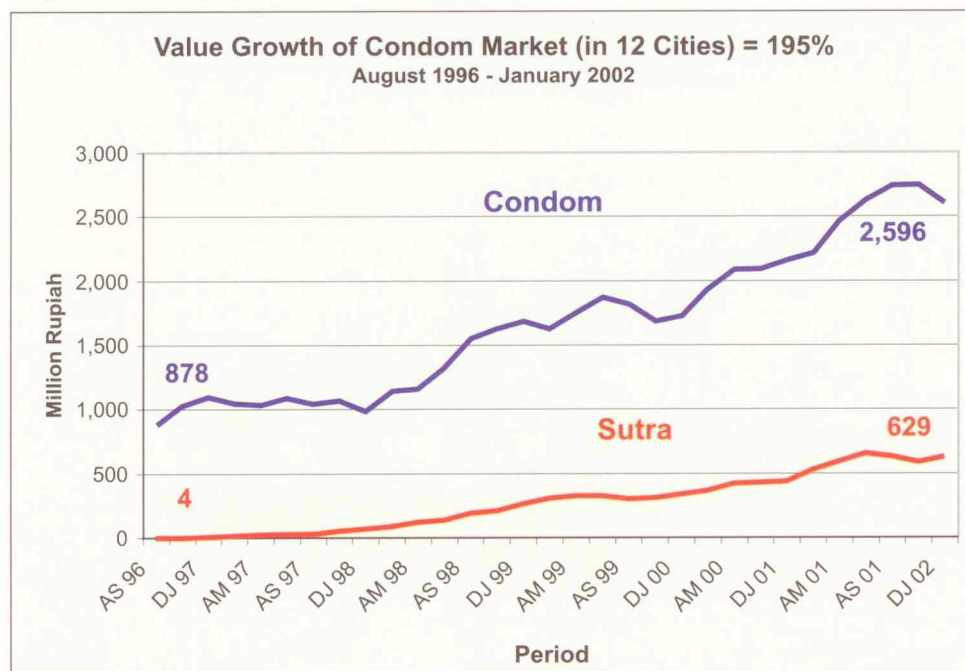
There are a number of factors and reasons for the volume growth of the condom market. These include: improved distribution both to traditional and non-traditional markets, enhanced marketing efforts through both the mass media and other promotions, increased availability of affordable condoms, increased awareness levels of HIV/AIDS and other Sexually Transmitted Infections, and greater commitment from key players such as the Indonesian Government, donor community, and NGOs.

The role of Sutra, the socially marketed condom, has also been important in driving overall market growth, particularly after the economic crisis of 1998. After the impact of the economic crisis in early 1998, Sutra condoms were the driving force in shaping and directing the total market. Dips in and growth of the total market, as presented in Graph 2, are directly correlated to the pattern of growth of the Sutra condom.

During the same period, the value of the condom market expanded 195% from 878 Million Rupiah to 2,596 Million Rupiah. Several important factors played a role in the value growth of the condom market. Total volume growth caused the value of the market to correspondingly increase with greater condom sales resulting in greater revenues generated. In addition, as the economic crisis hit Indonesia, commercial condom manufacturers raised their prices, resulting in a value increase but volume decrease of the condom market. The start of this trend is noted during the period of December 97 – January 98 on Graphs 2 and 3. Finally, the entry of a number of smaller new condom brands into the market fueled value growth.

As noted in the Graph 3 below, commercial marketing companies have enjoyed most of the value growth in the condom market. The price of the socially marketed Sutra brand has been raised marginally over the last 5 years. Sutra continues to be priced to ensure affordability among low-income populations.

Graph 3: Value Growth of Condom Market in 12 Cities



Source: AC Nielsen

● Condom Market Comparatively Strong after Economic Crisis

In early 1998, Indonesia experienced a turbulent economic downturn, one that disrupted all sectors of the economy, including pharmaceutical and consumer goods such as condoms. The effect of the economic crisis on the total economy was severe. Graph 4 below demonstrates the impact of the economic crisis on the volume of all goods sold, with the deepest contraction occurring through the first half of 1999. By the end of 2000, the Indonesian market still had not fully recuperated to sales volume levels equal to that of late 1997.

The economic crisis and ensuing devaluation of the Indonesian Rupiah forced all condom brands to increase prices to varying degrees, affecting the end price to consumers. Furthermore, only 3 condom brands (Artika, Durex, and Sutra) chose to continue advertising and marketing efforts in during the crisis. Many other condom brands returned to some level of advertising or promotion by 1999.

At the same time, declining purchasing power compelled Indonesian consumers to make difficult choices regarding what they purchased, resulting in decreased available spending for condoms. These factors, combined with general economic uncertainty, impacted negatively on the condom market, causing a 20% contraction in a matter of months.

However, in comparison to the Indonesian market development index for all goods (Graph 4), the condom market during the same period recovered quickly, returning to pre-crisis levels by the middle of 1999 (Graph 5). Although the overall Indonesian market had not returned to pre-crisis levels by the end of 2000, the condom market actually had grown by 20% during this same period. By January 2002, the condom market as indexed against the end of 1997 had grown by 31%. Graph 5 below demonstrates this trend.

Graph 4: All Goods - Indonesia Market Index Development

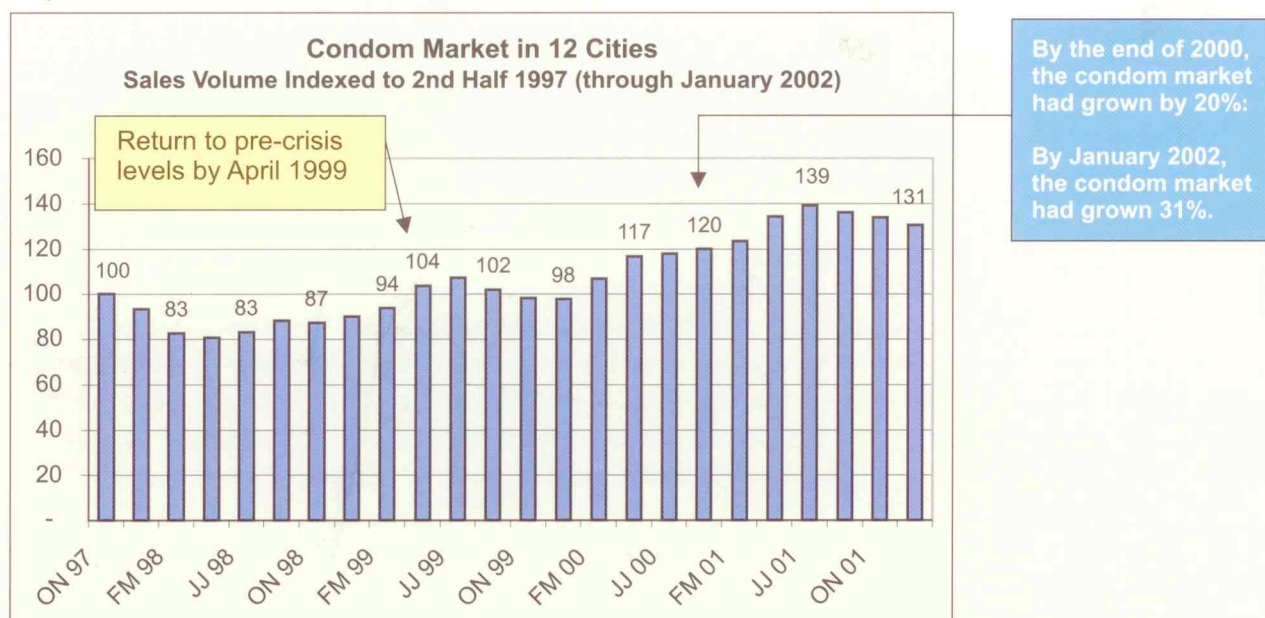


Source: AC Nielsen

Note: The total market index represents the volume of all goods sold in relation to a fixed point in time. In Graph 4, the volume of the total market is compared to its volume during the second half of 1997.

DKT Indonesia suggests that availability of a socially marketed condom, targeted to low-income segments of the population, prevented a more significant drop in the condom market. Without the availability of an affordable condom for the poorer population segment (which grew dramatically during this period because of the crisis), the condom market would invariably have shrunk further in 1998 and not recovered and grown as quickly as it has.

Graph 5: Condom Market in 12 Cities



Source: AC Nielsen

● Non-Traditional Market Grows

In addition to the expansion that the condom market has enjoyed among traditional outlets, the last 5 years witnessed a strengthening of condom distribution in non-traditional sectors such as red-light areas, hotels, bars, and informal vendors.

Condom distribution in Indonesia has both adapted itself to the needs of Indonesian consumers and manipulated market demand by increasing the number and types of outlets that sell condoms. A critical barrier to condom use in Indonesia has been the embarrassment felt by potential consumers in purchasing condoms in supermarkets and pharmacies. Due to efforts by condom distributors and HIV prevention programs, condoms are now more widely available in less "official" outlets, where consumers feel more comfortable purchasing condoms. This has further ensured that condoms are increasingly available when and where customers need them most – late at night and at nearby easy-to-reach outlets.

Since initiating activities in 1996, DKT Indonesia has focused particular attention to expanding and opening non-traditional outlets. As a result, approximately 20% of DKT distribution is currently made through these markets. Similarly, efforts by the commercial sector and non-governmental organizations have enhanced promotion and distribution of condoms in key non-traditional areas.

These efforts have opened up the condom market, expanded potential outlet sources for all condom brands, and increased access to and availability of condoms for consumers. Market trends indicate that the non-traditional market will continue to be emphasized and grow.

● Spending on Condom Advertising & Promotion is Steady

Advertising and promotional investment into the condom market is also an important indication of the health and activity of the condom market. According to AC Nielsen, total spending for condom related mass media advertising (TV, radio, and print) by condom marketers and distributors over the last 8 years has total more than 25 billion Rupiah. Of this, more than 18 billion Rupiah (72%) has been invested from 1998 through 2001. The majority of these funds have been used to advertise through television.

Table 2: Total Estimated Spending on Condom Advertising 1994-2001

Year	Rupiah (,000)	Approx. Exchange Rate	Approximate USD \$ Equivalent
1994	693,000	2,100	330,000
1995	702,055	2,200	319,115
1996	2,005,385	2,300	871,906
1997	3,820,600	2,400	1,591,916
1998	7,149,400	10,300	694,116
1999	6,724,709	8,000	840,588
2000	1,772,660	8,500	208,548
2001	2,693,000	10,000	269,300
Total	25,590,809		5,125,489

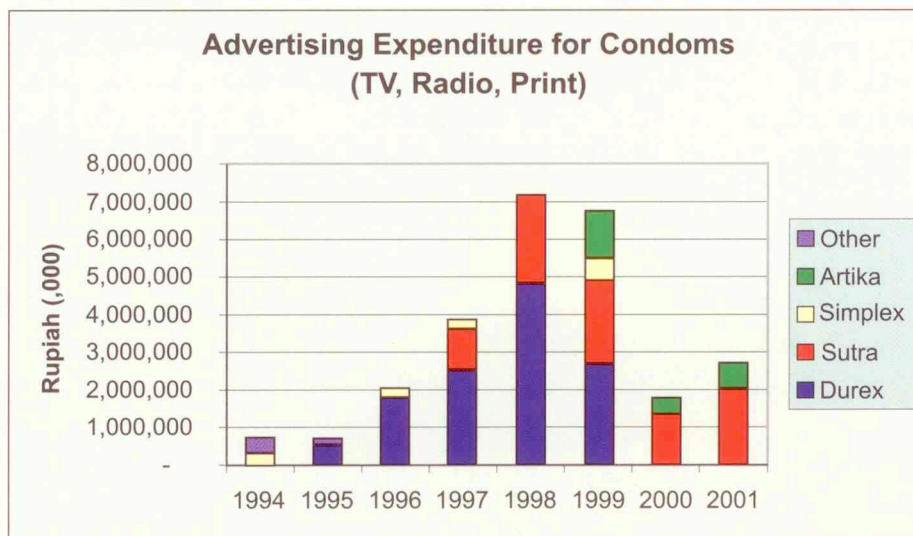
Source: AC Nielsen

Note: Exchange rates are approximations.

Table 2 presents expenditures on condom advertising from 1994 through 2001. While advertising has been continuous over this time, 1997 through 1999 witnessed a heavy period of investment into condom promotion. These expenditures coincide with funding that was available from donor agencies to promote condoms. These expenditures do not take into account international expenses that may be viewed in Indonesia (such as Singapore based MTV). Estimated equivalent US Dollar expenditures are also provided for comparison.

As documented below, several condom brands have undertaken the majority of advertising investment: Artika, Durex, Simplex, and Sutra.

Graph 6: Advertising Expenditure for Condoms by Year and Brand (1994-2001)



Source: AC Nielsen

In addition to mass media advertising, condom distributors and marketers have invested in other kinds of marketing activities, including trade and consumer promotions, events marketing, and a range of other "below-the-line" strategies. Data on spending for other marketing efforts is not available.

Condom marketers and distributors have also been an important component of the educational efforts by HIV prevention programs, disseminating information and communications materials.

Despite healthy condom advertising and promotion levels, more activity is required in order to increase awareness of condoms and promote condom use.

● The Condom Market Remains Dynamic

In the last 5 years, the condom market has responded dynamically to the increased demand for and interest in condoms, with a number of new varieties being introduced and new brands and distributors entering the market.

There are approximately 60 condom brands currently available in Indonesia. This includes brands from the commercial, social marketing, and public sectors.

From 1996 through 2001, approximately 25 new brands of condoms were introduced into the Indonesian market and several brands underwent revisions to upgrade packaging (include line extensions), change pack size, or respond accordingly to other consumer demands.

Appendix A provides a list of condom brands available in Indonesia.

● Conclusions and Recommendations

Distribution and sales of condoms in Indonesia from 1996 through 2001 remained vibrant despite a significant economic downturn. The commercial market for condoms in Indonesia has expanded significantly, with distribution of condoms increasing nationwide. The marketplace for condoms is growing steadily and expanding into new kinds of outlets with new and different brands available and targeted at different segments (socio-economic, young, domestic/foreign) of the population.

In spite of these recent positive developments, the size of the Indonesian condom market is significantly smaller than it should be given the size of the Indonesian population and the growing concern over HIV and other Sexually Transmitted Infection rates. Condom use rates are low when compared to most Asian countries, and increased behavior change should be emphasized in order to increase condom use. If Indonesia wishes to develop a condom market proportionally similar to other Asian countries, condom distribution needs to rise from the current 60 million pieces to approximately 150-200 million pieces per year.

Those concerned with issues of HIV and STI prevention should focus on several areas and issues in order to condom availability and use:

- Strengthen condom distribution to targeted populations – particularly to high risk and more remote areas. Reaching such groups invariably costs more but may have a higher health impact in decreasing transmission rates;
- Increase support for mass media coverage and information on HIV/AIDS, including advertising for condoms;
- Focus on behavior change methodologies which address issues of self-perceived risk (especially to clients of sex workers);
- Address and overcome the stigma surrounding condoms in order to facilitate their distribution, sale, and use. This includes issues such as restrictions on condom advertising, reproductive health education for youth, and improved public advocacy for condoms.

References

- HAPP Completion Report, September 29, 2000. Note: HAPP was implemented by the Government of Indonesia, PASA, and FHI and funded by USAID from 1998-2000.
- AC Nielsen Indonesia, Condom Retail Audit Summary Reports, (1996-2001)
- Rita Leavell and Anton Schneider, SOMARC Occasional Paper No. 22, December 1997
- BKKBN, Government of Indonesia
- Phil Harvey, Let Every Child Be Wanted: How Contraceptive Social Marketing is Revolutionizing Contraceptive Use Around the World, Auburn House, 1999

The author would like to thank the following people for their valuable input: Phil Harvey, Craig Darden, Toto Budiono, Tamara Fox, and Wendy Sheldon.

Appendix A : Condoms Available in Indonesia including Recent Market Activity (Through August 2001)

Brand Name	Pack Sizes Available*	Company	New Since 1996	Revision?	Date of Launch /Change	Notes
Andalan	3 / 12	DKT Indonesia	✓		Launched 2001	
Artika	3	P.T. Rajawali Nusindo		✓	Re-Launched 1998	
Artika Gold	3	P.T. Rajawali Nusindo	✓		Launched 2000	
Dua Lima Red	3 / 12	SSL International (Formerly LIG)		✓	Re-Launched 1998	Pack Revised
Dua Lima Blue	3 / 12	SSL International (Formerly LIG)		✓	Re-Launched 1998	Pack Revised
Durex Classic	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Durex Excita	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Durex Extra Safe	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Durex Fetherlite	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Durex Minty	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Durex Strawberry	3 / 12	SSL International (Formerly LIG)			Since early 1990s	
Fantasy (Assorted Colors)	3	American Latex Corp.	✓		Launched 1999	
Fantasy (Lubricated)	3	American Latex Corp.	✓		Launched 1999	
Fantasy (Nonoxynol 9)	3	American Latex Corp.	✓		Launched 1999	
Fantasy (Colors, Nonoxynol 9)	3	American Latex Corp.	✓		Launched 1999	
Freestyle / Lifestyle		Ansell International				See below
Hanasplast Natural Love & Safety	3 / 12	Beiersdorf	✓		Launched 1997	
Hanasplast Retarding	3	Beiersdorf	✓		Launched 1997	
Hanasplast Sensitive	3 / 12	Beiersdorf	✓		Launched 1997	
Hanasplast Stimulating	3 / 12	Beiersdorf	✓		Launched 1997	
Impulse Sweet Indulgence	1	Line One Laboratories	✓		Launched 2000	Various Flavors
Impulse Night Heat	1	Line One Laboratories	✓		Launched 2000	Various Colors
Impulse Bare Pleasure	1	Line One Laboratories	✓		Launched 2000	
Impulse Plum Cherry	1	Line One Laboratories	✓		Launched 2000	
Kingtex Contura	3 / 12	SSL International (Formerly LIG)	✓		Re-Launched 1998	
Kingtex Long Time	3 / 12	SSL International (Formerly LIG)	✓		Re-Launched 1998	
Kingtex Parisienne	3 / 12	SSL International (Formerly LIG)	✓		Re-Launched 1998	
Okamoto OK - Harmony	12	Okamoto Industries				
Okamoto OK - Beyond 7 Plus	12	Okamoto Industries				
Okamoto OK - Roman	12	Okamoto Industries				
Okamoto OK - 002	12	Okamoto Industries				
Public Sector Condom Blue	1	Government of Indonesia				
Public Sector Condom Red	1	Government of Indonesia				
Ria Wrangler	1	Line One Laboratories	✓		Launched 2000	

